Associated Commercial Company Ltd

annual report 2019

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Corporate Information

DIRECTORATE

CHAIRMAN

SWALEH RAMJANE ***FCIS MCIT***

DIRECTORS

M YACOOB RAMTOOLA ***FCA***

M S E HAJI ADAM ***FCCA***

MASOOD A RAMTOOLA

SECRETARY

M YACOOB RAMTOOLA ***FCA***

AUDITOR

DELOITTE

REGISTERED OFFICE

C/o UNITED BUS SERVICE LTD
LES CASSIS PORT LOUIS

Chairman's Review

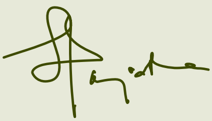
On behalf of the Board, I am pleased to submit the annual report of Associated Commercial Co Ltd for the year ended 30 June 2019.

The company has achieved a better performance as compared to 2018, the turnover has increased by 5% and the profitability levels also have improved.

Our business strategy remains the same the strengthening of our core business activities and we are confident that the profitability of the company shall improve in 2020.

I would also like to express my special thanks to my fellow Directors for their valuable support and guidance during the year and to the employees of the company for their hard work, dedication and commitment.

I am also thankful to our shareholders for their ongoing support to the company's mission, values and objectives.



Swaleh Ramjane
Chairman

30th September 2019

Board of Directors

Profile of the Board of Directors of ACC Ltd

Mr Swaleh Ramjane FCIS MCIT (Chairman)

- **Skills and experience**
  Mr Swaleh Ramjane is a fellow of the Chartered Institute of Secretaries and Administrators and a member of the Chartered Institute of Transport; he has a wide experience in transport, commerce and industry.

- **Other current appointments:**
  Director of United Bus Service Ltd, Mauritius Secondary Industries Ltd, Lintrabis Investment Co Ltd, UBS Transport Ltd and Orland Ltd

Mr Yacoob Ramtoola FCA

- **Skills and experience**
  Mr Yacoob Ramtoola is a fellow of the Institute of Chartered Accountants and has a wide experience in audit and advisory business.

- **Other current appointments:**
  Director of United Bus Service Ltd, Mauritius Secondary Industries Ltd, Lintrabis Investment Co Ltd, UBS Transport Ltd and Orland Ltd

Mr M S E Haji Adam FCCA

- **Skills and experience**
  Mr M S E Haji Adam is a fellow of the Institute of Chartered and Certified Accountants. He had a career in audit and accountancy before joining the company in 2001. He is currently the CEO of the Company.

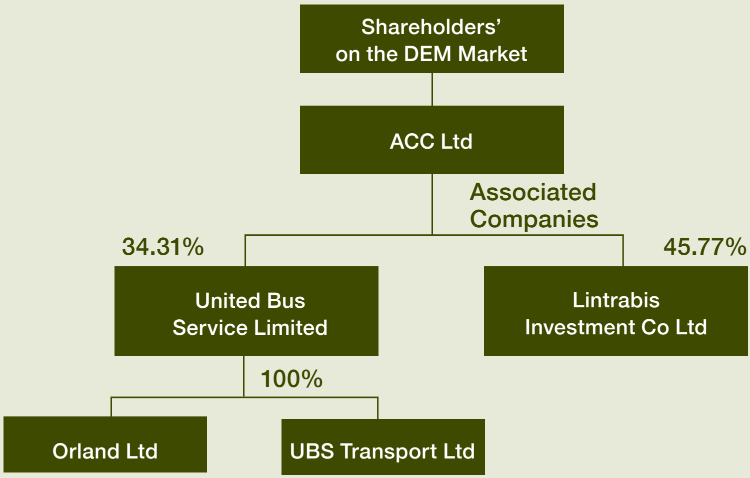
- **Other current appointments:**
  Director of United Bus Service Ltd, Mauritius Secondary Industries Ltd, Lintrabis Investment Co Ltd, UBS Transport Ltd and Orland Ltd.

Mr Massood A Ramtoola

- **Skills and experience**
  Mr Massood A Ramtoola is an experienced businessman; he is the manager of H A Ramtoola and Sons and is the Director of the Company since 1986.

- **Other current appointments:**
  Director of United Bus Service Ltd, Mauritius Secondary Industries Ltd.

ACC Shareholding Structure

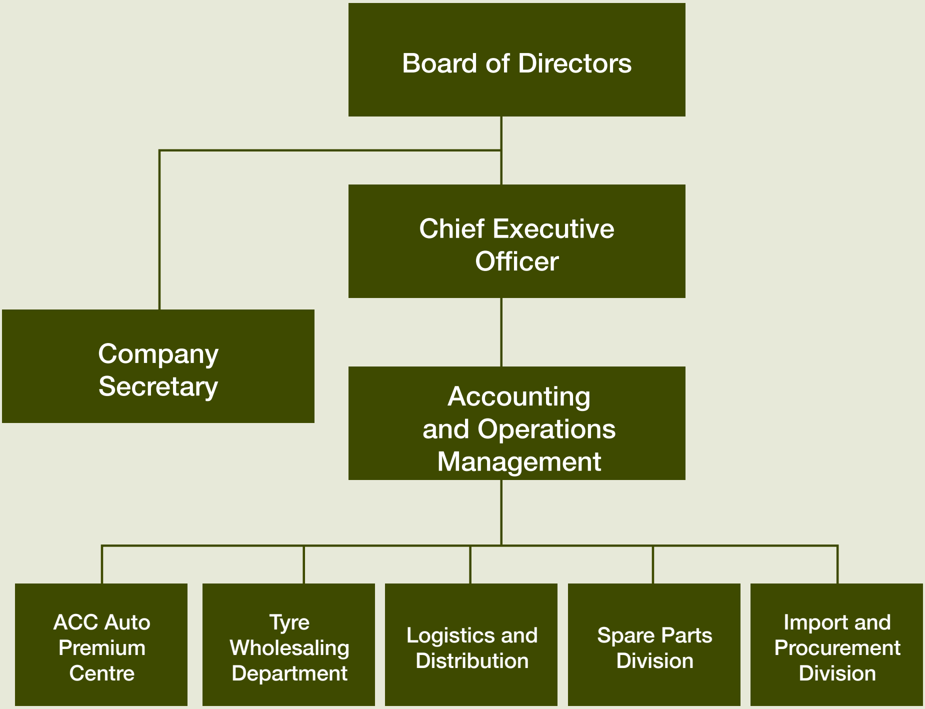


Common Directorships

The below table indicates the Directors common to the United Bus Service Ltd and its subsidiaries:

Directors	ACC Ltd	UBS Limited	UBS Transport Ltd	Orland Ltd	Lintrabis Ltd
Swaleh Ramjane	√	√	√	√	√
M Yacoob Ramtoola	√	√	√	√	√
M S E Haji Adam	√	√	√	√	√
Masood Ramtoola	√	√	-	-	-

ACC Organigram



Corporate Governance Report

Introduction

Associated Commercial Co Ltd is a public limited company incorporated in 1964 and qualifies as a public interest entity as defined under the Financial Reporting Act 2004. The Board of Directors has the responsibility of managing, leading and having full control over the activities of the company and is committed to achieving high standards of corporate governance.

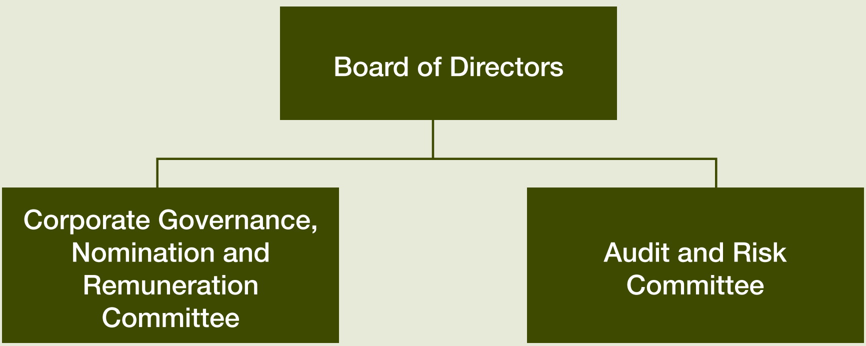
The Company is listed on the Development and Enterprise Market ('DEM') of the stock exchange of Mauritius and is registered with the FSC as a reporting issuer. It is a commercial company that trades in tyres and motor vehicle spare parts. It is the authorized dealer for TOYO tires from Japan.

The report outlines the company's corporate governance framework under the National Code of Corporate Governance ("the code") and provides example as needed how the principles have been applied.

The Board of ACC Ltd considers that it has applied in all material respects, the principles of the code throughout the financial reporting period from 1 July 2018 to 30 June 2019.

Principle 1: Governance Structure

The board serves as the focal point and custodian of corporate governance in the organization. The Directors recognize that good governance can create shareholder value by enhancing long-term equity performance. While the board is unwavering in its adherence with legislation, regulation, codes and guidelines, the company's commitment to good governance goes beyond a commitment to comply with standards. Each Director is appointed with the understanding of the amount of time and care that they will have to devote to the Board and the organization.



Corporate Governance Report

Key Governance Documents

Code of ethics

ACC Ltd commits itself to the highest standards in the conduct of its activities on a daily basis. It consists of general principles regarding relations with stakeholders, which defines the reference values guiding the company in carrying out its activities. Among the aforesaid principles, specific mention is made of the following: honesty, impartiality, confidentiality, the creation of value for shareholders, the value of human resources, the transparency and completeness of information, service quality and the protection of the environment.

The company is in the process of preparing the code of ethics in line with the recommendations of the code of corporate governance and same will be available soon.

Board charter

The board is of the view that the Company's constitution, the Mauritius Companies Act 2001 and rules and regulations which apply to the company are sufficiently detailed and elaborate to serve as benchmark and terms of reference. However if the need arises in the future Company shall work towards the implementation of a board charter.

The Chairman ensures that each Director understands his role, responsibilities and the authority of the board of Directors both individually and collectively in setting the direction, the management and the control of the organization. He also ensures that the Directors promote efficiency, transparency and ethical functioning within the company.

General organization structure of the company

The general organization structure of the company is on page 6.

Key Governance responsibilities

The Board has taken particular note of the following key governance positions that are critical to the Board's performance against its strategy and achievement.

Corporate Governance Report

Key Governance Positions

Chairman of the Board

The Chairman is responsible for the leadership of the board; and in particular, he will:

- Ensure effective operation of the board and its committees in conformity with the highest standards of corporate governance
- Ensure communication with shareholders
- Ensure all committees are properly established
- Plan the schedule of meetings and agenda
- Coordinate with the company secretary and ensure the board receives information on a timely basis
- Call for special meetings whenever needed
- Establish a harmonious and open relationship with the CEO and other Senior staff

Mr Swaleh Ramjane FCIS MCIT is the Chairman of the board and a brief profile is provided on page 4.

Chief Executive Officer

The Board is responsible for the appointment of the Chief Executive Officer. The authority of the board that is conferred to management through the CEO, so that authority and accountability of management is considered to be the authority and accountability of the CEO in so far as the board is concerned.

