Kindness at the heart of our performance

06 Financial Statements

STATEMENTS OF FINANCIAL POSITION

FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	THE GROUP 2024 Rs'000	THE GROUP 2023 Rs'000	THE COMPANY 2024 Rs'000	THE COMPANY 2023 Rs'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	**7,989,994**	18,070,344	**18,200**	14,791
Right-of-use assets	5	**880,543**	1,595,986	**-**	-
Operating equipment	6	**15,662**	21,225	**-**	-
Intangible assets	7	**13,351**	238,196	**5,082**	8,012
Interest in subsidiaries	8	**-**	-	**23,432,471**	20,604,903
Interest in associate	9	**630,000**	258,089	**702,445**	285,207
Interest in joint venture	10	**118,649**	89,540	**-**	-
Deferred tax assets	19	**91,817**	68,454	**31,905**	31,101
Employee benefit asset	20	**-**	172	**-**	-
Other investments	11	**-**	166,287	**-**	-
Other financial assets	12	**13,995**	13,995	**354,020**	306,995
		9,754,011	20,522,288	**24,544,123**	21,251,009
CURRENT ASSETS					
Inventories	13	**99,647**	139,700	**-**	-
Trade and other receivables	14	**615,195**	747,599	**588,144**	169,019
Current tax asset	24	**3,675**	3,433	**-**	-
Cash and short-term deposits	34(ii)	**1,086,708**	1,822,217	**514,557**	802,740
		1,805,225	2,712,949	**1,102,701**	971,759
Assets held for distribution	29	**12,021,290**	-	**-**	-
		13,826,515	2,712,949	**1,102,701**	971,759
TOTAL ASSETS		**23,580,526**	23,235,237	**25,646,824**	22,222,768
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Stated capital	15	**1,945,451**	1,945,451	**1,945,451**	1,945,451
Share premium	15	**3,138,833**	3,138,833	**3,138,833**	3,138,833
Convertible bonds	16	**3,086,192**	3,086,192	**-**	-
Reserves	17	**6,560,058**	6,740,032	**14,239,179**	11,235,463
(Accumulated losses)/Retained profits		**(1,104,881)**	(2,612,196)	**4,626,006**	2,907,743
		13,625,653	12,298,312	**23,949,469**	19,227,490
Treasury shares	15	**(1,454,314)**	(1,454,314)	**(1,454,314)**	(1,454,314)
Equity attributable to owners of the Company		**12,171,339**	10,843,998	**22,495,155**	17,773,176
Non-controlling interests		**948,488**	926,097	**-**	-
TOTAL EQUITY		**13,119,827**	11,770,095	**22,495,155**	17,773,176
NON-CURRENT LIABILITIES					
Loans and other borrowings	18	**1,929,907**	4,433,102	**1,430,000**	2,160,515
Lease liabilities	5	**1,158,011**	1,664,250	**-**	-
Deferred tax liability	19	**579,477**	1,516,553	**-**	-
Provisions	22	**19,261**	20,940	**5,000**	7,573
Contract liabilities	23	**56,902**	82,349	**-**	-
Employee benefit liability	20	**282,011**	288,446	**54,196**	25,066
		4,025,569	8,005,640	**1,489,196**	2,193,154
CURRENT LIABILITIES					
Loans and other borrowings	18	**716,841**	884,183	**17,806**	425,685
Lease liabilities	5	**17,644**	48,783	**-**	-
Dividend payable	33	**435,910**	348,728	**435,910**	348,728
Provisions	22	**22,307**	-	**290**	-
Trade and other payables	21	**1,327,327**	2,076,351	**1,189,970**	1,463,854
Current tax liability	24	**72,158**	101,457	**18,497**	18,171
		2,592,187	3,459,502	**1,662,473**	2,256,438
Liabilities directly associated with the assets held for distribution	29	**3,842,943**	-	**-**	-
		6,435,130	3,459,502	**1,662,473**	2,256,438
TOTAL LIABILITIES		**10,460,699**	11,465,142	**3,151,669**	4,449,592
TOTAL EQUITY AND LIABILITIES		**23,580,526**	23,235,237	**25,646,824**	22,222,768

Approved by the Board of Directors and authorised for issue on 12 September 2024

Jean-Pierre Dalais
Chairman

Mushtaq N.Oosman
Chairman of the Audit & Risk Committee

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

STATEMENTS OF PROFIT OR LOSS

FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	THE GROUP 2024 Rs'000	THE GROUP 2023 Rs'000	THE COMPANY 2024 Rs'000	THE COMPANY 2023 Rs'000
Continuing operations					
Revenue	25	**5,408,864**	4,820,201	**1,458,418**	402,383
Other income	27	**5,403**	25,860	**1,693**	-
Total revenue		**5,414,267**	4,846,061	**1,460,111**	402,383
Operating expenses	26	**(3,603,251)**	(3,312,626)	**(238,468)**	(198,503)
Earnings before interest, tax, depreciation and amortisation and impairment (charges)/reversals		**1,811,016**	1,533,435	**1,221,643**	203,880
Impairment (charges)/reversals of financial and non-financial assets	30	**(2,820)**	7,303	**423,575**	37,750
Earnings before interest, tax, depreciation and amortisation		**1,808,196**	1,540,738	**1,645,218**	241,630
Depreciation and amortisation	28	**(270,988)**	(270,235)	**(6,872)**	(8,840)
Operating profit		**1,537,208**	1,270,503	**1,638,346**	232,790
Finance income	31(a)	**211,162**	233,987	**240,765**	235,636
Finance costs	31(b)	**(296,513)**	(332,608)	**(98,039)**	(132,168)
Share of result of joint venture	10	**34,784**	24,700	**-**	-
Share of result of associate	9	**264,867**	-	**-**	-
Impairment reversals of investment in associate	9	**107,044**	-	**417,238**	-
Profit before tax from continuing operations		**1,858,552**	1,196,582	**2,198,310**	336,258
Income tax charge	24(b)	**(183,359)**	(162,884)	**(21,836)**	(17,122)
Profit for the year from continuing operations		**1,675,193**	1,033,698	**2,176,474**	319,136
Discontinued operations					
Profit for the year from discontinued operations	29	**356,918**	484,838	**-**	-
Profit for the year		**2,032,111**	1,518,536	**2,176,474**	319,136
Profit attributable to:					
Owners of the Company		**1,995,169**	1,467,491	**2,176,474**	319,136
Non-controlling interests		**36,942**	51,045	**-**	-
		2,032,111	1,518,536	**2,176,474**	319,136
Earnings per share for profit from continuing operations attributable to the equity holders of the Company:					
Basic and diluted earnings per share (Rs.)	32	**9.40**	5.64		
Earnings per share for profit attributable to the equity holders of the Company:					
Basic and diluted earnings per share (Rs.)	32	**11.44**	8.42		

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

STATEMENTS OF COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED 30 JUNE 2024

		THE GROUP		THE COMPANY	
	Note	**2024**	2023	**2024**	2023
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**2,032,111**	1,518,536	**2,176,474**	319,136
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of land and buildings	4	**-**	970,709	**-**	-
Revaluation of interest in subsidiaries	8	**-**	-	**3,003,716**	2,611,160
Revaluation of other investments	11	**531**	785	**-**	-
Remeasurements of retirement benefit obligations	20	**(120,265)**	(69,458)	**(26,869)**	(21,280)
Income tax relating to these items	19	**23,798**	(135,850)	**4,568**	3,618
		(95,936)	766,186	**2,981,415**	2,593,498
Items that may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		**5,404**	(931)	**-**	-
Share of other comprehensive income of joint venture	10	**4,354**	6,187	**-**	-
Losses on cash flow hedges		**(62,540)**	(185,704)	**-**	-
		(52,782)	(180,448)	**-**	-
Other comprehensive income for the year, net of tax		**(148,718)**	585,738	**2,981,415**	2,593,498
Total comprehensive income for the year		**1,883,393**	2,104,274	**5,157,889**	2,912,634
Total comprehensive income attributable to:					
Owners of the Company		**1,860,431**	2,022,673	**5,157,889**	2,912,634
Non-controlling interests		**22,962**	81,601	**-**	-
		1,883,393	2,104,274	**5,157,889**	2,912,634

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 30 JUNE 2024

THE GROUP

		Attributable to owners of the Company										
	Note	Stated capital	Share premium	Convertible bonds	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Accumulated losses	Treasury shares	Total	Non-controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2022		1,945,451	3,138,833	2,812,392	5,603,017	558,593	(114,872)	(3,496,449)	(1,451,389)	8,995,576	844,748	9,840,324
Other comprehensive income for the year		-	-	-	777,194	5,256	(170,285)	(56,983)	-	555,182	30,556	585,738
Profit for the year		-	-	-	-	-	-	1,467,491	-	1,467,491	51,045	1,518,536
Total comprehensive income for the year		-	-	-	777,194	5,256	(170,285)	1,410,508	-	2,022,673	81,601	2,104,274
Purchase of treasury shares		-	-	-	-	-	-	-	(2,925)	(2,925)	-	(2,925)
Dividends	33	-	-	-	-	-	-	(348,728)	-	(348,728)	(252)	(348,980)
Convertible bonds	16	-	-	273,800	-	-	-	(96,398)	-	177,402	-	177,402
Movement in reserves arising on winding up of subsidiaries		-	-	-	-	81,129	-	(81,129)	-	-	-	-
Total transactions with owners of the Company		-	-	273,800	-	81,129	-	(526,255)	(2,925)	(174,251)	(252)	(174,503)
At 30 June 2023		**1,945,451**	**3,138,833**	**3,086,192**	**6,380,211**	**644,978**	**(285,157)**	**(2,612,196)**	**(1,454,314)**	**10,843,998**	**926,097**	**11,770,095**
Other comprehensive income for the year		-	-	-	3,884	9,758	(56,689)	(91,691)	-	(134,738)	(13,980)	(148,718)
Profit for the year		-	-	-	-	-	-	1,995,169	-	1,995,169	36,942	2,032,111
Total comprehensive income for the year		-	-	-	3,884	9,758	(56,689)	1,903,478	-	1,860,431	22,962	1,883,393
Dividends	33	-	-	-	-	-	-	(435,910)	-	(435,910)	(501)	(436,411)
Convertible bonds	16	-	-	-	-	-	-	(97,180)	-	(97,180)	-	(97,180)
Acquisition of subsidiary		-	-	-	-	-	-	-	-	-	(54)	(54)
Movement in reserves arising on winding up of subsidiaries		-	-	-	(1,242)	(135,685)	-	136,927	-	-	(16)	(16)
Total transactions with owners of the Company		-	-	-	(1,242)	(135,685)	-	(396,163)	-	(533,090)	(571)	(533,661)
At 30 June 2024		**1,945,451**	**3,138,833**	**3,086,192**	**6,382,853**	**519,051**	**(341,846)**	**(1,104,881)**	**(1,454,314)**	**12,171,339**	**948,488**	**13,119,827**

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

STATEMENTS OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 30 JUNE 2024

THE COMPANY	Note	Stated capital	Share premium	Investment revaluation reserve	Retained profits	Treasury shares	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2022		1,945,451	3,138,833	8,624,303	2,954,997	(1,451,389)	15,212,195
Other comprehensive income for the year		-	-	2,611,160	(17,662)	-	2,593,498
Profit for the year		-	-	-	319,136	-	319,136
Total comprehensive income for the year		-	-	2,611,160	301,474	-	2,912,634
Purchase of treasury shares		-	-	-	-	(2,925)	(2,925)
Dividends	33	-	-	-	(348,728)	-	(348,728)
Total transactions with owners of the Company		-	-	-	(348,728)	(2,925)	(351,653)
At 30 June 2023		**1,945,451**	**3,138,833**	**11,235,463**	**2,907,743**	**(1,454,314)**	**17,773,176**
Other comprehensive income for the year		-	-	3,003,716	(22,301)	-	2,981,415
Profit for the year		-	-	-	2,176,474	-	2,176,474
Total comprehensive income for the year		-	-	3,003,716	2,154,173	-	5,157,889
Dividends	33	-	-	-	(435,910)	-	(435,910)
Total transactions with owners of the Company		-	-	-	**(435,910)**	-	**(435,910)**
At 30 June 2024		**1,945,451**	**3,138,833**	**14,239,179**	**4,626,006**	**(1,454,314)**	**22,495,155**

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

06 Financial Statements

STATEMENTS OF CASH FLOWS

FINANCIAL YEAR ENDED 30 JUNE 2024

	Note	THE GROUP 2024	THE GROUP 2023	THE COMPANY 2024	THE COMPANY 2023
		Rs'000	Rs'000	Rs'000	Rs'000
OPERATING ACTIVITIES					
Profit before tax from continuing operations		1,858,552	1,196,582	2,198,310	336,258
Profit before tax from discontinued operations		415,183	583,406	-	-
Adjustment for:					
Depreciation and amortisation	28	551,231	527,167	6,872	8,840
Write off of intangible assets	7	49	-	-	-
Write off of property, plant and equipment	4	2,625	602	-	-
Operating equipment usage	6	8,797	4,899	-	-
Net finance costs/(income)	31	183,782	174,956	(142,726)	(103,468)
Movement in provisions		37,195	(12,798)	(2,283)	(7,800)
Loss/(profit) on disposal of property, plant and equipment		3,514	404	(913)	-
Share of result of associate	9	(264,867)	-	-	-
Share of result of joint venture	10	(34,784)	(24,700)	-	-
Impairment charges/(reversals) of financial and non-financial assets	30	10,289	(9,708)	(423,575)	(37,750)
Impairment of investment in associate	9	(107,044)	-	(417,238)	-
Loss on lease re-assessment		-	257	-	-
Gain on derecognition of lease liabilities	27	(30,540)	-	-	-
Write off of investment in subsidiaries	8	-	-	160,262	-
Amortised cost on borrowings	34(iii)	417	139	-	-
Investment income		-	-	-	(27,118)
Unrealised exchange differences		248,485	173,425	164,536	108,547
Movement in employee benefit liability		11,747	34,057	2,261	4,588
		620,896	868,700	(652,804)	(54,161)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		2,894,631	2,648,688	1,545,506	282,097
Movement in working capital	34(i)	(175,735)	(66,807)	(684,133)	977,799
CASH GENERATED FROM OPERATIONS		2,718,896	2,581,881	861,373	1,259,896
Income taxes paid	24	(159,244)	(14,701)	(17,746)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		2,559,652	2,567,180	843,627	1,259,896
INVESTING ACTIVITIES					
Interest income	31	46,618	38,601	-	-
Purchase of property, plant and equipment		(691,512)	(362,665)	(7,851)	(9,040)
Additions to right-of-use assets		11,775	(3,497)	-	-
Proceeds from disposal of property, plant and equipment		11,584	-	1,413	-
Purchase of intangible assets	7	(6,471)	(9,513)	-	(6,602)
Purchase of operating equipment	6	(16,352)	(18,693)	-	-
Dividend received from joint venture	10	10,029	5,040	-	-
Loans to subsidiaries repaid		-	-	52,975	745,860
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(634,329)	(350,727)	46,537	730,218
FINANCING ACTIVITIES					
Proceeds from borrowings	34(iii)	241,350	917,680	200,000	275,000
Repayment of borrowings	34(iii)	(1,474,839)	(2,711,508)	(957,247)	(2,132,355)
Net proceeds from convertible bonds	16	-	275,000	-	-
Lease payments	34(iii)	(140,603)	(195,275)	-	-
Dividend paid to non-controlling interests		(501)	(252)	-	-
Dividend paid to equity holders		(348,728)	-	(348,728)	-
Interest paid		(533,074)	(310,420)	(104,581)	(146,845)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(2,256,395)	(2,024,775)	(1,210,556)	(2,004,200)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(331,072)	191,678	(320,392)	(14,086)
Cash and cash equivalents at 1 July		1,822,217	1,580,714	802,740	769,565
Net foreign exchange difference		42,980	49,825	14,403	47,261
CASH AND CASH EQUIVALENTS AT 30 JUNE	34(ii)	1,534,125	1,822,217	496,751	802,740

The notes set out on pages 96 to 163 form an integral part of the financial statements. Auditors' report on pages 84 to 87.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Sun Limited (the "Company") is a public company incorporated in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius. Its registered office is situated at 5th Floor, Ebène Skies, Rue de L'Institut, Ebène, Republic of Mauritius.

The Group's main activity is in the tourism sector of the leisure industry. It currently owns and/or manages seven properties in the Republic of Mauritius: Shangri-La's Le Touessrok Resort & Spa, Four Seasons Resort Mauritius at Anahita, Long Beach, Sugar Beach, La Pirogue, Ambre and Ile aux Cerfs. The Company operates as an investment holding company.

At 30 June 2024, the assets and corresponding liabilities of Shangri-La's Le Touessrok Resort & Spa, Four Seasons Resort Mauritius at Anahita and Ile aux Cerfs have been classified as held for distribution (refer to note 29).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements to the extent that they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements comprise both the separate financial statements of Sun Limited and the consolidated financial statements of Sun Limited and its subsidiaries. The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS Accounting Standards adopted in the year commencing 1 July 2023.

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards

The financial statements of the Group and the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(b) Historical cost convention

The financial statements are prepared under the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments), certain classes of property, plant and equipment measured at revalued amount, plan assets measured at fair value and assets held for distribution measured at the lower of carrying amount and fair value less costs to sell. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated. Where necessary, the comparative figures have been amended to conform with change in presentation in the current year.

(c) New and amended standards adopted by the Group

The Group has considered the following standards and amendments for the first time for their annual reporting period commencing 1 July 2023:

- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.
- Amendments to IAS 12 International Tax Reform Pillar Two Model Rules, give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The amendments listed above are not expected to significantly affect the Company in the current or future periods.

(d) New standards and interpretations and amendments to existing standards not yet effective and not yet adopted by the Group

Certain new IFRS Accounting Standards, amendments to IFRS Accounting Standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group:

- Amendments to IAS 1 - Non-current liabilities with covenants: These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Effective for annual periods beginning on or after 1 January 2024.
- Amendment to IFRS 16 – Leases on sale and leaseback: These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective for annual periods beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(d) New standards and interpretations and amendments to existing standards not yet effective and not yet adopted by the Group (cont'd)

- Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7): These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. Effective for annual periods beginning on or after 1 January 2024.
- Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21): An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. Effective for annual periods beginning on or after 1 January 2025.

These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2024.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognised in assets, are eliminated in full. Unrealised losses are also eliminated. Appropriate adjustments are made to the consolidated financial statements where a member of the Group uses accounting policies other than those adopted by the Group.

2.3 Foreign currency

The individual financial statements of the Group's entities are presented in the currency of the primary economic environment in which the entity operates (their functional currency). For the purpose of the financial statements, the results and financial position of each entity are expressed in Mauritian Rupees, which is the functional currency of the Company, and the presentation currency for the separate and consolidated financial statements.

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currency (cont'd)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

3. GOING CONCERN

The Group's and the Company's accumulated profits/(losses) and net current assets/(liabilities) were as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Accumulated (losses)/profits	**(1,104,881)**	(2,612,196)	**4,626,006**	2,907,743
Net current assets/(liabilities)	**7,391,385**	(746,553)	**(559,772)**	(1,284,679)

With cash and cash equivalents at year end of Rs 1.53 billion and undrawn overdraft facilities, management considers the Group to have sufficient financial resources in order to meet any short-term external obligations especially in the low seasons period.