The key responsibilities of the CEO is as follows:

- Formulating and successfully implementing company policy
- Directing strategy towards the profitable growth and operation of the company
- Developing strategic operating plans that reflect the long term objectives and priorities established by the board
- Maintaining an ongoing dialogue with the Chair of the board
- Putting in place adequate operational planning and financial control systems
- Closely monitoring the operating and financial results against plans and budgets
- Take remedial action where necessary and inform the board of significant changes
- Maintaining operational performance of the company
- Assuming full accountability to the board for all the company's operations
- Building and maintaining an effective executive team

Mr Muhammad S E Haji Adam is the CEO of ACC Ltd and a brief profile is found on page 4.

Corporate Governance Report

Chairman of the Corporate Governance, Nomination and Remuneration committee

The Chairman of the Corporate Governance, Nomination and Remuneration committee works with close collaboration and provides support and advice to the Chairman of the board. He has the following responsibilities:

- Providing guidance to the board on aspects of corporate governance and for recommending the adoption of policies and best practices
- He has to ensure that no Directors are disqualified from holding office
- Determine and develop general policies as regards to executive and senior management remuneration

Website

The company currently does not have a website to publish the following requirement of the code; it is working towards achieving same and once the website is ready, the documents shall be included thereon:

- The company's constitution
- The Code of ethics
- Job descriptions
- Organization chart
- Statement of major accountabilities

Principle 2: The structure of the board and its committees

The Board of Directors of ACC Ltd represents the shareholders' interests and is collectively responsible for the long-term success of the company, its reputation and governance. The board is responsible to all its shareholders and to its stakeholders for leading and controlling the organization and meeting all legal and regulatory requirements and is also accountable for determining that the company is managed in a way to achieve its objectives.

The board of ACC Ltd is a unitary board and was at 30 June 2019 made up of 4 members. The Chairperson Mr. Swaleh Ramjane by definition of the Code of Corporate Governance does not meet the criteria of being an independent chairperson. However, the board can have according to the code its own definition of independence. Consequently it is entirely satisfied that the chairperson is independent in both character and judgement and he has a wide experience and contributes in strategic issues etc.

Mr Muhammad Haji Adam is the only executive director of the company. The board is of opinion that given the operations of the company are properly structured and non-complex, the appointment of a second executive director at this stage is not warranted.

Corporate Governance Report

For the period ended 30 June 2019, both Yacoob Ramtoola and Massood A Ramtoola have been considered as independent even though they have served on the board for several years from the date of their first election. The board is of opinion that these directors have been able to develop over time, insights and knowledge in the company's business and are therefore able to provide a valuable contribution to the board. The board takes the view that independence cannot be merrily determined solely and arbitrarily on the basis of time. A director's contribution in terms of experience, expertise, objectivity, and independent judgement in engaging and challenging the management in the interests of the company as he performs his duties are the yard sticks to be used to measure his independence irrespective of the years they have been appointed as directors.

After having taken into account all these attributes and taking into account that they have discharged their duties by exercising sound independent business judgement in the interest of the company the board has therefore considered Messers Yacoob Ramtoola and Massood A Ramtoola as independent directors.

The board after having taken into account the size of the operations of the company, the spread of operations, the extent of activities which are subject to regulations and the multiplicity of activities is satisfied that its size is sufficient for the management of the affairs of the company.

Mr Yacoob Ramtoola is the Company Secretary.

The profile of the board members is on page 4.

Powers of the board

The role and responsibilities of the Board of Directors is as per the company's constitution in compliance of the Companies Act and as per the listing rules of the Stock Exchange of Mauritius. The board also follows the principle of good governance as recommended by the NCCG.

Board meetings

The board normally meets 5 times during the year and special meetings are convened when deemed necessary; the board met 6 times for the financial year ended 30 June 2019.

Corporate Governance Report

Board attendance

	Board	Corporate Governance,Nomination and Remuneration Committee	Audit Committee
Yacoob Ramtoola	6/6	1/1	3/3
Swaleh Ramjane	6/6	1/1	3/3
M Haji Adam	6/6	-	-
Masood Ramtoola	6/6	1/1	3/3

Conflicts of interest and related party transactions

Whenever there is an actual or potential conflict of interest, the director concerned is not present at the part of the meeting in which the conflict of interest is discussed and therefore does not debate or vote on the matter.

Related party transactions are disclosed in note 21 of the notes to the financial statements and are at arm's length and in the normal course of business.

Committees of the board

In order to fulfill its obligations the Board has set up the following sub-committees to assist the Board in discharging its responsibilities; non-executive Directors of the company chair both committees.

The committees are as follows:

- Corporate Governance, Nomination and Remuneration Committee; and
- Audit and Risk Committee

Corporate Governance, Nomination and Remuneration Committee

Composition and purpose

The members of the Corporate Governance, Nomination and Remuneration Committee are as follows:

- Mr Swaleh Ramjane (Chairman)
- Mr Yacoob Ramtoola
- Mr Massood Ramtoola

The committee consists of 3 members and met 1 time during the year under review. An independent non-executive Director chairs the committee.

Corporate Governance Report

The main duties of the committee are as follows:

- Providing guidance to the Board on aspects of Corporate Governance and for recommending the adoption of policies and best practices
- Ensure that no Director is disqualified from holding office
- Ascertain that the right balance of skills, expertise and independence is maintained
- Pay particular attention to potential conflicts of interest and other ethical problems that may arise
- Review the independence of the independent members of the board
- Determine, develop and agree on the Company general policy with respect to executive and senior management remuneration

Audit and risk committee

Composition and purpose

The members of the audit and risk committee are as follows:

Mr Yacoob Ramtoola (Chairman)
Mr Swaleh Ramjane
Mr Massood Ramtoola

The audit and risk committee is the cornerstone of the Company's system of internal control and risk management.

The committee consists of 3 non-executive members of the Company and they have met 3 times during the year under review.

The roles and responsibilities of the committee is set out below:

Auditors and external audit

- Consider and make appointment to the Board for the appointment, reappointment and removal of external auditors
- Evaluate the performance of external auditors
- Discuss with the external auditors the audit plans, nature and scope of work
- Meet with external auditors at least once yearly and discuss about their audit findings

Financial reporting and internal control

- Review the reliability of the quarterly, half yearly and yearly financial statements prior to their submission to the Board for approval
- Assess the impact of significant accounting and reporting issues and evaluate their impact on the financial statements
- Meet with executive of the company and the external auditors for discussion of the Company's accounts and results for the audit
- Review the internal control systems and procedures in order to assist the Board of Directors

Corporate Governance Report

Internal control function

The Directors of the Company are responsible for maintaining a sound system of internal control. They believe that the managerial and supervisory control put in place are sufficient to protect the Company's income and assets. Hence, it is the responsibility of the members of the audit and risk committee to ensure that the Directors of the Company maintain a sound system of internal control in place.

The members of the audit committee confirms that each and every sitting of the committee they have reviewed the critical components of the internal controls of the company:

- They have reviewed the systems established to ensure compliance with those policies, plans and procedures, laws and regulations which could have a significant impact on operations and reports and whether the organization is in compliance
- They have reviewed and ensured that the safeguarding of assets is appropriate
- They have reviewed and appraised the economy and efficiency with which resources are employed
- They have also reviewed the operations or programs to ascertain whether results are consistent with established objectives and goals and whether operations are carried out as planned

Currently, the non-executive Chairman of the Board chairs the audit and risk committee. However, given that Committees are only a mechanism to assist the Board in the performance of its duties and ultimate responsibility and accountability still rests with the Board, we believe that the Chairman of the committee has the expertise and experience needed to carry out the duties as required by the NCCG. Further, we believe the Chairman is independent in both character and judgement and demonstrate objectivity in the conduct of the proceedings of the committee.

Annual effectiveness review

The committees confirm that they have discharged their responsibilities for the year under review and it has met the key objectives. However since the company has not yet adopted a board charter the committees performance could not be assessed against the board charter.

Balance and diversity

The Board of ACC Ltd believes that based on its size and its operations, it possesses the right balance. The current Directors possess the appropriate skills, knowledge, independence and experience to enable them to perform their duties. Further, the board is of the view that its current size and composition allows it to meet its business requirements. As regards to the gender balance, the board is working towards achieving same.

All the Directors of the company are resident Directors.

Corporate Governance Report

Principle 3: Director appointment procedures

Appointment

The Board is required from time to time, depending on the requirements to fill vacancies that arises in the organization, the following need to be considered prior to the appointment of a new Director onto the board:

- Competence
- Character
- Diligence
- Honesty
- Integrity
- Judgement
- Independence
- Previous experience
- Conflict of interest
- Benefits of diversity, including gender

A transparent procedure is in place before the appointment of a new Director.

It is incumbent to the Corporate Governance, Nomination and Remuneration Committee to review proposals for the appointment as Directors and then make recommendations to the Board. The approval of the Board is required for each appointment and same needs to be put forward to the shareholders at the AGM by way of ordinary resolution for approval.

On appointment to the Board and its Committees, Directors receive a complete induction from the Company Secretary; in addition, new Directors are invited to meet members of the management team in order to rapidly acquire a comprehensive view of the Company's operations, risks and strategy.

A newly elected Director is also requested to sign an appointment letter that clearly highlights his responsibilities etc.

During the year under review, the Company has not appointed any new Directors as they are of the view that the current composition of the Board is adequate and sufficient for the company's scale of operations.

Re-election of Directors

The NCCG do provide for Directors to be elected (or re-elected) as the case applies every year at the AGM of shareholders. However, the board does not consider the recommendation within the context of the company as the shareholders are adequately represented on the Board. In addition, the constitution of the company does not make any provision for such practices.

Corporate Governance Report

The Board also believes that given the nature of the business, reasonable time should be allowed for a Director to understand/ be accustomed with the business. However, re-election of Directors over the age of 70 years is in compliance with Section 138 (B) of the Companies Act 2001.

Professional development

Directors are encouraged to keep themselves up to date with the latest workplace trends, professional practices, and professional development.

Succession planning

The Board of ACC Ltd recognizes the importance of succession planning to provide for continuity in the smooth functioning of the company. There are certain positions in the company that are key to the proper functioning and future growth and it is critical to fill up such positions well in time to avoid any leadership gap. The company has therefore put in place a policy on succession planning for the board and senior management.

The Corporate Governance, Nomination and Remuneration Committee shall oversee the succession planning and shall from time to time make recommendations to the board. The objectives of the succession planning are outlined as per below:

- To identify and nominate suitable candidates for the Board's approval to fill the vacancies which arises in the Board of the company from time to time
- To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives
- To ensure the systematic and long term development of individuals in the senior management level to replace when the need arises due to death, disabilities, retirements and unexpected occurrence

Applicability of the policy

The policy shall be applicable for succession planning for the following personnel:

- Chairman
- CEO
- Company Secretary
- Any other positions within the Company at the discretion of the Board of Directors

Principle 4: Directors' Duties, Remuneration and Performance

Legal duties

All Directors owe their fiduciary duty to the company for which they act and all Directors are fully apprised of their responsibilities.