Accordingly, the Directors are of the view that the Group and Company will be able to meet their financial obligations in the next financial year. Accordingly, they continue to adopt the going concern basis in preparing the Group and the Company's Financial Statements.

4. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment, except for freehold land and buildings and site improvements are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Freehold land is stated at revalued amounts and buildings are stated at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at each financial year end. It is the Group's policy to revalue its freehold land and buildings at least every three years. The basis used is market value derived using the Sales Comparison Approach and the Depreciated Replacement Cost Approach and independent valuers are used for such exercises. Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation deficit for the same asset previously recognised in profit or loss, in which case the surplus is credited to profit or loss to the extent of the deficit previously charged. A decrease in an asset's carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent disposal or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to the retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land and capital work in progress are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Accounting policy (cont'd)

It is the Group's policy to maintain its buildings in a continued state of sound repair, such that their value is not significantly diminished by the passage of time or usage. Accordingly, in estimating the residual values, the Group has assessed the value of the building at the end of their useful life based on today's rate and this exercise is done by an independent qualified valuer. Therefore, buildings are depreciated on a straight line basis to their estimated residual values over their estimated useful lives.

Leasehold land improvements are depreciated over the shorter of their useful life and the lease period. On other property, plant and equipment, depreciation is calculated on a straight line basis to write off their depreciable amounts (cost less residual value) over their estimated useful lives.

The annual rates are as follows:-

Buildings, improvements to leasehold land and sites	2% to 10%
Plant and machinery	10% to 25%
Hotel furniture and soft furnishings	10% to 25%
Motor vehicles and boats	10% to 25%
Computers and telecommunication equipment	10% to 33%
Operating equipment	20% to 33%

The gain or loss arising on the disposal or retirement of an item (or part of an item) of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the item (or part of the item, as applicable) and is recognised in profit or loss.

Work in progress is valued at the cost of the project. Costs include an appropriate portion of fixed and variable overhead expenses.

Impairment testing, including recognition and measurement of an impairment charge

See "Annual Impairment Testing" in note 7 for our policies relating to impairment testing and the related recognition and measurement of impairment charges. The impairment policies for property, plant and equipment are similar to the impairment policies for intangible assets with finite useful lives.

Significant judgements

Property, plant and equipment are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing assets' lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets.

At 30 June 2023, the property plant and equipment of one of the subsidiaries of the Group was depreciated over a useful life of 2 years based on the lease agreement expiry until December 2024.

At 30 June 2024, following renegotiation of the terms and conditions of the new lease agreement for a period of 12 years, the Group has reassessed the estimated useful life of its property, plant and equipment in line with Group's accounting policies. These changes contributed to a decrease in depreciation expense of Rs 29m during the year ended 30 June 2024.

Sources of estimation uncertainty

The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Last revaluation conducted by independent valuation specialist to determine the fair value dated at 30 June 2023. There has been no significant change in values during the year ended 30 June 2024.

In determining the recoverable amount of property, plant and equipment, the Group used estimates which has been disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) THE GROUP

	Land and buildings, Improvements to leasehold land and sites	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecom-munication equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2022	16,733,051	7,413	1,775,190	2,110,445	73,601	223,982	20,923,682
Additions	23,795	135,673	97,055	82,601	6,105	17,436	362,665
Transfers	(684)	(7,332)	7,977	6	-	33	-
Disposals	-	-	-	(833)	-	(50)	(883)
Revaluation adjustment	726,734	-	-	-	-	-	726,734
Assets written off	-	-	(9)	(9,728)	-	(2,935)	(12,672)
Retranslation difference	-	-	160	(181)	-	(501)	(522)
At 30 June 2023	**17,482,896**	**135,754**	**1,880,373**	**2,182,310**	**79,706**	**237,965**	**21,999,004**
Additions	145,482	378,087	106,215	73,015	19,285	26,903	748,987
Transfers	59,491	(114,262)	28,682	4,014	-	5,747	(16,328)
Disposals	-	(2,503)	(24,467)	(10,551)	(8,811)	-	(46,332)
Transfer to assets held for distribution (note 29)	(9,866,472)	(326,031)	(779,206)	(700,270)	(54,376)	(115,680)	(11,842,035)
Assets written off	(20,225)	-	-	-	-	-	(20,225)
Retranslation difference	-	-	81	306	-	521	908
At 30 June 2024	**7,801,172**	**71,045**	**1,211,678**	**1,548,824**	**35,804**	**155,456**	**10,823,979**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 July 2022	266,556	-	1,439,681	1,783,239	53,564	196,798	3,739,838
Charge for the year	259,570	-	83,910	85,486	6,402	10,541	445,909
Disposals	-	-	-	(474)	-	(5)	(479)
Revaluation adjustment	(243,975)	-	-	-	-	-	(243,975)
Assets written off	-	-	(9)	(9,126)	-	(2,935)	(12,070)
Retranslation difference	-	-	122	(221)	-	(464)	(563)
At 30 June 2023	**282,151**	**-**	**1,523,704**	**1,858,904**	**59,966**	**203,935**	**3,928,660**
Charge for the year	279,437	-	83,971	81,598	7,616	18,657	471,279
Disposals	-	-	(19,453)	(3,470)	(8,311)	-	(31,234)
Transfer to assets held for distribution (note 29)	(145,965)	-	(620,948)	(612,891)	(38,515)	(97,740)	(1,516,059)
Assets written off	(17,600)	-	-	-	-	-	(17,600)
Transfers	-	-	(1,835)	-	-	-	(1,835)
Retranslation difference	-	-	70	238	-	466	774
At 30 June 2024	**398,023**	**-**	**965,509**	**1,324,379**	**20,756**	**125,318**	**2,833,985**
NET BOOK VALUE							
At 30 June 2024	**7,403,149**	**71,045**	**246,169**	**224,445**	**15,048**	**30,138**	**7,989,994**
At 30 June 2023	17,200,745	135,754	356,669	323,406	19,740	34,030	18,070,344

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY

	Plant and machinery	Furniture and soft furnishings	Motor vehicles	Computers and telecom-munication equipment	Total
COST	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2022	14,021	35,428	13,847	20,525	83,821
Additions	-	187	2,610	6,243	9,040
At 30 June 2023	**14,021**	**35,615**	**16,457**	**26,768**	**92,861**
Additions	3,181	35	4,000	635	7,851
Disposals	-	-	(8,687)	-	(8,687)
At 30 June 2024	**17,202**	**35,650**	**11,770**	**27,403**	**92,025**
ACCUMULATED DEPRECIATION					
At 1 July 2022	13,199	34,323	9,169	18,921	75,612
Charge for the year	73	288	1,325	772	2,458
At 30 June 2023	**13,272**	**34,611**	**10,494**	**19,693**	**78,070**
Charge for the year	67	253	1,495	2,127	3,942
Disposals	-	-	(8,187)	-	(8,187)
At 30 June 2024	**13,339**	**34,864**	**3,802**	**21,820**	**73,825**
NET BOOK VALUE					
At 30 June 2024	**3,863**	**786**	**7,968**	**5,583**	**18,200**
At 30 June 2023	749	1,004	5,963	7,075	14,791

(c) If land and buildings were stated on the historical cost basis, the carrying amounts would have been as follows:

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
Net book value	**9,571,822**	9,520,546

(d) The Group's policy is to revalue its freehold land and buildings at least every three years. A revaluation exercise was conducted by Chartered Valuers, Elevante Property Services Ltd for the Group at 30 June 2023. The Chartered Valuers have confirmed that there has been no material change to the property value at 30 June 2024.

Freehold land was valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of IFRS Accounting Standards published by the International Accounting Standards Board (IASB).

The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition. This method of valuation is based on the theory of substitution and is used in situations where it is difficult to estimate inputs to be used to calculate value due to volatile market factors. The most significant input into this method of valuation is the replacement cost per square metre.

(e) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2024 and details of assessment have been disclosed under note 30.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) Hierarchy level

Details of the Group's freehold land and buildings and site improvements and information about the fair value hierarchy are as follows:

	THE GROUP			
	Level 1	Level 2	Level 3	Fair value
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
Freehold land	-	1,160,375	-	1,160,375
Buildings and improvement to leasehold land	-	-	6,139,144	6,139,144
Site improvements	-	-	103,630	103,630
	-	1,160,375	6,242,774	7,403,149
2023				
Freehold land	-	3,653,500	-	3,653,500
Buildings and improvement to leasehold land	-	-	12,767,357	12,767,357
Site improvements	-	-	779,888	779,888
	-	3,653,500	13,547,245	17,200,745

There were no transfers from one level to another during the year.

(g) Bank borrowings are secured on fixed and floating charges on property, plant and equipment of the Group and the Company. Further details are disclosed in Note 18(g).

(h) The following summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Valuation technique and key inputs	Sensitivity used	Effect on fair value Increase/(decrease)	
			2024	2023
			Rs'000	Rs'000
Buildings and improvement to leasehold land	Depreciated replacement cost approach	1% increase in current cost of replacing property	61,391	127,674
		1% decrease in current cost of replacing property	(61,391)	(127,674)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	1,036	7,799
		1% decrease in current cost of replacing property	(1,036)	(7,799)

5. LEASES

Accounting policy

(i) <u>The Group as a lessee</u>

On inception of a contract, the Group assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Group statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Group allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the asset's estimated useful life or lease term whichever is lower. Right-of-use assets are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

5. LEASES (CONT'D)

Accounting policy (cont'd)

(i) <u>The Group as a lessee (cont'd)</u>

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. All other variable lease payments are not included in the lease liability measurement and are charged to profit or loss.

The lease term includes periods subject to extension options which the Group is reasonably certain to exercise and excludes the effect of early termination options where the Group is not reasonably certain that it will exercise the option. Minimum lease payments include the cost of a purchase option if the Group is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the 'in-substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate.

The Group has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

(ii) <u>The Company as a sublessor</u>

For subleases classified as finance lease, the Company derecognises the right-of-use asset and recognises a finance lease receivable (net investment in the lease). The non-current portion of the finance lease receivable is presented within "Other financial assets" under note 12 and the current portion is presented under "Trade and other receivables" under note 14.

Any difference between the right-of-use assets and the net investment in the finance sublease is recognised in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The Company recognises a finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

(iii) <u>Sale and leaseback</u>

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right of use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain on the sale is deferred and recognised as income over the lease term. Any loss on the sale is immediately recognised as an impairment loss when the sale occurs.

Significant judgements

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including: whether there are significant penalties to terminate (or not extend); whether any leasehold improvements are expected to have a significant remaining value; historical lease durations; the importance of the underlying asset to the Group's operations; and the costs and business disruption required to replace the leased asset. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment of reasonable certainty.

The Group is also required to determine its incremental borrowing rate (IBR) to measure lease liabilities. Judgement is applied in determining the components of the IBR used for each lease including risk-free rates, the Group's credit risk and any lease-specific adjustments. IBRs are determined bi-annually and depend on the term, country and start date of the lease. The IBR is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; and a credit risk adjustment based on the average credit spend of entities with similar ratings to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

5. LEASES (CONT'D)

(a) THE GROUP

This note provides information where the Group is a lessee.

Amounts recognised in the Statements of Financial Position

(i) Right-of-use assets

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2022	**1,611,505**	**14,193**	**1,625,698**
Additions	2,767	6,255	9,022
Depreciation	(56,215)	(8,205)	(64,420)
Lease re-assessment (note (iv))	25,686	-	25,686
At 30 June 2023	**1,583,743**	**12,243**	**1,595,986**
Additions	-	22,024	22,024
Lease de-recognition (note (v))	(162,540)	-	(162,540)
Depreciation	(51,607)	(9,741)	(61,348)
Transfer from property, plant and equipment	-	14,493	14,493
Lease re-assessment (note (iv))	49,218	-	49,218
Transfer to assets held for distribution (note 29)	(542,615)	(34,675)	(577,290)
At 30 June 2024	**876,199**	**4,344**	**880,543**

(ii) Lease liabilities

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2022	**1,766,118**	**16,290**	**1,782,408**
Additions	-	5,525	5,525
Interest expense (note 31)	107,772	705	108,477
Payments	(212,676)	(9,717)	(222,393)
Lease re-assessment (note (iv))	25,943	-	25,943
Exchange differences	13,073	-	13,073
At 30 June 2023	**1,700,230**	**12,803**	**1,713,033**
Additions	-	33,799	33,799
Interest expense (note 31)	103,259	875	104,134
Payments	(128,218)	(12,385)	(140,603)
Lease re-assessment (note (iv))	49,218	-	49,218
Lease de-recognition (note (v))	(193,080)	-	(193,080)
Transfer to assets held for distribution (note 29)	(365,131)	(32,129)	(397,260)
Exchange differences	6,414	-	6,414
At 30 June 2024	**1,172,692**	**2,963**	**1,175,655**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

5. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(ii) Lease liabilities (cont'd)

	2024	2023
	Rs'000	Rs'000
Current liabilities	**17,644**	48,783
Non-current liabilities	**1,158,011**	1,664,250
	1,175,655	1,713,033

(iii) Lease liabilities relate to:

- Leased vehicles and equipment with an average duration varying between 4 and 5 years and for which the Group may have the option to purchase the asset for a nominal amount at the termination of the lease period;
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years; and
- Other leasehold land and buildings which run for a period between 25 to 60 years.

The Group's leases are secured by the lessors' title to the leased assets and carry average interest rate ranging from 2.20% to 7.05% (2023: 2.20% to 7.05%) per annum.

(iv) Lease re-assessment relates primarily to the escalation in the rental rate of leasehold land which is carried on every three-year anniversary based on CPI. The lease liability was subsequently remeasured to reflect this change and adjustment brought to the right-of-use asset.

(v) The lease agreement between one of the subsidiaries of the Group and Montagu Limited for the rental of villas and for which a right-of-use asset and liability were recognised in accordance with IFRS 16, was terminated during the year before the lease term. This de-recognition resulted in a gain of Rs 30.5m which was recognised in the statement of profit or loss.

(vi) Minimum lease payments and present value of minimum lease payments are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
REPAYABLE:				
Within one year	**93,864**	155,227	**17,644**	48,783
After one year but before two years	**81,751**	138,158	**5,852**	33,390
After two years but before three years	**81,751**	136,707	**6,192**	33,474
After three years but before five years	**161,914**	272,107	**11,842**	70,452
After five years	**3,262,354**	4,223,722	**1,134,125**	1,526,934
	3,587,770	4,770,694	**1,158,011**	1,664,250
	3,681,634	4,925,921	**1,175,655**	1,713,033
LESS: FUTURE FINANCE CHARGES	**(2,505,979)**	(3,212,888)	**-**	-
	1,175,655	**1,713,033**	**1,175,655**	**1,713,033**

(vii) The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	Rs'000	Rs'000
Loss on lease re-assessment	**-**	(257)
Depreciation charge of right-of-use assets (note 28)	**(61,348)**	(64,420)
Interest expense (included in finance costs) (note 31)	**(104,134)**	(108,477)
Expense relating to leases of low-value assets and short term leases	**(116,317)**	(76,979)
Gain on derecognition of lease (included in other income) (note 27)	**30,540**	-

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

5. LEASES (CONT'D)

(b) THE COMPANY

(i) Lease liabilities

	Leasehold building	
	2024	2023
	Rs'000	Rs'000
At 1 July	-	26,782
Interest expense	-	336
Payments*	-	(27,118)
At 30 June	-	-

Payment* is considered as a non-cash transaction in the statements of cash flows.

(ii) The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	Rs'000	Rs'000
Interest expense (included in finance costs)	-	(336)
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(3,543)**	(1,163)

6. OPERATING EQUIPMENT

Washright Services Limited, a subsidiary of Sun Limited, provides laundry and linen services to the hotels within the Group and to external clients. Operating equipment relates to linen garments which are kept at the hotels.

Accounting policies

Operating equipment is shown at cost less amounts written off for usage, breakages and losses. Operating equipment arising from renovation projects are capitalised and amortised over a period of 3 to 5 years depending on the nature of assets. All other operational replacement are expensed in the profit or loss at the time of replacement.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**21,225**	15,923	-	-
Additions	**16,352**	18,693	-	-
Charge for the year (note 28)	**(13,118)**	(8,492)	-	-
Usage	**(8,797)**	(4,899)	-	-
At 30 June	**15,662**	21,225	-	-

7. INTANGIBLE ASSETS

Accounting policies

Upon initial recognition, intangible assets are measured at cost unless acquired through a business combination, in which case they are measured at fair value. Intangible assets are amortised with finite useful lives when the asset is ready for its intended use. Subsequently, the asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Computer software is amortised on a straight-line basis over its estimated useful life of 4 to 8 years. Any impairment in value is recognised in profit or loss.

Pre-operational costs, marketing launch costs and expenses incurred during renovation and extension works and hotel redevelopments are written off to profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

7. INTANGIBLE ASSETS (CONT'D)

Goodwill

Goodwill arising on the acquisition of subsidiaries is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated in Mauritian Rupee at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Impairment testing

Intangible assets with finite useful lives are tested for impairment whenever an event or change in circumstances indicates that their carrying amounts may not be recoverable. Indefinite-life intangible assets and goodwill are tested for impairment annually as at 30 June, or more frequently if there are indicators of impairment.

If the recoverable amount of an individual intangible asset cannot be estimated because it does not generate independent cash inflows, the entire cash-generating unit (CGU) to which it belongs is tested for impairment.

Goodwill is allocated to CGUs (or groups of CGUs) based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to CGUs (or groups of CGUs) that are expected to benefit from the synergies and future growth of the business combination from which the goodwill arose.

Recognition and measurement of an impairment charge

An intangible asset or goodwill is impaired if the recoverable amount is less than the carrying amount. The recoverable amount of a CGU or asset is the higher of its fair value less cost to sell and value in use.

If the asset's or CGU's recoverable amount is less than its carrying amount, its carrying amount is reduced to the recoverable amount and an impairment charge is recognised immediately.

A previously recognised impairment loss, except in respect of goodwill, is reversed if the estimate of the recoverable amount of a previously impaired asset or CGU has increased such that the impairment recognised in a previous year has reversed. The reversal is recognised by increasing the asset's or CGU's carrying amount to the new estimate of its recoverable amount. The carrying amount of the asset or CGU subsequent to the reversal cannot be greater than its carrying amount had an impairment loss been recognised in previous years.

Sources of estimation uncertainty

Impairment of goodwill and assets

Estimations have been used in determining the recoverable amount of goodwill and long-lived assets. The determination of the recoverable amount for the purpose of impairment testing requires the use of significant estimates, such as:

- future cash flows;
- terminal growth rates; and
- discount rates

The value in use for impairment tests is estimated by discounting estimated future cash flows to their present value. The discounted future cash flows are estimated for periods of up to ten years, depending on the CGU, and a terminal value. The future cash flows are based on our estimates and expected future operating results of the CGU after considering economic conditions and a general outlook for the CGU's industry. Our discount rates consider market rates of return, debt to equity ratios, and certain risk premiums, among other things. The terminal value is the value attributed to the CGU's operations beyond the projected time period of the cash flows using a perpetuity rate based on expected economic conditions and a general outlook for the industry.

When deriving expected future cash flows, certain assumptions are made which may include assumptions pertaining to discount and terminal growth rates. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuations of CGUs and goodwill, which could result in impairment losses.