The Directors are required to:

- To act in good faith: at all times, a Director must act in good faith for the overall interests of the company.
- Exercise reasonable care and skill: a Director must act to exercise reasonable level of care as any prudent person would in the circumstances and on the facts known to him. The required level of knowledge expertise and skill may vary between the Directors be they for instance executive and non-executive. They may rely partially on others when acting collectively for their skills and knowledge in reaching a Board decision.
- Exercise their powers as a Director for a proper purpose: the Director should not abuse any of their executive power to ensure their own position. At all times they should act in good faith for the interest of the company as a whole.
- Conflict of interest and duties: At all times the Director must declare any potential conflicts of interest. He must not take on any new position that may endanger his existing relationships without the express permission of the officers of the company.

The Board monitors and evaluate the performance of the Directors and ensures prevention of insider dealing and conflict of interest.

Board evaluation

No board evaluation was conducted for the financial year under review; pursuant to the code the board affirms the value of board evaluation and agreed to the conduct of such an exercise in the near future to evaluate its performance, that of its committees and its individual directors with the aim of improving effectiveness.

It is expected that the first board evaluation will be conducted in the financial year 2019/20

The Board of Directors feel the composition of the board is stable and efficient in managing the affairs of the company.

Statement of remuneration philosophy

Executive directors are not remunerated for serving on the Board of the Company or its committees. Their remuneration packages as employees of the Company are in accordance with market rates.

The remuneration of the non-executive and independent directors consist of attendance and retainer fees.

In addition, the company does not make any difference in the payment of remuneration criteria for the payment of remuneration to those Executive Directors approaching retirement as they still play an active role in the day-to-day running of the Company.

The company clearly differentiates the payment of executive and non-executive remuneration.

The Directors of the company are not entitled to any variable remuneration and the company has no long-term incentive plan in place. Further, the Directors of the company have not received shares in lieu of remuneration during the year under review.

Remuneration and benefits paid to the directors are set out in section "Statutory Disclosures". The remuneration has been disclosed by band and not individually due to confidentiality and commercial sensitivity of such information.

Directors Interest and dealing in ACC Ltd shares

The company operates a close period policy in line with DEM rules. During closed periods, Directors and officers of the company are prohibited from dealing in ACC Ltd shares. Parties who may also have access to sensitive information are also cautioned against the possibility of insider trading during these periods.

The table below outlines the interests of the Directors in ACC Ltd shares:

Directors	Direct share holding in ACC Ltd	Indirect share holding in ACC Ltd	Shares purchased during the year
Swaleh Ramjane	239,972	-	86,866
Yacoob Ramtoola	120,125	42,365	1,112
M S E Haji Adam	10,934	64,109	-
Massood Ramtoola	9,685	32,295	-

Interest register

The Company Secretary maintains an interest register, which is updated on an annual basis. Any disclosure of interest as required by the Mauritius Companies Act 2001 is recorded in the interest register, which is available for inspection during normal working hours upon written request made to the Company Secretary.

The information, information technology and information security policies

The Board is ultimately solely responsible for the governance/management of information within the company, the management of information technology and information security policies.

Corporate Governance Report

The Board of Directors is conscious that in today's world of technology, it is important to have a strategic plan for information security aligned with the business strategy to achieve the goals set. The Board of ACC Ltd ensures that it has allocated sufficient resources for the implementation of information and IT security plan within the Company. Risks are identified and the company allocates resources to ensure that proper policies are put in place to ensure that it is mitigated to minimize the impact on information resources.

The company is also investing in IT to have digital information properly secured and safeguarded in different location to ensure business continuity. In addition, the company ensures that access rights are granted to authorized personnel only and passwords changed regularly together with back up of digital information.

Principle 5: Risk Governance and internal control

The Directors are responsible for maintaining an effective system of internal control and risk management. Whilst these 2 functions are delegated to the Audit and Risk Committee, the governance of risk, the nature and risk appetite remain the ultimate responsibility of the Board.

The responsibility of the Board also includes:

- Ensuring that structures and processes are in place for management of risks
- Identifying the principal risks and uncertainties
- Ensuring that management has developed and implemented the relevant framework
- Ensuring that systems and processes are in place for implementing and monitoring internal controls
- Identifying any deficiency in the system of internal control

Risk Management

The company is exposed with a variety of risks, which could affect its performance and financial condition; the below is a series of key risks:

- **Physical Risks**

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities. The following have been undertaken to mitigate the risks of such natural calamities; adoption of cyclone and fire procedures, relevant insurance covers have been contracted by the Company. A disaster recovery plan has also been prepared.

For the prevention of on-site accidents, the Company implements adherence to all occupational and health and safety regulations and in addition the services of a health and safety officer to ensure that all health and safety regulations are observed.

The risks of theft, fraud etc. is mitigated through the implementation of control procedures and CCTV cameras are in place.

- **Financial Risk**

Financial risk management is further explained in note 22 to the Financial Statements and includes a discussion on the following risk.

- Foreign currency risk
- Interest rate risk
- Liquidity management
- Equity price risk

The Board of Directors regularly monitors the liquidity risk management to ensure that the company has sufficient cash and the availability of funding through credit facilities through financial institutions so that it can meet its commitments in respect of obligations towards different stakeholders.

- **Operational Risk**

These risks are monitored through the establishment of planning and control systems to ensure that the risks of loss from inadequate or failed processes people and from external events are mitigated.

The Company monitors and evaluates the processes regularly to ensure their proper effectiveness. Managers are required at every level to fulfil their respective duties to ensure that the controls are kept effective over time.

- **Compliance Risk**

This risk is defined as the risk that the Company does not comply with laws, regulations, and policies as set by the Government.

The operations of the Company is fully compliant with all the rules, regulations and policies as laid down by the Authorities and furthermore the Company regularly reviews its position towards any new regulation as set by the Authorities to ensure strict compliance.

- **Information Technology Risk**

This refers to the risk of loss of data, information or eventually the IT systems of the Company being hacked. In order to mitigate this risk the Company has invested in back-up systems and the necessary software and hardware to ensure that no such losses actually occur.

- **Reputational Risk**

This risk arises as a result of the Company being unable to meet its professional obligation towards its stakeholders due to unintentional or negligent action.

In order to mitigate this risk the Company communicates regularly with its stakeholders and constantly strives to build strong business relationships with its stakeholders.

Corporate Governance Report

- **Human Resources Risk**

The management of human resource risk is an ongoing activity that involves careful planning and constant fluidity to enable the Company to tackle any potential change in the human resources sector. Based on the controls that are in place, we believe that the likelihood of a potential human resource risk is negligible.

The Company has also established a succession planning and in due course a designated deputy CEO will be nominated.

- **Business Continuity Risk**

Business continuity risk is the task of identifying, developing documenting and testing procedures that will ensure continuity of the Company's key operation in the event of an accident, disaster and emerging threat. It involves risk mitigation planning, ie, reducing the possibility of the occurrence of adverse events and business recovery planning in the aftermath of a disaster.

In order to reduce the business continuity risk to a minimum the inventory of the company are stored at 5 different locations; hence in the event of a mishap the likeliness of losses is reduced to a minimum and activities can be resumed soon. The company has made provision for fire extinguishers and complies with the fire safety rules. The company also subscribes to adequate insurance covers. Also proper back up of the computer systems are performed and kept in different locations so that in the aftermath of a disaster normal operations can resume in a short span of time.

The company also operates 2 point of sales and in the likely event of any disaster, operations can resume without any major disruption.

The Directors also confirm that they have assessed the different risks the Company faces and they have reasonable expectations to believe that the company will be a going concern and they will be in a position to pay the liabilities when they fall due.

In their risk assessment, they have taken into account the following risks:
- Strategic
- Financial
- Operational
- Compliance

Corporate Governance Report

There are also some typical risks over which the Company has little influence or they form part of the inherent nature of the business activities, these risks are as follows:

- Foreign exchange risk
- Interest rate risk
- Risk that personnel needed is not obtained
- Changes in regulations that may affect the business activities.

Internal control

The company did not during the year under review have an internal audit function, as this was not considered essential given the nature of the company's business, and the central control and organization and approval structure in place across the company with clear defined levels of authority and division of responsibilities. The company has clear and robust internal control procedures for the approval of all transactions, no matter what the size. However, in order to be in line with the requirements of the NCCG the company is strongly considering the setting up of an internal audit function.

The board has delegated the authority to the audit and risk committee for monitoring and reviewing the effectiveness of the company's internal control and compliance systems, whilst the board is also aware that a system of internal control can only provide reasonable but not complete assurance against the risk of the following:

- Human errors
- Losses
- Fraud
- And other irregularities

Whistle blowing policy

The company has established a Whistle blowing policy which set out the procedures for whistle blowing. A copy of the policy will be available on the company's website once same is ready.

Staff may report allegations and any concern via email or by post depending on their choice or through their immediate supervisor.

Principle 6: Reporting with integrity

The Directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations. Company law further requires the Directors to prepare financial statements in accordance with International Financial Reporting Standards for each financial year.

Corporate Governance Report

The Directors are also responsible for keeping adequate accounting records, explaining the company's transactions and disclosing with reasonable accuracy at any given point in time the financial position of the Company. They also have the duty to safeguard the assets of the company and to prevent and detect frauds. The Directors have confirmed same as disclosed in the Statement of Directors' responsibilities.

Environment, health and safety

The company strives to maintain a safe working environment that is free from hazards and risk of injury to all employees.

The company complies with the Occupational Safety and Health Act 2005 and other legislations.

The company hires the services of a health and safety officer to ensure that all health and safety regulations are observed.

A health and safety committee has been set up and meets regularly to discuss about problems and grievances that may arise.

The company aims to:

- Promote an environment that recognizes environment achievement as one of the main core values
- Create a sense of awareness among employees to be more pro-active rather than reactive in all activities with regards to the environment

Environment and sustainability initiatives

The company is committed to sustainable development and strives to ensure that its operations are conducted in a way that minimizes the impact on the environment and the society at large.

The following are the initiatives taken by the company:

- Inculcation of environmental awareness to all staff
- Controlling of air conditioners
- Switching off lights when not needed
- Reduction of photocopying

Applicable standards

The accounts of the company are prepared in accordance with International Financial Reporting standards.

Corporate Governance Report

Principle 7: Audit

External audit

Appointment process

In line with good governance and as per the requirements of the NCCG the Company shall soon proceed with a request for proposal to reputable audit firms registered with the Financial Reporting Council in view of proceeding with the rotation of auditors.

As per the enactment of the Finance Act 2016 and subsequent regulation Government notice No 64 of 2017, listed companies are required to rotate their auditors every 7 years. By virtue of the regulation, current auditors are allowed to continue in office until the financial year ending 30 June 2019. The current auditors have been auditing the financial statements of the company since its incorporation.