The growth in revenue is based on management's best estimates of the occupancy rates and the average daily room rates of the Group for the year, taking into consideration historical entity specific data and future sales strategies. Room departmental profits are based on historical entity specific data and the anticipated improvement in cost optimisation strategies.

The rate used to discount the cash flows is the weighted average cost of capital ("WACC") and reflects the risks specific to each GCU, taking into consideration the time value of money, individual risks of the underlying assets that have not been incorporated in the cash flow estimates, the specific circumstances of the CGU and the estimated evolution of the cost of debt and cost of equity.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

7. INTANGIBLE ASSETS (CONT'D)

Significant judgements

Judgements were made in determining CGUs and the allocation of goodwill to CGUs or groups of CGUs for the purpose of impairment testing.

ANNUAL IMPAIRMENT TESTING

For purposes of testing goodwill and assets for impairment, our CGUs, or groups of CGUs, correspond to the operating segments as disclosed in note 42.

Below is an overview of the methods and key assumptions used at the end of the reporting period, to determine recoverable amounts for CGUs or groups of CGUs.

		2024		2023	
		Sun*life* resorts	**Assets held for distribution**	Sun managed properties	Resorts managed by external operators
Carrying value of Goodwill	Rs'000	**-**	**223,689**	-	223,689
Carrying value of property, plant and equipment	Rs'000	**7,526,207**	**10,325,979**	8,927,525	8,875,664
Recoverable amount method		**Value in use**	**Value in use and market value**	Value in use and market value	Value in use
Period of projected cash flows	Years	**10**	**10**	10	10
Terminal capitalisation rate	%	**9.75%**	**9.00 - 9.25%**	9.75%	9.00 - 9.25%
Discount rates	%	**13.60%**	**12.78% - 13.10%**	13.57%	12.82% - 13.07%

At 30 June 2024:

Sunlife resorts refer to Wolmar Sun Hotels Limited, Long Beach Resort Ltd, City and Beach Hotels (Mauritius) Limited which were valued based on projected cash flows.

Assets held for distribution refer to Anahita Hotel Limited, SRL Touessrok Hotel Ltd and Loisirs des Iles Ltée. The resorts were valued based on present value of projected cash flows while Loisirs des Iles Ltée was valued based on sales comparison approach.

At 30 June 2023:

Sun managed properties refer to Wolmar Sun Hotels Limited, Long Beach Resort Ltd, City and Beach Hotels (Mauritius) Limited and Loisirs des Iles Ltée. which were valued based on projected cash flows. The resorts were valued based on present value of projected cash flows while Loisirs des Iles Ltée was valued based on sales comparison approach.

Resorts managed by external operators refer to Anahita Hotel Limited and SRL Touessrok Hotel Ltd, of which Sun Limited owns 100% and 74% respectively. These resorts were valued based on present value of projected cash flows.

For those assets and goodwill where the carrying values of the CGUs, or groups of CGUs, exceeded their recoverable amounts, an impairment charge was accounted for and disclosed under note 30.

The recoverable amounts of the CGUs would equal their carrying amounts if the key assumption, i.e. discount rate, was to change as follows:

	2024		2023	
	From	**To**	From	To
Change in discount rate				
City and Beach Hotels (Mauritius) Limited	**13.60%**	**34.55%**	13.57%	28.82%
Long Beach Resort Ltd	**13.60%**	**16.80%**	13.57%	17.58%
Wolmar Sun Hotels Limited	**13.60%**	**29.80%**	13.57%	27.02%
Anahita Hotel Limited	**-**	**-**	12.82%	17.95%
SRL Touessrok Hotel Ltd	**-**	**-**	13.07%	13.98%
Assets held for distribution as at 30 June 2024:				
Anahita Hotel Limited	**12.78%**	**17.32%**	-	-
SRL Touessrok Hotel Ltd	**13.10%**	**14.89%**	-	-

Refer to note 8 for the sensitivity analysis on the key estimates used.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

7. INTANGIBLE ASSETS (CONT'D)

(a) THE GROUP

	Goodwill	Computer software	Total
	Rs'000	**Rs'000**	**Rs'000**
COST			
At 1 July 2022	225,016	182,811	407,827
Additions	-	9,513	9,513
Retranslation difference	-	(543)	(543)
At 30 June 2023	**225,016**	**191,781**	**416,797**
Additions	161	6,471	6,632
Transfer to assets held for distribution (note 29)	(223,754)	(23,182)	(246,936)
Write off on winding up of companies	(49)	-	(49)
Retranslation difference	-	292	292
At 30 June 2024	**1,374**	**175,362**	**176,736**
ACCUMULATED AMORTISATION			
At 1 July 2022	-	170,740	170,740
Charge for the year	-	8,346	8,346
Retranslation difference	-	(485)	(485)
At 30 June 2023	**-**	**178,601**	**178,601**
Charge for the year	-	5,486	5,486
Transfer to assets held for distribution (note 29)	-	(20,989)	(20,989)
Retranslation difference	-	287	287
At 30 June 2024	**-**	**163,385**	**163,385**
NET BOOK VALUE			
At 30 June 2024	**1,374**	**11,977**	**13,351**
At 30 June 2023	225,016	13,180	238,196

(b) Goodwill has been allocated for impairment testing purposes to the following CGUs:

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
Hotel property CGU - Anahita Hotel Limited		
At 1 July	**223,689**	223,689
Transfer to assets held for distribution (note 29)	**(223,689)**	-
At 30 June	**-**	223,689
Tour operator CGU		
At 1 July	**1,327**	1,327
Additions	**161**	-
Write off on winding up of companies	**(49)**	-
Transfer to assets held for distribution (note 29)	**(65)**	-
At 30 June	**1,374**	1,327
Total goodwill - at 30 June	**1,374**	225,016

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

7. INTANGIBLE ASSETS (CONT'D)

(c) THE COMPANY

	Computer software	
	2024	2023
	Rs'000	Rs'000
COST		
At 1 July	**124,305**	117,703
Additions	**-**	6,602
At 30 June	**124,305**	124,305
ACCUMULATED AMORTISATION		
At 1 July	**116,293**	109,911
Charge for the year	**2,930**	6,382
At 30 June	**119,223**	116,293
NET BOOK VALUE		
At 30 June	**5,082**	8,012

(d) Bank borrowings are secured on fixed and floating charges on intangible assets of the Group and the Company. Further details are disclosed in Note 18(g).

8. INTEREST IN SUBSIDIARIES

Accounting policies

In the Company's separate financial statements, interest in subsidiaries are classified at fair value through other comprehensive income and are carried at fair value. The investment in subsidiaries are not quoted in an active market and are determined using valuation techniques such as net asset value or adjusted discounted, whichever is the most appropriate. Adjusted discounted cash flows takes into consideration adjustments for debts, cash and cash equivalents, loan to/from subsidiaries and other relevant assets and liabilities.

Significant judgements

The Company exercises judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

THE COMPANY	**2024**	2023
	Rs'000	Rs'000
At valuation		
At 1 July	**20,604,903**	18,057,235
Write off during the year	**(160,262)**	-
Fair value adjustments accounted as other comprehensive income	**3,003,716**	2,611,160
Impairment charges (note 30)	**(15,886)**	(63,492)
At 30 June	**23,432,471**	20,604,903

The interest in subsidiaries are measured at fair value by an independent valuation specialist and are classified under level 3 of the fair value hierarchy.

The Group has fair valued its investment in subsidiaries as follows:

- Investment in companies holding the resorts - based on an income approach using discounted cash flow method which Management believes to be the best valuation technique for these resorts. The discounted cash flows approach includes some assumptions that are not supportable by observable market prices or rates.
- Investment in other companies - being on the net assets approach, as the net assets are deemed to approximate the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

8. INTEREST IN SUBSIDIARIES (CONT'D)

The table below depicts the sensitivity analysis of the key estimates used in deriving the fair value of the investment in subsidiaries:

	Decrease of 0.5% in discount rate	Decrease of 0.5% in terminal value
	Rs'000	**Rs'000**
Fair value movement of investment in subsidiaries:		
2024	**854,767**	**557,192**
2023	1,262,685	643,760

(a) Unquoted Investments, at valuation

				2024					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2024	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
City & Beach Hotels (Mtius) Ltd	Mauritius	Resort	30 June	15,532	99.82	99.99	-	0.18	0.01
Long Beach IHS Ltd(1)	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd(2)	Mauritius	Non-trading	30 June	10,001	-	-	100.00	-	-
SRL Maldives Ltd(1)	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL FS Ltd	Mauritius	Investment	30 June	**	100.00	-	-	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited(1)	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited(1)	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Resorts CSR Fund Ltd(1)	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun*life* Hotel Management Ltd	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
GreenSun Management Ltd(1)	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-
LP Residences Ltd(3)	Mauritius	Property Developer	30 June	1	-	-	75.00	25.00	-

(1) These companies were wound up during the year ended 30 June 2024.

(2) CTL Retail Ltd was amalgamated with Sun Styled Boutiques Ltd effective 30 June 2024. This amalgamation did not result in material adjustment in the Group.

(3) LP Residences Ltd was acquired on 10 May 2024.

**: Represents investment amounting to Rs 100 which is not shown due to rounding off to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation (cont'd)

				2024					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2024	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Assets held for distribution as at 30 June 2024:									
Riveo Limited (1)	Mauritius	Investment	30 June	**	100.00	-	-	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	50.00	-	50.00	-	-
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	60,800	99.96	100.00	-	0.04	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
SRL Touessrok Residences & Villas Ltd	Mauritius	Non-trading	30 June	**	-	-	74.00	26.00	-

**: Represents investment amounting to Rs 100 which is not shown due to rounding off to the nearest thousand.

(1) This company was incorporated on 23 February 2024.

				2023					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2023	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	50.00	-	50.00	-	-
City & Beach Hotels (Mtius) Ltd	Mauritius	Resort	30 June	15,532	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	60,800	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd(2)	BVI / Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd(2)	Seychelles	Management	30 June	589,050	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL FS Ltd	Mauritius	Investment	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation (cont'd)

				2023					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2023	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited(1)	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd(3)	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited(2)	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun*life* Hotel Management Ltd	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
SRL Touessrok Residences & Villas Ltd(1)	Mauritius	Non-trading	30 June	**	-	-	74.00	26.00	-
GreenSun Management Ltd(1)	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

(1) These companies were non-trading as at 30 June 2021, 30 June 2022 and 30 June 2023.

(2) This company was wound up during the year ended 30 June 2023.

(3) Sun Logistics Ltd was amalgamated with Loisir des Iles Ltée effective 1 February 2023. This amalgamation did not result in material adjustment in the Group.

**: Represents investment amounting to Rs 100 which is not shown due to rounding off to the nearest thousand.

(b) Subsidiaries with material non-controlling interests

Details of the subsidiary that has non-controlling interest that is material to the entity:

Name	Principal place of business	Proportion of interest held by NCI	Profit allocated to non-controlling interest during the year		Accumulated non-controlling interest at	
			2024	2023	2024	2023
			Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Ltd	Mauritius	26%	36,243	50,552	944,965	922,621

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

8. INTEREST IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information on subsidiary with material non-controlling interests

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit from operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interest
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Ltd									
30 June 2024	**135,444**	**5,181,314**	**356,036**	**1,326,242**	**1,511,653**	**139,396**	**(53,460)**	**85,936**	**-**
30 June 2023	360,760	5,083,078	316,919	1,578,377	1,447,921	194,430	116,998	311,428	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net movement in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Ltd				
30 June 2024	**326,525**	**(303,155)**	**(256,725)**	**(233,355)**
30 June 2023	374,618	(31,140)	(152,351)	191,127

The summarised financial information above is prior to intra-group eliminations.

9. INTEREST IN ASSOCIATE

Accounting policies

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

Separate financial statements

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

Consolidated financial statements

In the consolidated financial statements, investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post-acquisition changes in the Group's share of profit and losses of the investee in profit and loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted associate exceeds its interest in the associate, the Group does not continue to recognise further losses, unless it has incurred a legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

9. INTEREST IN ASSOCIATE (CONT'D)

Accounting policies (cont'd)

Consolidated financial statements (cont'd)

Where necessary, appropriate adjustments are made to the financial statements of associate to bring the accounting policies used in line with those adopted by the Group.

If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in profit or loss.

(a)

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**258,089**	285,207	**285,207**	285,207
Share of result of associate	**264,867**	-	**-**	-
Dividend income	**-**	(27,118)	**-**	-
Impairment reversals	**107,044**	-	**417,238**	-
At 30 June	**630,000**	258,089	**702,445**	285,207

(b) Details of associate at the end of the reporting period are as follows:

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
2024 & 2023				**Direct**	**Indirect**
EastCoast Hotel Investment Ltd	31 December	Investment holding	Mauritius	30%	-
Armand Apavou & Co. Ltd	31 December	Investment holding	Mauritius	-	30%

(i) In 2015, the Company subscribed to 30% of the Class A shares in EastCoast Hotel Investment Ltd for a consideration of Rs 702m. These Class A shares entitled the Company to a fixed dividend stream until the termination of the shareholders' agreement. At 30 June 2023, the interest in associate was valued based on a recoverable amount approach based on the value-in-use calculations. These calculations were determined by discounting future contractual dividend income from its associate at a discount rate of 10.70% until financial year 2025. The discount rate which represented the current market assessment of the risk specific to the associate taking into consideration the time value of money and the weighted average cost of capital (WACC).

At 30 June 2024, following a change in the majority shareholder of EastCoast Hotel Investment Ltd, the existing shareholders' agreement was deemed terminated and the Company 's right to fixed dividends was replaced by the right to ordinary dividends.

At Company level, an impairment reversal of Rs 417m was recognised to revert to the cost of interest in associate. The reversal was due to new contractual terms between the Company and EastCoast Hotel Investment Ltd. This removed the risks associated with the previous controlling party and improved the expected cash flows and overall financial outlook of the interest in associate. As a result of the new terms, the recoverable amount of the interest in associate was reassessed by using a discounted cash flow method with a discount rate of 7.9%. The discount rate captured the risk-free rate on 20-year Euro Government bond, the current market assessment of the risk specific to the associate taking into consideration the time value of money.

At Group level, the associate was accounted for using the equity method at 30 June 2024, resulting in reversal of previously recognised impairment of Rs 107m and recognising a share of profits of Rs 265m. Through the change in the majority shareholding of the associate, the Company will now participate more actively in EastCoast Hotel Investment Ltd's financial and operating policy decisions. Consequently, the Company has resumed applying the equity method of accounting for its interest in EastCoast Hotel Investment Ltd.

(ii) EastCoast Hotel Investment Ltd is a private company and there is no quoted market price available for its shares.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

9. INTEREST IN ASSOCIATE (CONT'D)

(c) Summarised financial information - EastCoast Hotel Investment Ltd and its subsidiary

	2024
	Rs'000
Statement of financial position	
Current assets	
Cash and cash equivalents	31
Other current assets	7,038
Total current assets	7,069
Total non-current assets	2,527,073
Total assets	2,534,142
Current liabilities	
Financial liabilities	40
Other current liabilities	7,705
Total current liabilities	7,745
Total non-current liabilities	426,397
Total liabilities	434,142
Net assets	2,100,000

(d) Reconciliation of summarised financial information - EastCoast Hotel Investment Ltd and its subsidiary

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	2024
	Rs'000
Net assets	2,100,000
Ownership interest	30%
Interest in associate	630,000

(e) At 30 June 2024, no impairment was recognised for the Group and the Company. The impaiment assessment was carried out based on discounted future dividend income at a discount rate of 7.9%. The discount rate captured the risk free rate on 20 year Euro Goverment bond, the current market assessment of the risk specific to the associate taking into consideration the time value of money.

If the discount rate applied to the cash flow projections had been 0.5% higher than management's estimates, the Group's and Company's recoverable amount would have decreased by Rs 306m.

10. INTEREST IN JOINT VENTURE

Accounting policies

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the equity method.

Under the equity method, the interest in joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the share of the results of operations of the joint venture.

Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Company.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

10. INTEREST IN JOINT VENTURE (CONT'D)

(a)

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	89,540	63,693	-	-
Dividend income	(10,029)	(5,040)	-	-
Share of results after income tax	34,784	24,700	-	-
Share of other comprehensive income	4,354	6,187	-	-
At 30 June	118,649	89,540	-	-

(b) Details of joint venture at the end of the reporting period are as follows:

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
				Direct	Indirect
Solea Vacances SA	30 June	Investment holding	France	-	50%

(c) Summarised financial information

	Solea Vacances SA	
	2024	2023
	Rs'000	Rs'000
Statement of financial position		
Current assets	477,231	465,375
Non-current assets	11,490	13,456
Cash and cash equivalents	117,515	107,557
Current liabilities	296,793	343,704
Non-current liabilities	-	-
Current financial liabilities	296,793	343,704
Statement of profit or loss and other comprehensive income		
Revenue	3,019,983	2,187,376
Depreciation and amortisation	(2,789)	(1,950)
Net finance income	424	83
Income tax charge	(25,925)	(9,165)
Profit for the year	70,043	49,400
Other comprehensive income for the year, net of tax	8,708	12,374
Total comprehensive income for the year	78,751	61,774

(d) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

	Solea Vacances SA	
	2024	2023
	Rs'000	Rs'000
Net assets	95,963	67,563
Goodwill	22,686	21,977
Interest in joint venture	118,649	89,540

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

11. OTHER INVESTMENTS

Accounting policies

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocable elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The fair value of securities not quoted in an active market is determined using the net asset value.

Sources of estimation uncertainty

Fair value of securities not quoted in an active market

The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer also to note 40.7.

AT VALUATION	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Fair value through other comprehensive income				
Unlisted equity investments				
At 1 July	**166,287**	165,502	**-**	-
Fair value adjustments	**531**	785	**-**	-
Transfer to assets held for distribution (note 29)	**(166,818)**	-	**-**	-
At 30 June	**-**	166,287	**-**	-

The unquoted investments are classified under level 3 of the fair value hierarchy and represent the 12.23% ownership of Anahita Golf Ltd by Anahita Hotel Limited. At 30 June 2024, the investment has been transferred to assets held for distribution.

The investments are denominated in Mauritian Rupee.

At 30 June 2024, the fair value of investments would be estimated to be Rs Nil m (2023: Rs 16.6m) lower/higher following a 10% change in the net asset values.

12. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans under Executive Share Scheme (note (a))	**13,995**	13,995	**13,995**	13,995
Loans to subsidiaries (note 36(i))	**-**	-	**340,025**	293,000
	13,995	13,995	**354,020**	306,995

(a) Loans under Executive Share Scheme

Loans under Executive Share Scheme relates to the previous scheme granted to key executives where cash was advanced to certain individuals to acquire shares in the Company at market value at grant date. The term of the scheme was such that when the shares are disposed, the proceed is to be used to settle the loan advanced.

The loan carries interest of 3% which is payable half yearly in December and June. The interest for the year has been waived by the Board.

The scheme was discontinued on 30 June 2016 and replaced by the Phantom Share Option Scheme (see Note 21(b)).

The Group and the Company have performed an impairment assessment for loans under Executive Share Scheme and the impairment loss is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

12. OTHER FINANCIAL ASSETS (CONT'D)

(b) Loans to subsidiaries

The loans to subsidiaries are unsecured with no fixed term of repayment and are interest bearing at 7.25% per annum (2023: 6.75%).