Meeting with Audit committee

The external auditors meet with the members of the audit committee without the presence of the executives/management to discuss the financial statements and other audit matters.

The following matters are normally discussed during the meeting with the auditors:

- Scope of the audit work
- Audit findings
- Views on the control environment including fraud risk management
- Free access to the accounting records of the company.

Evaluation of the auditors

The members of the audit committee do evaluate the performance of the external auditor taking into account the quality of the audit, their findings and recommendations.

Principle 8: Relations with other shareholders and other key stakeholders

The Company has defined its stakeholder as any group/person that has an interest in the success or failure of the company's business. The stakeholders can have a significant impact on decisions regarding operations and finances of the organization. The Company's main stakeholders are as per below:

- Shareholders
- Suppliers/creditors
- Employees
- Commuters/travelling passengers
- Community
- Regulators

Corporate Governance Report

Share Capital structure

The company has a stated capital of MUR 11,429,620 consisting of 1,142,962 shares of Rs 10 each.

The Company key stakeholders/communication with shareholders

The Company continuously engages with its stakeholders through an open and transparent communication. It also aims to keep them updated on a regular basis on all matters affecting the Company through announcements and disclosures in the annual report and at the annual meeting of shareholders.

ACC Ltd produces quarterly, half yearly and annual accounts as per statutory requirements and it publishes the accounts immediately after their approval by the Board of Directors.

The Company's Annual General Meeting provides an opportunity for shareholders to meet discuss with the Board relating to the Company and its performance.

Shareholders

All shareholders have the same voting rights.

The major shareholders of the ACC Ltd at 30 June 2019 are as follows:

Shareholders	No of shares	% Shareholding
Swaleh Ramjane	239,972	21
Yacoob Ramtoola	120,125	10.51
Shamina Haji Adam	64,109	5.61

Distribution of shareholding at 30 June 2019

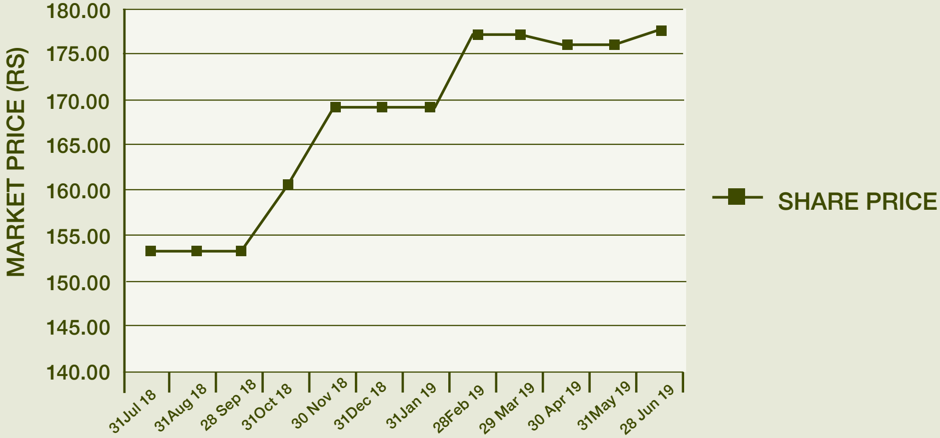
Define brackets	No of shareholders	No of shares owned	% Holding
1-500	1,197	123,943	10.84
501-1,000	105	77,208	6.76
1001-5,000	57	107,443	9.40
5,001-10,000	15	105,468	9.23
10,001-50,000	16	304,694	26.66
50,001-100,000	1	64,109	5.61
Over 100,000	2	360,097	31.50
Total	**1,393**	**1,142,962**	100

Corporate Governance Report

Share price information

The shares of the company are quoted on the Development Enterprise Market of the Stock Exchange of Mauritius.

The share price of the Company over the year has been as follows:



Dividends

The Board has agreed over a dividend policy to the effect that a reasonable amount of the recurrent profits after tax is paid as dividends.

Dividends are normally declared in June and are paid in July subject to the performance of the Company, availability of funds and future capital commitments or as otherwise decided by the Board. Directors ensure that the company satisfies the solvency test for each declaration of dividend.

During the year, the company has declared a dividend of Rs 4.20 per share payable in July 2019.

Suppliers/creditors

The Company ensures that it is given value for money services and as far as possible, it engages with local suppliers.

Employees

The Company considers its employees as their most value assets/ their brand ambassadors and it is actively involved in giving them training etc with a view of improving their knowledge/personal development so that they deliver the best service on a daily basis.

Corporate Governance Report

Clients
TheCompanyisinconstantcommunicationwithitscustomersandworkstowardsproviding a product and service, which satisfies the customer requirement at a reasonable price.

Community
The Company engages with the community through various CSR commitments such as socio economic development, education and training, child and health. These are met through the UBS Charitable Trust and Movement Social de Plaine Lauzun with the following objectives:

- To reduce poverty
- To promote self-help projects
- To provide formal and non-formal education courses
- To organize cultural, social and economic activities

Schedule of events

Some key milestones are as follows:

• Approval for accounts and publication of Audited Abridged Financial Statements	September
• Annual meeting	December
• Declaration of dividend	May/June
• Dividend payment	July
• Publication of quarterly accounts	
1st Quarter ending 30 September	Mid-November
2nd Quarter ending 31 December	Mid-February
3rd Quarter ending 31 March	Mid May

Annual general meeting of shareholders
The annual general meeting of the ACC Ltd is scheduled in December 2019. Shareholders shall be provided with notice of meeting and they will be given the opportunity to communicate/express their views and engage with members of the board. Shareholders shall also be provided with notice of meeting and proxy forms.

Donations
Charitable donations and political contributions

	2019	2018
	Rs	Rs
Charitable Donations	-	5,000

In line with current legislation, the Company has made contribution of Rs 160,987 (2018: Rs 400,143) to the approved CSR organization. No contribution has been made to any political parties in 2019 and 2018.

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

Name of Public Interest Entity: ACC Ltd

Reporting period 30 June 2019

We, the Directors of ACC Ltd confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance in all material respects.

Date: 30 September 2019

Swaleh Ramjane
Chairman

M S E Haji Adam
Director and CEO

Statement of Director's Responsibilities

The Directors are responsible for preparing the corporate governance report and financial statements in accordance with applicable laws and regulations.

The Directors acknowledge their responsibilities for:

- Keeping adequate accounting records and maintenance of effective internal control systems;
- The preparation of financial statements which fairly present the state of affairs of the company as at the end of the financial year and the cash flows for that period and which comply with International Financial Reporting Standards (IFRS)
- The use of appropriate accounting policies supported by reasonable and prudent judgements and estimates

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

The Directors report that:

- Adequate accounting records and an effective system of internal controls and risk management have been maintained
- Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently
- International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified
- The Code of Corporate Governance has been adhered to in all material aspects and reasons provided for areas of non-compliance.

On behalf of the Board

Swaleh Ramjane
Chairman

M S E Haji Adam
Director and CEO

30 September 2019

Statutory Disclosures

The directors have pleasure to submit herewith their Annual Report together with the audit financial statements for the year ended 30 June 2019.

1. Principal Activities

- The principal activity of Associated Commercial Co Ltd is the import and distribution tyres, tubes, flaps and spare parts for commercial vehicles
- The statement of profit and loss and other comprehensive income for the year ended 30 June 2019 is set on page 4.

2. Directors' Remuneration and Benefits

The Board of Directors has agreed not to disclose the emoluments of Directors on an individual basis because of the commercially sensitive nature of this data.

Remuneration and benefits received by the Directors from the Company are disclosed below:

	2019	2018
	Rs	Rs
Executive Directors	2,772,310	2,765,240
Non-Executive Directors	6,053,585	5,217,521

3. Directors Service Contracts

There were no service contracts between the Company or its subsidiaries and any of its Directors during the year.

4. Contract of Significance

There were no contracts of significance subsisting during or at year-end in which a Director of the Company was interested either directly or indirectly.

5. External auditor's fees

	2019	2018
	Rs	Rs
External Audit Services	380,000	375,000
Tax compliance services	31,000	31,000

Deloitte is currently the External Auditor of the Company. Following the enactment of the Finance Act 2016 and the subsequent regulation Government Notice No 64 of 2017, listed companies are required to rotate their auditors every seven years. By virtue of the aforementioned Regulation, the process for Auditors' rotation has already been initiated.

On behalf of the Board

Swaleh Ramjane
Chairman

M S E Haji Adam
Director and CEO

30 September 2019

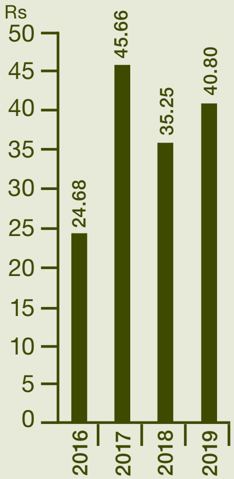
Secretary's Certificate

In my capacity as Company secretary, I hereby confirm that, to the best of my knowledge and belief the company has filed with Registrar of Companies, as at 30 June 2019 all such returns as are required of the company under the Mauritius Companies Act 2001.

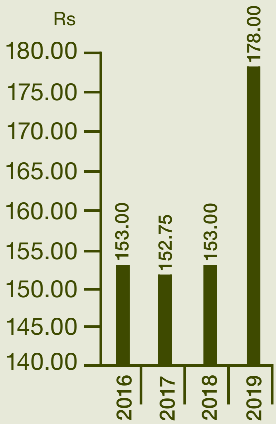
M Yacoob Ramtoola ***FCA***
Secretary

30 September 2019

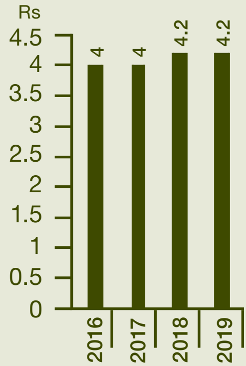
Financial Highlights of The Company



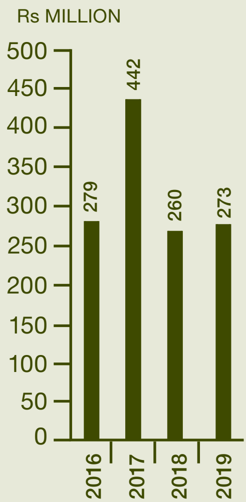
EARNINGS PER SHARE



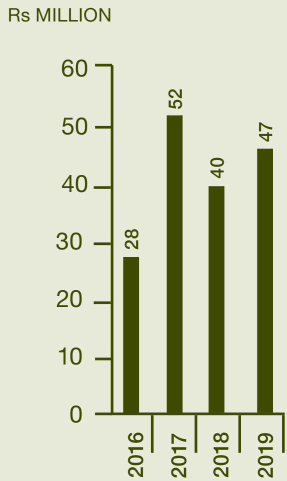
MARKET VALUE OF ORDINARY SHARES



DIVIDEND PAID/SHARE



TURNOVER



PROFIT AFTER TAX

Independent Auditor's Report

to the shareholders of Associated Commercial Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Associated Commercial Co Ltd(the "Company" and the "Public Interest Entity") set out on pages 36 to 78, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income,statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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 Professional Accountant's Code of Ethics for Professional Accountants (IESBA code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Chairman's Review, Board of Directors, Group Structure and common Directorships, Group Organigram, Statement of compliance, Statement of Directors' Responsibilities, Statutory Disclosures, Secretary's Certificate and Financial Highlights. The other information does not include the Corporate Governance Report, 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 or conclusion thereon.

Independent Auditor's Report (Cont'd)

to the shareholders of Associated Commercial Company Limited

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.

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 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 Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's Report (Cont'd)

to the shareholders of Associated Commercial Company Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius 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.

Deloitte.

Deloitte	**L. Yeung Sik Yuen, ACA**
Chartered Accountants	**Licensed by FRC**

30 September 2019

Statement of Financial Position
At 30 June 2019

	Notes	2019 Rs	2018 Rs
ASSETS			
Non-current assets			
Property, plant and equipment	5	39,807,592	39,774,536
Investments in associates	6(a)	134,645,219	110,086,450
Other financial assets	6(b)	54,695,611	61,478,415
Deferred tax assets	11(c)	239,370	313,535
Total non-current assets		229,387,792	211,652,936
Current assets			
Inventories	7	112,372,769	140,249,646
Trade and other receivables	8	43,186,389	40,763,258
Cash and bank balances		68,542,361	33,799,406
Current tax assets	11(b)	-	2,012,244
Total current assets		224,101,519	216,824,554
Total assets		453,489,311	428,477,490
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	9	20,514,196	20,514,196
Fair value reserve		64,732,507	69,931,223
Property revaluation reserve		6,128,802	2,355,122
Retained earnings		323,405,486	285,791,018
Total equity		414,780,991	378,591,559
Non-current liabilities			
Retirement benefit obligations	10	4,272,409	4,260,350
Obligations under finance lease	15	2,321,798	3,242,854
Loans	13	10,562,762	11,898,493
Total non-current liabilities		17,156,969	19,401,697
Current liabilities			
Bank overdraft	12	512,656	3,006,925
Loans	13	2,163,093	12,137,722
Obligations under finance lease	15	921,311	1,044,506
Trade and other payables	14	12,541,109	9,494,641
Dividend payable	19	4,800,440	4,800,440
Current tax liabilities	11(b)	612,742	-
Total current liabilities		21,551,351	30,484,234
Total equity and liabilities		453,489,311	428,477,490

Approved by the Board of Directors and authorised for issue on 30 September 2019

The notes on pages 40 to 78 form an integral part of these financial statements.

Swaleh Ramjane
Chairman

Yacoob Ramtoola
Director

M S E Haji Adam
Director

Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2019

	Notes	2019 Rs	2018 Rs
Revenue			
- Sale of tyres		221,846,669	211,432,798
- Sale of spare parts		51,476,026	48,838,878
		273,322,695	260,271,676
Profit from operations	16	22,818,462	15,654,691
Other income	17	2,633,212	3,228,001
		25,451,674	18,882,692
Share of profit of associates	6(a)	25,333,575	27,229,504
Finance costs	18	(1,400,881)	(2,238,885)
Profit before tax		49,384,368	43,873,311
Tax expense	11(a)	(2,757,227)	(3,588,236)
PROFIT FOR THE YEAR		46,627,141	40,285,075
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Share of remeasurement of defined benefit obligation of associate, net of income tax	6(a)	(5,568,507)	(7,647,685)
Remeasurement of defined benefit obligation	10	489,017	-
Deferred tax on remeasurement of defined benefit obligation	11 (c)	(83,133)	-
Gain on revaluation of freehold land of associate	6(a)	3,773,680	-
Net fair value gain on financial assets at fair value through other comprehensive income	6(b)	(6,782,804)	-
Share of fair value gain on financial assets at fair value through other comprehensive income of associate	6(a)	1,584,088	-
		(6,587,659)	(7,647,685)
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets	6(b)	-	1,256,159
Share of fair value gain on available-for-sale financial assets of associate	6(a)	-	77,493
		-	1,333,652
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		40,039,482	33,971,042
EARNINGS PER SHARE	20	40.80	35.25

The notes on pages 40 to 78 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2019

	Notes	Stated capital	Fair value reserve	Property revaluation reserve *	Retained earnings	Total
		Rs	Rs	Rs	Rs	Rs
At 1 July 2017		20,514,196	68,597,571	2,355,122	257,954,068	349,420,957
Profit for the year		-	-	-	40,285,075	40,285,075
Other comprehensive income/(loss) for the year, net of income tax		-	1,333,652	-	(7,647,685)	(6,314,033)
Total comprehensive income for the year		-	1,333,652	-	32,637,390	33,971,042
Dividends	19	-	-	-	(4,800,440)	(4,800,440)
At 30 June 2018		20,514,196	69,931,223	2,355,122	285,791,018	378,591,559
Effects of initial application of IFRS 9	8	-	-	-	(190,385)	(190,385)
Effects of initial application of IFRS 9 on associate	6 (a)				1,140,775	1,140,775
Profit for the year		**-**	**-**	**-**	**46,627,141**	**46,627,141**
Other comprehensive (loss)/ income for the year, net of income tax		**-**	**(5,198,716)**	**3,773,680**	**(5,162,623)**	**(6,587,659)**
Total comprehensive (loss)/income for the year		**-**	**(5,198,716)**	**3,773,680**	**41,464,518**	**40,039,482**
Dividends	19	**-**	**-**	**-**	**(4,800,440)**	**(4,800,440)**
At 30 June 2019		**20,514,196**	**64,732,507**	**6,128,802**	**323,405,486**	**414,780,991**

* Property revaluation reserve relates to share of revaluation of freehold land held by associate-United Bus Service Limited.

The notes on pages 40 to 78 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2019

	2019 Rs	2018 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	49,384,368	43,873,311
Adjustments for:		
Depreciation	2,788,346	2,643,480
Dividend income	(1,917,258)	(2,043,886)
Share of profit of associates	(25,333,575)	(27,229,504)
Interest expense	1,400,881	2,238,885
Loss allowance on trade receivables	135,850	-
Interest income	(644)	(4,940)
Retirement benefit obligations	501,076	650,000
Gain on disposal of property, plant and equipment	(350,570)	-
Operating profit before working capital changes	26,608,474	20,127,346
(Increase)/decrease in trade and other receivables	(2,749,366)	6,306,864
Decrease in inventories	27,876,877	6,046,334
(Decrease)/increase in trade and other payables	3,046,468	(2,612,995)
	28,173,979	9,740,203
Cash generated from operations	54,782,453	29,867,549
Interest paid	(1,400,881)	(2,238,885)
Interest received	644	4,940
Tax paid	(141,209)	(8,819,700)
Net cash generated from operating activities	53,241,007	18,813,904
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(2,840,398)	(8,150,194)
Proceed from disposal of property, plant and equipment	369,566	-
Payments for acquisition of other financial assets	-	(345,600)
Dividend received	3,622,100	3,497,084
Net cash generated from/(used in) investing activities	1,151,268	(4,998,710)
	54,392,275	13,815,194
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans paid	(11,310,360)	(16,103,901)
Proceeds from new loans	-	10,000,000
Repayment of finance lease	(1,044,251)	(950,141)
Dividends paid	(4,800,440)	-
Net cash used in financing activities	(17,155,051)	(7,054,042)
Net increase in cash and cash equivalents	37,237,224	6,761,152
Cash and cash equivalents at 1 July	30,792,481	24,031,329
Cash and cash equivalents at 30 June	68,029,705	30,792,481
Represented by:		
Cash and bank balances	68,542,361	33,799,406
Bank overdraft	(512,656)	(3,006,925)
	68,029,705	30,792,481

Refer to note 25 for non-cash transactions.

The notes on pages 40 to 78 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2019

1. INCORPORATION AND ACTIVITIES

Associated Commercial Co Ltd (the "Company") is a public company incorporated in Mauritius and listed on the Development Enterprise Market (DEM) of the Stock Exchange of Mauritius. The Company trades as dealer in tyres and motor vehicle spare parts. The Company's registered office and principal place of business is situated at Royal Road, Les Cassis, Port Louis.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

Amendments to published Standards and Interpretations effective in the reporting period

In the current year, the Company has applied all of the new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2018.

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 28	Amendments resulting from Annual Improvements 2014 - 2016 Cycle (clarifying certain fair value measurements)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
IFRIC 22	Foreign currency transactions and Advance considerations

2.2 New and revised IFRSs applied that are effective for the financial year

Impact of application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. In accordance with the transition provisions of IFRS 9, the Company has elected not to restate the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) General hedge accounting.

The Company has not applied hedge accounting to its financial instruments during the year ended 30 June 2018 and 2019.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONT'D)

2.2 New and revised IFRSs applied that are effective for the financial year (Cont'd) Impact of application of IFRS 9 Financial Instruments (cont'd)

Details of these new requirements as well as their impact on the Company's financial statements are described below.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;

- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);

- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

Notes to the Financial Statements

For the year ended 30 June 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONT'D)

2.2 New and revised IFRSs applied that are effective for the financial year (Cont'd) Impact of application of IFRS 9 Financial Instruments (cont'd)

(a) Classification and measurement of financial assets (cont'd)

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. See (b) below.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regard to their classification and measurement:

- The Company's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at cost less impairment at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in investment revaluation reserve;
- Financial assets classified as "loans and receivables" under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

In summary, upon adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 July 2018:

		IFRS 9 measurement category	
IAS 39 measurement category	**IAS 39 carrying amount**	**Amortised cost**	**Fair value through OCI**
	Rs	Rs	Rs
Financial assets			
Loans and receivables			
Trade receivables* (note 22)	37,943,810	37,753,425	-
Other receivables (note 22)	1,956,486	1,956,486	-
Cash and bank balances (note 22)	33,799,406	33,799,406	-
Available for sale			
Equity investments (note 22)	61,478,415	-	61,478,415

*The change in carrying amount is a result of a increase in impairment allowance (Refer to (b) below).

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONT'D)

2.2 New and revised IFRSs applied that are effective for the financial year (Cont'd)

Impact of application of IFRS 9 Financial Instruments (cont'd)

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Company has three types of financial assets that are subject to IFRS 9's new ECL model and the impact of the change in impairment methodology are as follows:

The result of the assessment is as follows:

Items that existed at 01/07/18 that are subject to impairment provisions of IFRS 9	Credit risk attributes at 01/07/18	Increase in cummulative loss allowance recognised on 01/07/18
Trade receivables	The Company applied the simplified approach and recognised lifetime ECL for these assets.	190,385
Cash and bank balances	All bank balances are assessed to have low credit risk at reporting date since they are held with reputable banking institutions.	-
Other financial assets	Other financial assets are assessed to have low credit risk at reporting date based on their external credit ratings. As such, the Company assumes that the credit risk on these financial instruments has not increased significantly since initial recognition as permitted by IFRS 9 and recognised 12-months ECL for these assets.	-
		190,385

The increase in cummulative credit loss allowance of Rs 190,385 as at 1 July 2018 has been recognised against retained earnings on 1 July 2018, resulting in a decrease in retained earnings of Rs 190,385 as at 1 July 2018.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONT'D)

2.2 New and revised IFRSs applied that are effective for the financial year (Cont'd)

Impact of application of IFRS 9 Financial Instruments (cont'd)

(c) Classification and measurement of financial liabilities

The reconciliation between the ending provision for impairment in accordance with IAS 39 to the opening loss allowance determined in accordance with IFRS 9 for the above financial instruments on 1 July 2018 is as follows:

	Allowance for impairment under IAS 39 as at 30 June 2018	Re-measurement	FECL under IFRS 9 as at 1 July 2018
	Rs	Rs	Rs
Loans and receivables under IAS 39/ Financial assets at amortised cost under IFRS 9	469,738	190,385	660,123

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Company's exposure to credit risk in the financial statements (Refer to notes 8 and 22).

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities which continue to be measured at amortised cost.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

IFRS 15 introduced a 5 step approach to revenue recognition and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contract with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach. The Company's accounting policies for recognition of revenue are disclosed in note 3. Except for reclassifications on account of consideration payable to customers/cost of performing the obligations in statement of profit or loss and other comprehensive income, the application of IFRS 15 has not had any impact on the financial position and/or financial performance of the Company as at 1 July 2017. Accordingly, a third statement of financial position has not been presented.

There has been no impact on the financial statements on the adoption of this standard.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONT'D)

2.3 Relevant new and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)
IAS 8	Accounting policies, changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2019)
IAS 12	Income Taxes - Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 19	Employee Benefits - Amendments regarding plan amendments, curtailments or settlements (effective 1 January 2019)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 16	Leases - Original issue (effective 1 January 2019)
IFRIC 23	Uncertainty over Income Tax Treatments issued (effective 1 January 2019)

The directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. Except as detailed below, the directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period and in accordance with International Financial Reporting Standards (IFRSs). These are explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation(Cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are describe as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Revenue recognition

The Company recognises revenue from the sales of tyres and motor vehicles spare parts.

Revenue is recognised when control of the products has been transferred, being when the products are delivered and accepted by the customers i.e. point in time. There is no unfulfilled obligation that could affect the customers' acceptance of the products.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

There is no right of return policy on the sale of goods.
Other revenue is recognised on the following basis:

- Dividend income from investments is recognised when the shareholder's right to receive payment has been established.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Other income is recognised on an accrual basis.

(c) Property, plant and equipment

Freehold land is stated at cost and is not depreciated.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is recognised so as to write off the cost of asset less their residual values over their useful lives, using the straight line method. In the year of purchase, depreciation is calculated on a pro-rata basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

Depreciation (cont'd)

The annual depreciation rates are as follows:

Freehold building	-	2.5%
Office building	-	2.5%
Motor vehicles	-	20%
Computer equipment	-	10%
Office and other equipment	-	10%
Furniture, fixtures and fittings	-	5%

(d) Inventories

Inventories are stated at the lower of cost (determined on average cost basis) and net realisable value. Cost of inventories comprises all costs of purchase, and other costs incurred in bringing such inventories to their present condition and location. Net realisable value represents the estimated selling price for inventories less selling expenses.

(e) Foreign currencies

In preparing the financial statements, transactions in currencies other that the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate.

The carrying amount of the investment in associates is tested for impairment in accordance with IAS 36 Impairment of Assets by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Company discontinues the use of the equity accounting from the date the investment ceases to be an associate or when the investment is classified as held for sale. The difference between the carrying amount of the associate at the date the equity method was discontinued, the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. If the ownership in an associate is disposed of, the proportionate share of amount previously recognised in other comprehensive income is reclassified to profit or loss.

(h) Cash and cash equivalents

Cash comprises of cash at bank, cash in hand and bank overdrafts. Cash equivalent are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Retirement benefit obligations

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

State plan

Contributions to the National Pension Scheme are recognised in profit or loss in the year in which they fall due.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/ designation at initial recognition of a financial asset:
- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

(i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

(ii) Equity instruments designated as at FVTOCI
A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in investment revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Investment income' line item in profit or loss.

The Company has designated its investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

(ii) Equity instruments designated as at FVTOCI (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL until they are derecognised due to short-term nature of the receivables and have been assessed to have credit risk other than low.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

(ii) Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

(iii) Recognition of expected credit losses

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

Impairment of financial assets (cont'd)

(iii) Recognition of expected credit losses (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, government bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;
(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

Impairment of financial assets (cont'd)

(iii) Recognition of expected credit losses (cont'd)

Significant increase in credit risk

For financial guarantee contracts, the date that the Company becomes a party to the irrecoverable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The measure of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original interest rate.

Financial liabilities and equity

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Classification as debt or equity

Debt and equity instruments 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 instrument

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (Cont'd)

Financial liabilities

(i) Borrowings

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost.

(ii) Accounts payable

Accounts payable are stated at their amortised cost using the effective interest method.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(iv) Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(l) Related parties

Related parties are individuals and companies where the individual or 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 or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Impairment of assets

At each end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount of an asset is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

Property, plant and equipment

The cost of the property, plant and equipment is depreciated over the estimated useful life of the asset. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

Calculation of loss allowance

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed defaults rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (Cont'd)

Calculation of loss allowance (cont'd)

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from credit enhancements.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.

Further information on the carrying amounts of the Company's defined benefit obligations and the sensitivity of those amounts to changes in discount rate are provided in note 10.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Freehold building	Office building	Motor vehicles
	Rs	Rs	Rs	Rs
COST				
At 1 July 2017	8,400,000	15,766,046	168,867	8,216,421
Additions	-	5,377,877	-	3,246,000
At 30 June 2018	8,400,000	21,143,923	168,867	11,462,421
Additions		1,660,586	-	736,435
Disposals	-	-	-	(967,448)
At 30 June 2019	8,400,000	22,804,509	168,867	11,231,408
DEPRECIATION				
At 1 July 2017	-	526,380	168,867	6,793,051
Charge for the year	-	479,934	-	1,053,352
At 30 June 2018	-	1,006,314	168,867	7,846,403
Charge for the year	-	560,646	-	1,145,863
Disposals	-	-	-	(948,452)
At 30 June 2019	-	1,566,960	168,867	8,043,814
NET BOOK VALUE				
At 30 June 2019	8,400,000	21,237,549	-	3,187,594
At 30 June 2018	8,400,000	20,137,609	-	3,616,018

Included under property, plant and equipment are motor vehicles and equipment with a net book value of Rs 2,055,800 (2018: Rs 2,872,037) and Rs 1,572,865 (2018: Rs 1,759,739) respectively held under finance lease.

The Company's property, plant and equipment have been pledged as security for bank facilities.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

Computer equipment	Office and other equipment	Furniture, fixtures and fittings	Total
Rs	Rs	Rs	Rs
13,282,313	7,397,907	6,129,835	59,361,389
997,559	2,466,507	796,651	12,884,594
14,279,872	9,864,414	6,926,486	72,245,983
321,886	121,491		2,840,398
-	-	-	(967,448)
14,601,758	9,985,905	6,926,486	74,118,933
11,049,048	6,562,116	4,728,505	29,827,967
459,674	360,553	289,967	2,643,480
11,508,722	6,922,669	5,018,472	32,471,447
381,991	400,411	299,435	2,788,346
-	-	-	(948,452)
11,890,713	7,323,080	5,317,907	34,311,341
2,711,045	2,662,825	1,608,579	39,807,592
2,771,150	2,941,745	1,908,014	39,774,536

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

6. INVESTMENTS

(a) Investments in associates

Details of investments in associates are as follows:

Name of Company	Activities	% holding	2019	2018
			Rs	Rs
United Bus Service Limited	Investment holding	34.31	111,498,903	89,085,260
Lintrabis Investment Company Limited	Investment holding	45.77	23,146,316	21,001,190
			134,645,219	110,086,450

Movement in investments in associates

	Rs
Balance at 30 June 2018 - As previously reported	110,086,450
Adjustment upon application of IFRS 9	1,140,775
Balance at 1 July 2018	111,227,225
Share of profit from associates	25,333,575
Share of other comprehensive income from associates	(210,739)
Dividend received from associate, United Bus Service Limited	(1,704,842)
	134,645,219

Share of profit from associates

	2019	2018
United Bus Service Limited	24,707,929	26,416,133
Lintrabis Investment Company Limited	625,646	813,371
	25,333,575	27,229,504

Share of other comprehensive income from associates

	2019	2018
United Bus Service Limited		
Share of remeasurement of defined benefit obligation of associate, net of income tax	(5,568,507)	(7,647,685)
Gain on revaluation of freehold land	3,773,680	-
Net fair value loss on financial assets at fair value through other comprehensive income	64,608	-
Lintrabis Investment Company Limited		
Net fair value gain on financial assets at fair value through other comprehensive income	1,519,480	77,493
	(210,739)	(7,570,192)
Dividend received from associate, United Bus Service Limited	1,704,842	1,704,842

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

6. INVESTMENTS (CONT'D)

(a) Investments in associates (Cont'd)

All of the above associates are accounted for using the equity method in these financial statements.

Summarised financial information of each of the associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

United Bus Service Limited

	2019 Rs	2018 Rs
Non-current assets	831,033,146	803,132,568
Current assets	175,795,023	191,143,778
Non-current liabilities	(445,723,703)	(484,389,473)
Current liabilities	(236,093,368)	(250,209,893)
Net assets	325,011,098	259,676,980
Revenue	704,832,415	742,084,131
Profit for the year	72,021,798	77,001,085
Other comprehensive loss for the year	(5,043,484)	(22,292,439)
Total comprehensive income for the year	66,978,314	54,708,646
Dividend received from the associate during the year	1,704,842	1,704,842

Reconciliation of the above summarised financial information to the carrying amount of the interest in United Bus Service Limited recognised in the financial statements:

	2019 Rs	2018 Rs
Net assets of associate	325,011,098	259,676,980
Proportion of the Company's ownership	34.31%	34.31%
Carrying amount of the Company's interest	111,498,903	89,085,260

The market value of the quoted shares in United Bus Service Limited at 30 June 2019, based on the latest available quotations on the Stock Exchange was Rs 68,193,680 (2018: Rs 58,056,328). The investment in United Bus Service Limited is classified within Level 1 of the fair value hierarchy.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

6. INVESTMENTS (CONT'D)

(a) Investments in associates (Cont'd)
Lintrabis Investment Company Limited

	2019	2018
	Rs	Rs
Non-current assets	37,734,559	34,414,743
Current assets	12,905,372	11,564,894
Current liabilities	(69,000)	(95,457)
Net assets	50,570,931	45,884,180
Revenue	1,073,357	1,088,519
Profit for the year	1,366,935	1,777,083
Other comprehensive income for the year	3,319,816	169,308
Total comprehensive income for the year	4,686,751	1,946,391

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lintrabis Investment Company Limited recognised in the financial statements:

	2019	2018
	Rs	Rs
Net assets of associate	50,570,931	45,884,180
Proportion of the Company's ownership	45.77%	45.77%
Carrying amount of the Company's interest	23,146,316	21,001,190

(b) Other financial assets

Financial assets at fair value through other comprehensive income	Listed	Quoted	Unit trust	Unquoted	Total
	Rs	Rs	Rs	Rs	Rs
At 1 July 2017	53,706,501	5,836,466	332,689	1,000	59,876,656
Additions	345,600	-	-	-	345,600
Fair value movement	701,945	488,295	65,919	-	1,256,159
At 30 June 2018	54,754,046	6,324,761	398,608	1,000	61,478,415
Fair value movement	(5,915,680)	(888,838)	11,260	10,454	(6,782,804)
At 30 June 2019	48,838,366	5,435,923	409,868	11,454	54,695,611

The investments are valued at market prices prevailing on Development & Enterprise Market, Stock Exchange of Mauritius and National Investment Trust at the end of the reporting period. The unquoted investments are measured at net assets of the investee at reporting date as it approximates its fair value.

The Company's investments have been pledged as security for bank facilities.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

7. INVENTORIES

	2019 Rs	2018 Rs
At cost		
Motor vehicle spare parts and tyres	105,959,087	135,290,018
Goods in transit	6,413,682	4,959,628
	112,372,769	140,249,646

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs 219,592,577 (2018: Rs 211,107,123). The Company's inventories have been pledged as security for bank facilities.

8. TRADE AND OTHER RECEIVABLES

	2019 Rs	2018 Rs
Trade receivables	39,935,039	38,413,548
Loss allowance	(795,973)	(469,738)
	39,139,066	37,943,810
Other receivables and prepayments	4,047,323	2,819,448
	43,186,389	40,763,258

Included under trade and other receivables are amounts of Rs 7,759,367 (2018: Rs 5,050,580) receivable from related companies. These amounts are unsecured, interest free and repayable on demand.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The average credit period on sales of goods is 30 days. No interest is charged on trade receivables. Before accepting any new client, an assessment is made of the potential customer's credit quality. The most significant debtor (a related company) accounts for 19% (2018: 13%) of the trade receivables. There are no other customers who represent more than 10% of the total balance of trade receivable.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and on analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

8. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed	Individually assessed	Total
	Rs	Rs	Rs
Balance at 30 June 2018	-	469,738	469,738
Adjustment upon application of IFRS 9	11,047	179,338	190,385
Balance at 1 July 2018 including impact of IFRS 9	11,047	649,076	660,123
Increase in loss allowance recognised in profit or loss during the year	4,961	130,889	135,850
Balance at 30 June 2019	16,008	779,965	795,973

The following table details the risk profile of local trade receivables based on the Company's provision matrix at 30 June 2019. As the Company's historical credit loss experience does not show significantly different loss patterns for different local customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	> 90 days	Total
As at 30 June 2019						
Estimated total gross carrying amount at default (Rs)	17,890,029	10,248,587	7,148,179	3,868,279	779,965	39,935,039
Expected loss rate	0.02%	0.03%	0.06%	0.12%	100%	
Lifetime ECL (Rs)	3,708	2,980	4,599	4,721	779,965	795,973
As at 1 July 2018						
Estimated total gross carrying amount at default (Rs)	16,970,296	11,181,069	7,327,990	2,285,117	649,076	38,413,548
Expected loss rate	0.01%	0.02%	0.05%	0.12%	100%	
Lifetime ECL (Rs)	2,209	2,138	4,017	2,683	649,076	660,123

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

9. STATED CAPITAL

	2019 and 2018 Rs
Issued and fully paid	
1,142,962 ordinary shares of Rs10 each	11,429,620
Share premium	9,084,576
	20,514,196

Ordinary shares are not redeemable, carry voting rights, entitlement to dividends or distributions and on winding up to any surplus on assets of the Company.

10. RETIREMENT BENEFIT OBLIGATIONS

The liability relates to Retirement Gratuities under the Employment Rights Act (ERA). The Company provides for a lump sum at retirement based on final salary and years of service.

Amount recognised in the statement of financial position:	2019 Rs	2018 Rs
Present value of unfunded obligations	4,272,409	4,260,350

The figures are based on management's assessment of Retirement Gratuities under the Employment Rights Act (ERA) for the year ended 30 June 2019.

The main assumptions used for accounting purposes are as follows:

	2019 %	2018 %
Discount rate	5.30	6.00
Future long-term salary increase	3.00	4.00

<u>Movement in liability recognised in statement of financial position are as follows:</u>

	2019 Rs	2018 Rs
At 1 July	(4,260,350)	(3,610,350)
Total expenses recognised in profit or loss	(501,076)	(650,000)
Actuarial gains recognised in other comprehensive income	489,017	-
At 30 June	(4,272,409)	(4,260,350)

<u>Amount recognised in statement of profit or loss:</u>

	2019	2018
Current service cost	275,277	650,000
Interest cost	225,799	-
	501,076	650,000

<u>Amount recognised in other comprehensive income</u>

	2019	2018
Experience gains on the liabilities	**489,017**	-

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

10. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Significant assumptions for the determination of the defined benefit plan are discount rate and future long-term salary increase. The sensitivity analysis below have been determined based on the sensibly possible changes of the discount rate or future long-term salary increase rate occurring at the end of reporting if all other assumption remained unchanged.

- Increase in defined benefit obligations due to 1% decrease in discount rate Rs 368,958 (2018: Rs826,561).
- Decrease in defined benefit obligations due to 1% increase in discount rate Rs 317,550 (2018: Rs635,483).
- Increase in defined benefit obligations due to 1% increase in future long-term salary Rs 373,941 (2018: Rs54,014).
- Decrease in defined benefit obligations due to 1% decrease in future long-term salary Rs 327,074 (2018: Rs34,708).

The weighted average duration of the defined benefit obligation as at 30 June 2019 is 9 years.

11. TAXATION

(a) Income tax

Income tax is calculated at the rate of 15% (2018: 15%) on the profit for the year as adjusted for tax purposes and it also includes Corporate Social Responsibility (CSR) charge which is calculated at the rate of 2% (2018: 2%) on the chargeable income of the preceding year.

	2019	2018
	Rs	Rs
Current tax provision	2,444,221	2,414,804
Underprovision in prior year	-	232,890
CSR provision for the year	321,974	812,231
Deferred tax movement (Note 11(c))	(8,968)	128,311
Tax expense charged to profit or loss	2,757,227	3,588,236

(b) Current tax liabilities/(assets)

	2019	2018
	Rs	Rs
At 1 July	(2,012,244)	3,347,531
Underprovision of income tax in prior year	-	232,890
Current tax provision	2,444,221	2,414,804
Tax Deducted at Source	(24,211)	(25,479)
Tax refund /(paid) including Advance Payment System	91,258	(8,082,026)
Withholding tax	(47,269)	-
CSR provision for the year	321,974	812,231
CSR paid during the year	(160,987)	(712,195)
At 30 June	612,742	(2,012,244)

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

11. TAXATION (CONT'D)

(c) Deferred tax assets

	2019	2018
	Rs	Rs
At 1 July	313,535	441,846
Charged to profit or loss:		
Current year charge	(23,397)	(128,311)
Under provision of deferred tax in prior year	32,365	-
	8,968	(128,311)
Charged to other comprehensive income	(83,133)	-
At 30 June	239,370	313,535
Deferred tax assets arise from:		
Retirement benefit obligations	726,310	724,260
Provision for bad debts	135,315	79,855
Temporary difference arising from tax base and carrying amount of qualifying assets	(622,255)	(490,580)
	239,370	313,535

(d) Tax reconciliation

	2019	2018
	Rs	Rs
Profit before tax	49,384,368	43,873,311
Tax at the rate of 17% (2018: 17%)	8,395,342	7,458,462
Tax effect of:		
- Non-taxable income	(5,652,642)	(4,976,476)
- Expenses not deductible for tax purposes	42,468	374,341
- Depreciation on assets not eligible for capital allowances	8,344	8,397
- Tax differential	(3,920)	490,622
- Overprovision of income tax in prior year	-	232,890
- Underprovision of deferred tax in prior year	(32,365)	-
Income tax expense recognised in profit or loss	2,757,227	3,588,236

12. BANK OVERDRAFT

The bank overdraft bears interest at rates of 6% (2018: 6%) per annum and is secured by floating charges on the assets of the Company.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

13. LOANS

	2019	2018
	Rs	Rs
Loan from related party	-	10,000,000
Bank loan	12,725,855	14,036,215
	12,725,855	24,036,215
Included in financial statements as:		
Current liabilities	2,163,093	12,137,722
Non-current liabilities	10,562,762	11,898,493
	12,725,855	24,036,215

The loan from related party was unsecured, repayable at call and bore interest at 5.35% (2018:5.35%) per annum.

Bank loans bear interest at rates of 6% (2018: 6%) per annum and are secured by floating charges on the assets of the Company.

14. TRADE AND OTHER PAYABLES

	2019	2018
	Rs	Rs
Bills payables	1,395,051	706,806
Trade payables	1,382,281	1,014,980
Other payables and accruals	9,763,777	7,772,855
	12,541,109	9,494,641

The average credit period of trade payables is 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
Amount payable under finance leases:	Rs	Rs	Rs	Rs
Within one year	1,070,706	1,246,742	921,311	1,044,506
In the second to fifth years inclusive	2,469,785	3,540,236	2,321,798	3,242,854
	3,540,491	4,786,978	3,243,109	4,287,360
Less: Future finance charges	(297,382)	(499,618)	-	-
Present value of minimum lease payments	3,243,109	4,287,360	3,243,109	4,287,360
Included in financial statements as:				
Current liabilities			921,311	1,044,506
Non-current liabilities			2,321,798	3,242,854
			3,243,109	4,287,360

Finance leases relate to motor vehicles and equipment with lease terms between one and five years. The Company has options to purchase the motor vehicles for a nominal amount at the conclusion of the lease agreements. The Company's obligations under the finance leases are secured by the lessors' title to the leased assets.

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates at 5.35% (2018: 5.35% to 6.70%) per annum.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

16. PROFIT FROM OPERATIONS

This is arrived at after charging:

	2019 Rs	2018 Rs
Cost of inventories recognised as an expense during the year	219,592,577	211,107,123
Administrative expenses	30,911,656	33,509,862
Included in administrative expenses		
Staff cost	19,020,823	18,755,313
Depreciation of property, plant and equipment	2,788,346	2,643,480
Rent, rates and taxes	1,918,252	2,662,639
Legal and professional charges	1,323,543	1,293,965
Motor vehicle running expenses	1,093,099	1,249,339

17. OTHER INCOME

	2019 Rs	2018 Rs
Dividend income	1,917,258	2,043,886
Rent receivable	180,000	780,000
Interest received	644	4,940
Profit on disposal of PPE	350,570	-
Sundry income	184,740	399,175
	2,633,212	3,228,001

18. FINANCE COSTS

	2019 Rs	2018 Rs
Interest is payable on:-		
- Bank Loan	921,404	1,587,861
- Finance lease	211,979	116,028
- Related party loan	267,498	534,996
	1,400,881	2,238,885

19. DIVIDENDS

	2019 Rs	2018 Rs
Dividend of Rs 4.20 per share declared on 25 June 2019 (2018: Rs 4.20 paid in 1 June 2018)	4,800,440	4,800,440

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

20. EARNINGS PER SHARE

The earnings and number of ordinary shares used in the calculation of basic earnings per share are as follows:-

	2019	2018
Profit for the year (Rs)	46,627,141	40,285,075
Number of ordinary shares	1,142,962	1,142,962
Earnings per share (Rs)	40.80	35.25

21. RELATED PARTY TRANSACTIONS

	2019	2018
	Rs	Rs
(a) Transactions during the year		
(i) Sales of goods:		
- Associate	65,630,983	62,161,602
(ii) Rent receivable:		
- Associate	180,000	780,000
(iii) Interest paid on loan		
- Fund under common management	267,498	534,996
(iv) Contribution		
- Trust under common management	160,987	400,143
(v) Dividend received		
- Associate	1,704,842	1,704,842
- Company under common management	889	889
	1,705,731	1,705,731
(vi) Management fees		
- Company under common management	660,000	660,000

(b) Outstanding balances	2019	2018
	Rs	Rs
(i) Receivables from related parties:		
- Associates	7,759,367	5,050,580
(ii) Loan from related party:		
- Fund under common management	-	10,000,000

(c) Compensation to key management personnel (Directors)	2019	2018
	Rs	Rs
Short term benefits	8,825,915	7,983,261

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

22. FINANCIAL INSTRUMENTS

Capital risk management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns of the stakeholders. The capital structure of the Company consists of net debt and equity comprising issued capital, reserves and retained earnings.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2019	2018
	Rs	Rs
Financial assets		
Financial assets at amortised cost		
- Cash and bank balances	68,542,361	33,799,406
- Trade and other receivables	40,952,005	39,900,296
Financial assets at fair value through other comprehensive income		
- Investments in securities	54,695,611	61,478,415
	164,189,977	135,178,117
Financial liabilities		
At amortised cost		
Trade and other payables	12,541,109	8,453,598
Obligations under finance leases	3,243,109	4,287,360
Loans	12,725,855	24,036,215
Bank overdraft	512,656	3,006,925
Dividend payable	4,800,440	4,800,440
	33,823,169	44,584,538

The following has been excluded from financial assets and financial liabilities:

	2019	2018
	Rs	Rs
Financial assets		
Prepayment and advanced deposit	2,057,383	862,962
VAT	177,001	-
	2,234,384	862,962
Financial liabilities		
VAT	-	1,041,043

Market risk
Market risk represents the potential loss that can be caused by a change in market value of financial instruments. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company makes use of proper mix in its financial instruments to manage its exposure to interest rate and foreign currency risk.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

22. FINANCIAL INSTRUMENTS (CONT'D)
Market risk (Cont'd)

Foreign currency risk management
The Company undertakes transactions denominated in foreign currencies and is consequently expose to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange.

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

	<--------------2019	---------->	<------------2018	------------>
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs	Rs	Rs	Rs
Currency				
Mauritian Rupee	162,616,056	32,706,955	133,745,694	43,877,732
United States Dollar	1,573,921	1,116,214	1,432,423	706,806
	164,189,977	33,823,169	135,178,117	44,584,538

Foreign currency sensitivity analysis
The Company is mainly exposed to United States Dollar.

The following table details the Company's sensitivity to a 5% increase in the relevant currencies against the Mauritian Rupee. A negative number below indicates a decrease in profit and equity where relevant currencies strengthen 5% against Mauritian Rupee. For a 5% weakening of relevant currencies against the Mauritian Rupees, there would be an equal and opposite impact on the profit and equity.

	2019	2018
	Rs	Rs
Impact on profit and equity	22,885	36,281

Interest rate risk
The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The interest rate profile of the Company's financial liabilities as at 30 June is as follows:

	Interest	2019	2018
Financial liabilities		% p.a	% p.a
Bank overdraft	Floating	6.00	6.00
Obligations under finance lease	Fixed	5.35	5.35 - 6.70
Loan from related party	Fixed	5.35	5.35
Bank loan	Floating	6.00	6.00

The following table details the Company's sensitivity to an increase in interest rate by 50 basis points. A negative number indicates a decrease in profit and equity where the interest rate is 50 basis points higher for a decrease in interest rate by 50 basis point, there would be an equal and opposite impact on the profit and equity.

	2019	2018
	Rs	Rs
Impact on profit and equity	(66,193)	(85,216)

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

22. FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The maturity profile of the financial liabilities is summarised as follows:

2019	Less than 1 year	1 - 5 years	Total
Financial liabilities	Rs	Rs	Rs
Amortised cost:			
Trade and other payables	12,541,109	-	12,541,109
Obligations under finance lease	921,311	2,321,798	3,243,109
Loans	2,163,093	10,562,762	12,725,855
Bank overdraft	512,656	-	512,656
Dividend payable	4,800,440	-	4,800,440
	20,938,609	12,884,560	33,823,169

2018	Less than 1 year	1 - 5 years	Total
Financial liabilities	Rs	Rs	Rs
Amortised cost:			
Trade and other payables	8,453,598	-	8,453,598
Obligations under finance lease	1,044,506	3,242,854	4,287,360
Loans	12,137,722	11,898,493	24,036,215
Bank overdraft	3,006,925	-	3,006,925
Dividend payable	4,800,440	-	4,800,440
	29,443,191	15,141,347	44,584,538

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

22. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. The Company's credit risk is as disclosed in note 8.

Equity price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower

- profit for the year ended 30 June 2019 would have been unaffected as the equity investments are classified as financial assets at fair value through other comprehensive income and no investments were disposed of or impaired; and
- other comprehensive income for the year ended 30 June 2019 would increase/decrease by Rs 2,734,780 (2018: increase/decrease by Rs 3,073,921) for the Company as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

The Company's sensitivity to equity prices has not changed significantly from the prior year.

Fair value measurements

Except where stated elsewhere, the carrying amounts of the company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis

The following table gives information about how the fair values of financial assets are determined:

Financial assets	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2019	2018		
	Rs	Rs		
Listed and quoted	54,274,289	61,078,807	Level 1	Quoted bid prices in an active market
Unit trust investments	409,868	398,608	Level 2	Based on the net asset value of the investee
Unquoted investments	11,454	-	Level 3	Based on the net asset value of the investee*
Unquoted investments	-	1000*	-	*

There were no transfers between level 1 and 2 during the year.

* The unquoted investment was measured at cost at 30 June 2018 as the cost approximated the fair value at 30 June 2018.

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

30 June 2019

	1 July 2018	Interest expense	Interest paid	Loans and leases repayment	30 June 2019
	Rs	Rs	Rs	Rs	Rs
Loans	24,036,215	1,188,902	(1,188,902)	(11,310,360)	12,725,855
Finance lease	4,287,360	211,979	(211,979)	(1,044,251)	3,243,109
	28,323,575	1,400,881	(1,400,881)	(12,354,611)	15,968,964

30 June 2018

	1 July 2017	New lease & loan	Interest expense	Interest paid	Loans and leases repayment	30 June 2018
	Rs	Rs	Rs	Rs	Rs	Rs
Loans	30,140,116	10,000,000	2,122,857	2,122,857	(16,103,901)	24,036,215
Finance lease	503,101	4,734,400	116,028	116,028	(950,141)	4,287,360
	30,643,217	14,734,400	2,238,885	2,238,885	(17,054,042)	28,323,575

24. SEGMENTAL REPORTING

The directors of the Company have chosen to organise the Company into different types of revenue streams. Specifically, the main Company's reportable segments under IFRS 8 are as follows:

- Tyres
- Spare parts

Segment assets and liabilities
The following is an analysis of the Company's assets and liabilities by reportable segment:

Segment revenues and results

	Segment revenue		Segment profit	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Tyres	221,846,669	211,432,798	33,959,514	27,953,112
Spare parts	51,476,026	48,838,878	7,879,771	6,456,892
	273,322,695	260,271,676	41,839,285	34,410,004
Other income			2,633,212	3,228,001
Administration staff costs and related expenses			(19,020,823)	(18,755,313)
Finance costs			(1,400,881)	(2,238,885)
Share of profit of associates			25,333,575	27,229,504
Profit before taxation			49,384,368	43,873,311

The accounting policies of the reportable segments are disclosed in note 3(o). Segment profit represents the profit before tax earned by each segment without allocation of investment and other gains and losses, administration staff costs and related expenses and finance costs, share of profit of associates.

Notes to the Financial Statements (cont'd)
For the year ended 30 June 2019

24. SEGMENTAL REPORTING (CONT'D)

Segment assets and liabilities

	2019	2018
	Rs	Rs
Segment assets		
Tyres	220,785,015	206,814,702
Spare parts	51,229,686	47,772,144
Total segment assets	272,014,701	254,586,846
Unallocated	181,474,610	173,890,644
Total assets	453,489,311	428,477,490
Segment liabilities		
Tyres	27,453,108	37,064,134
Spare parts	6,370,061	8,561,447
Total segment liabilities	33,823,169	45,625,581
Unallocated	4,885,151	4,260,350
Total liabilities	38,708,320	49,885,931

Notes to the Financial Statements (cont'd)

For the year ended 30 June 2019

24. SEGMENTAL REPORTING (CONT'D)

Segment assets and liabilities (Cont'd)

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than financial assets and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

- All liabilities are allocated to reportable segments other than deferred tax liabilities, loans and dividend payable. Liabilities for which reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Other Segment Information

	Depreciation		Additions to non-current assets	
	2019	2018	2019	2018
	Rs	Rs	Rs	Rs
Tyres	2,263,205	2,147,442	2,305,454	10,466,854
Spare parts	525,141	496,038	534,944	2,417,740
	2,788,346	2,643,480	2,840,398	12,884,594

Geographical information

Since all the operations are carried out locally, the geographical reporting disclosure is therefore not applicable.

Information about major customer

Included in sale from tyres and spares is a total amount of Rs 65,630,983 (2018: Rs 62,161,602) which arose from sale to a related party which is the Company's largest customer. No other single customers contributed to 10% or more to the Company's revenue in either 2018 or 2019.

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2019	2018
Financed as follows:	Rs	Rs
Cash disbursed	2,840,398	8,150,194
Finance lease	-	4,734,400
	2,840,398	12,884,594

Associated Commercial Company Ltd
C/O United Bus Service Ltd
Les Cassis - Port Louis