13. INVENTORIES

Accounting policy

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realisable value is determined based on the estimated selling price in the ordinary course of business less any estimated costs associated with the sale.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food and beverages	**33,006**	70,521	**-**	-
Operating supplies	**2,579**	26,880	**-**	-
Spare parts	**5,375**	7,120	**-**	-
Fabric and linen	**5,535**	10,435	**-**	-
Retail products	**53,152**	24,744	**-**	-
	99,647	139,700	**-**	-

(a) The inventories' pledged as security for the debts of the Group have been disclosed under note 18(g). Write downs of inventories for the current year amount to Rs Nil (2023: Rs Nil).

(b) Cost of inventories expensed in food and beverages amounts to Rs 495.6m for the Group (2023: Rs 809.8m).

14. TRADE AND OTHER RECEIVABLES

Accounting policies and significant judgements

Refer to note 40 on accounting policies and significant judgements on financial assets.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**384,571**	413,547	**-**	-
Less: provision for impairment (note (iv))	**(13,126)**	(16,145)	**-**	-
Trade receivables - net	**371,445**	397,402	**-**	-
Prepayments	**109,365**	140,899	**4,123**	-
Other receivables	**90,382**	98,238	**5,496**	7,902
VAT recoverable	**-**	-	**1,065**	2,461
Derivative financial assets (note (e))	**42,735**	54,552	**30,133**	50,994
Amounts due by related parties, net of provision for impairment (note 36(i))	**1,268**	56,508	**547,327**	107,662
	615,195	747,599	**588,144**	169,019

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

(b) (i) The average credit period on sales of services is 40 days. The Group has fully provided for all receivables where recovery is expected to be remote.

(ii) The Group and the Company do not hold any collateral over these balances but have an insurance cover for some major trade tour operators to mitigate the risks of irrecoverable debts. Before giving credit to any tour operators, the Group allows for a period of trading which is exclusively on a cash basis. Thereafter, a credit limit may be created in favour of the customer based on his past dealings and payment pattern. Furthermore, the Group uses, as far as possible, the database available through its credit insurer to check and monitor regularly the creditworthiness of the customer.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(iii) Ageing of past due trade debtors

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within 31 - 60 days	**104,603**	100,469	**-**	-
Within 61 - 90 days	**16,788**	22,711	**-**	-
Over 90 days	**9,766**	25,779	**-**	-
Total	**131,157**	148,959	**-**	-

In determining the recoverability of trade receivables, the Group and the Company consider any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being diverse and unrelated.

(iv) Movement in provision for impairment

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**16,145**	21,996	**-**	-
Movement in impairment loss recognised on trade receivables:				
▪ Provision for receivable impairment	**10,289**	(56)	**-**	-
▪ Impairment loss reversed	**-**	(42)	**-**	-
Receivable written off during the year as uncollectible	**(2,076)**	(5,753)	**-**	-
Transfer to assets held for distribution	**(11,232)**	-	**-**	-
At 30 June	**13,126**	16,145	**-**	-

(v) The provision for impairment on amount receivables from related parties for the Company has been disclosed under note 36(i).

Other than trade receivables and receivables from related parties, the other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivable mentioned above.

(c)

	Trade receivables - days past due				
	Current	Within 31 - 60 days	Within 61 - 90 days	Over 90 days	Total
(i) The Group					
30 June 2024					
Expected credit loss rate (%)	2.2%	4.3%	0.8%	30.0%	
Gross carrying amount (Rs'000)	253,414	104,603	16,788	9,766	
Loss allowance (Rs'000)	**5,521**	**4,547**	**133**	**2,925**	**13,126**
30 June 2023					
Expected credit loss rate (%)	2.0%	5.2%	1.2%	21.2%	
Gross carrying amount (Rs'000)	264,588	100,469	22,711	25,779	
Loss allowance (Rs'000)	5,211	5,191	267	5,476	**16,145**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are reviewed annually or when there is a significant increase in external factors, potentially impacting credit risk and are updated where management's expectations of credit losses change. As at 30 June 2024, management has continued to adopt a conservation approach by maintaining a high provision on trade receivables that are due for more than 180 days.

(e) The Group utilises foreign currency forward and swap contracts in the management of its exchange rate exposures. The Group had the following forward foreign exchange contracts outstanding at the end of the reporting period:

		Notional amount		Carrying amount	
	Maturity date	Selling currency	Buying currency	Assets	Liabilities
		Amount '000	Rs'000	Rs'000	Rs'000
(i) The Group					
30 June 2024					
EUR to MUR	July 2024 - April 2025	25,500	1,334,110	34,716	-
GBP to MUR	July 2024 - March 2025	4,700	287,936	6,459	-
ZAR to MUR	July 2024 - April 2025	39,000	100,967	1,560	-
				42,735	**-**
30 June 2023					
EUR to MUR	July 2023 - May 2024	42,800	2,168,411	45,962	-
USD to MUR	June 2023 - July 2023	700	31,535	-	(15)
GBP to MUR	July 2023 - May 2024	20,100	1,160,338	8,590	-
ZAR to MUR	July 2023 - March 2024	64,000	154,685	-	(1,120)
				54,552	**(1,135)**
(ii) The Company					
30 June 2024					
EUR to MUR	July 2024 - April 2025	14,500	760,785	22,114	-
GBP to MUR	July 2024 - March 2025	4,700	287,936	6,459	-
ZAR to MUR	July 2024 - April 2025	39,000	100,967	1,560	-
				30,133	**-**
30 June 2023					
EUR to MUR	July 2023 - May 2024	41,300	2,093,106	44,997	-
USD to MUR	June 2023 - July 2023	700	31,535	-	(15)
GBP to MUR	July 2023 - May 2024	16,500	951,508	5,997	-
ZAR to MUR	July 2023 - March 2024	64,000	154,685	-	(1,120)
				50,994	**(1,135)**

15. STATED CAPITAL

Accounting policies

(a) *Ordinary shares*

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

(b) *Treasury shares*

When the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are reissued, any net consideration received, is included in equity attributable to the Company's equity holders.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

15. STATED CAPITAL (CONT'D)

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
		Rs'000	Rs'000	Rs'000	Rs'000
Issued and fully paid ordinary shares					
At 30 June 2023 and 2024	194,545,072	1,945,451	3,138,833	(1,454,314)	3,629,970

In the issued and fully paid ordinary shares above, the Company held 20,181,046 treasury shares (2023: 20,181,046), for which the Company has the right to reissue these shares at a later date. Fully paid up ordinary shares have a par value of Rs 10 each, carry one voting right and a right to dividend.

16. CONVERTIBLE BONDS

Accounting policy

A policy choice is available for the treatment of the convertible bonds, that is, the Group can either treat the convertible bonds as equity or compound financial instrument with an embedded derivative. The convertible bonds have been treated as equity where both the principal and interest components have been classified as equity on initial recognition based on the subscription proceeds received, net of transaction costs, and is not subsequently remeasured.

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	3,086,192	2,812,392	-	-
Additions	-	275,000	-	-
Front-end fee transferred from prepayment	-	(1,200)	-	-
At 30 June	3,086,192	3,086,192	-	-
Interest accrued accounted under Statements of changes in equity at 30 June	97,180	96,398	-	-

During the financial year ended 30 June 2021, the Group, through two of its wholly owned subsidiaries namely Long Beach Resort Ltd and Anahita Hotel Limited, contracted with the Mauritius Investment Corporation Ltd ("MIC"), a wholly owned subsidiary of the Bank of Mauritius to issue redeemable convertible bonds for a total amount of Rs 3.1 billion comprising 310 bonds of Rs 10 million each.

One of the main objectives of the MIC was to provide financial support to companies impacted by the Covid-19 pandemic and in particular to the tourism sector which had the worst impact due to the full border closure. The MIC support is in the form of redeemable convertible bonds to companies which required urgent working capital to sustain its viability.

Key terms and conditions of the funding arrangements are as follows:

- The bonds shall be issued in four equal tranches.
- The maturity date is 9 years from first disbursement of the first tranche of the subscription proceeds being on 14 December 2029.
- The conversion has been pre-determined prior to the subscription.
- All outstanding bonds will be converted into ordinary shares at a pre-agreed formula and price on maturity date.
- The interest rates ranges between 3.00% to 3.25% p.a. over the duration of the bonds (from issue date to the earlier of the redemption date or the conversion date). On maturity date, any unpaid capital and interest is converted into ordinary shares in accordance with the predetermined conversion price.
- The conversion price is subject to certain adjustments such as capitalisation of profit or reserves, capital distribution, rights issues, share split, amongst others.
- Redemption of the bonds shall be at the option of the issuer. The issuer may redeem some or all the bonds, any time prior to the maturity date. The option price shall be determined as follows:
  - if redemption happens before the 4th anniversary of the first subscription, the redemption price shall be the nominal amount,
  - if redemption happens after the 4th anniversary of the first subscription, the redemption amount shall be 100.5% of the nominal amount.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

17. RESERVES

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Property revaluation (note (a))	6,362,414	6,360,303	-	-
Investment revaluation (note (b))	20,439	19,908	14,239,179	11,235,463
Cash flow hedge reserve (note (c))	(341,846)	(285,157)	-	-
Foreign currency translation (note (d))	519,051	644,978	-	-
	6,560,058	6,740,032	14,239,179	11,235,463

(a) Property revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the property revaluation reserve that relates to that asset, is considered as effectively realised, and is transferred to retained earnings.

(b) The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets at fair value through comprehensive income.

(c) Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to highly probable hedged transactions that have not yet occurred.

(d) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operations.

18. LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current liabilities				
Bank loans (note (a))	1,250,722	3,360,822	-	530,515
Bonds (note (b))	679,185	1,072,280	-	-
Loan from subsidiaries (note (d) and note 36(i))	-	-	1,430,000	1,630,000
	1,929,907	4,433,102	1,430,000	2,160,515
Current liabilities				
Bank loans (note (a))	227,724	500,755	-	83,119
Bonds (note (b))	427,635	336,024	-	336,024
Bank overdrafts (note (c) and note 34)	20,005	-	17,806	-
	675,364	836,779	17,806	419,143
Accrued interests	41,477	47,404	-	6,542
	716,841	884,183	17,806	425,685
Total loans and other borrowings	2,646,748	5,317,285	1,447,806	2,586,200

The maturity of the loans and other borrowings ranges between years 2024 - 2033 (2023: 2023 - 2032).

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

18. LOANS AND OTHER BORROWINGS (CONT'D)

(a) Bank loans

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**227,724**	500,755	**-**	83,119
After one year but before two years	**267,589**	652,013	**-**	82,985
After two years but before three years	**264,233**	700,854	**-**	85,246
After three years but before five years	**327,225**	1,246,233	**-**	202,417
After five years	**391,675**	761,722	**-**	159,867
Non-current liabilities	**1,250,722**	3,360,822	**-**	530,515
Total	**1,478,446**	3,861,577	**-**	613,634
Included in the above loans are:				
Euro loans	**1,478,446**	3,057,506	**-**	514,012
Great Britain Pound loans	**-**	141,122	**-**	-
Mauritian Rupee loans	**-**	662,949	**-**	99,622
Total	**1,478,446**	3,861,577	**-**	613,634

The average interest rate on loans as at the end of the reporting period was as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	%	%	**%**	%
Average interest rate	**5.51%**	5.16%	**-**	4.87%

(b) Bonds

The maturity of the bonds ranges between 2025 to 2030. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of reporting period was 3.53% per annum (2023: 3.74%).

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**427,635**	336,024	**-**	336,024
After one year but before two years	**-**	414,290	**-**	-
After two years but before three years	**427,635**	-	**-**	-
After three years but before five years	**-**	414,290	**-**	-
After five years	**251,550**	243,700	**-**	-
Non-current liabilities	**679,185**	1,072,280	**-**	-
Total	**1,106,820**	1,408,304	**-**	336,024

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

18. LOANS AND OTHER BORROWINGS (CONT'D)

(c) Bank overdrafts

The average interest rate of bank overdrafts was as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	%	%	**%**	%
Average interest rate	**6.75**	6.08	**6.75**	6.08

(d) The loan from subsidiaries are unsecured, repayable after more than 12 months, denominated in Mauritian Rupee and carry interest at a rate between 3.30% to 6.50% per annum (2023: 3.25% to 3.30%).

(e) The carrying amounts of borrowings are not materially different from the fair value. The borrowings are accounted for under amortised cost and there is a commitment for repayment.

(f) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates, as well as the currency profile, have been detailed in note 40.6.

(g) The carrying amount of assets pledged as security for current and non-current borrowings are:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Fixed and floating charges				
Cash and cash equivalents	**1,109,456**	1,509,317	**514,557**	802,740
Trade and other receivables	**337,475**	319,174	**39,752**	58,896
Inventories	**100,878**	109,139	**-**	-
Total current assets pledged as security	**1,547,809**	1,937,630	**554,309**	861,636
Non-current				
First Mortgage				
Freehold land and buildings	**7,135,347**	17,109,100	**-**	-
Fixed and floating charges				
Property, plant and equipment	**223,398**	344,941	**781**	745
Intangible assets	**9,673**	11,841	**5,082**	8,012
Investment in subsidiaries	**-**	-	**23,432,471**	20,604,903
Investment in associates	**702,445**	285,207	**702,445**	285,207
	935,516	641,989	**24,140,779**	20,898,867
Total non-current assets pledged as security	**8,070,863**	17,751,089	**24,140,779**	20,898,867
Total assets pledged as security	**9,618,672**	19,688,719	**24,695,088**	21,760,503

(h) The Group and the Company have complied with the financial covenants of its bank loans during the year ended 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

19. DEFERRED TAX

Accounting policy

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Significant judgements

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. Judgements made in the recoverability of the deferred tax asset are aligned to those made in the going concern note 3 where considerations of the future profitability of the group have been made.

(a) The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**91,817**	68,454	**31,905**	31,101
Deferred tax liabilities	**(579,477)**	(1,516,553)	**-**	-
	(487,660)	(1,448,099)	**31,905**	31,101

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets not recognised was Rs 36.2m (2023: Rs91.3m) for the Group due to uncertainty of future profit streams. The tax losses due to operations expire on a rolling basis over 5 years whereas capital allowances can be utilised indefinitely.

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

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**1,448,099**	1,150,583	**(31,101)**	(33,058)
Recognised in profit or loss (note 24(b))	**79,570**	161,138	**3,764**	5,575
Recognised in other comprehensive income	**(23,798)**	135,850	**(4,568)**	(3,618)
Exchange difference	**(98)**	528	**-**	-
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(1,016,113)**	-	**-**	-
At 30 June	**487,660**	1,448,099	**(31,905)**	(31,101)

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

19. DEFERRED TAX (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year is as follows:

(i) **THE GROUP**

	At 1 July	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Exchange difference**	**Transfer to liabilities associated with assets for distribution (note 29)**	**At 30 June**
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	**Rs '000**
2024						
Temporary differences:						
Accelerated capital allowances	798,753	(10,928)	-	7	(576,143)	**211,689**
Employee benefit liability	(46,876)	(4,127)	(20,445)	-	23,506	**(47,942)**
Revaluation of property, plant and equipment	1,045,604	-	(3,353)	-	(610,139)	**432,112**
Other provisions	(10,508)	(8,393)	-	(99)	4,725	**(14,275)**
Contract liabilities	(10,107)	216	-	-	-	**(9,891)**
Right-of-use assets	(55,661)	(77)	-	-	5,319	**(50,419)**
Unused tax losses and credits	(273,106)	102,879	-	(6)	136,619	**(33,614)**
	1,448,099	**79,570**	**(23,798)**	**(98)**	**(1,016,113)**	**487,660**
2023						
Temporary differences:						
Accelerated capital allowances	785,822	12,936	-	(5)	-	**798,753**
Employee benefit liability	(30,242)	(5,381)	(11,253)	-	-	**(46,876)**
Revaluation of property, plant and equipment	898,501	-	147,103	-	-	**1,045,604**
Other provisions	(16,075)	5,034	-	533	-	**(10,508)**
Contract liabilities	(10,323)	216	-	-	-	**(10,107)**
Right-of-use assets	(59,173)	3,512	-	-	-	**(55,661)**
Unused tax losses and credits	(417,927)	144,821	-	-	-	**(273,106)**
	1,150,583	**161,138**	**135,850**	**528**		**1,448,099**

(ii) **THE COMPANY**

	At 1 July	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**At 30 June**
	Rs '000	Rs '000	Rs '000	**Rs '000**
2024				
Temporary differences:				
Accelerated capital allowances	(26,840)	4,148	-	(22,692)
Employee benefit liability	(4,261)	(384)	(4,568)	(9,213)
	(31,101)	**3,764**	**(4,568)**	**(31,905)**
2023				
Temporary differences:				
Accelerated capital allowances	(33,195)	6,355	-	(26,840)
Employee benefit liability	137	(780)	(3,618)	(4,261)
	(33,058)	**5,575**	**(3,618)**	**(31,101)**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY

Accounting policies

(a) *Career Average Revalued Earnings (CARE)*

The Group sponsors a CARE pension plan for its employees which also includes a No Worse Off Guarantee (“NWOG”) for some former members of predecessor defined benefit plans.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item “Employee Benefits”. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) *Other retirement benefits*

The present value of other retirement benefits in respect of the Workers’ Rights Act 2019 is recognised in the statement of financial position as a non-current liability. Actuarial gains or losses are recognised using the same policy as described in note 20(a) above. For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Workers’ Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

(c) *State plan*

Contributions to the National Savings Fund are charged to profit or loss in the period in which they fall due.

(d) *Share based payments*

Share-based compensation benefits are provided to employees via the Company’s Phantom Share Option Scheme.

(e) *Severance Commitment*

Benefits arising from the termination of employment are paid if an employee is laid off by the Group before normal retirement age. The Group pays severance commitments if it is under an obligation to terminate the employment of current employees in accordance with a detailed formal plan that cannot be revoked or if it is under an obligation to pay compensation in the event of employment being terminated voluntarily by the employee. Payments that are due for settlement in more than twelve months after the date of the financial statements are discounted to calculate their present value.

Sources of estimation uncertainty

The cost of defined benefit pension plans and related provisions requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter alia, discount rate, expected returns on plan assets, future salary increases, mortality rate and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in the assumptions regarding the estimates will impact the carrying amount of the pension obligation. The net employee liability/(asset) at 30 June 2024 is Rs 282.0m for the Group (2023: Rs 288.2m) and Rs 54.2m for the Company (2023: Rs 25.1m).

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT’D)

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs’000	Rs’000	**Rs’000**	Rs’000
Pension plan (note (a))	**18,723**	(172)	**26,407**	13,947
Other retirement benefits (note (b))	**263,288**	288,446	**27,789**	11,119
	282,011	288,274	**54,196**	25,066
Analysed as follows:				
Employee benefit asset	**-**	(172)	**-**	-
Employee benefit liability	**282,011**	288,446	**54,196**	25,066
	282,011	288,274	**54,196**	25,066

(a) Pension plan

(i) The Group pension scheme consists of a Career Average Revalued Earnings section (“CARE”) and a No Worse Off Guarantee (“NWOG”) section. The CARE section provides all members of the fund with pensions secured by contributions to a Personal Accrued Pension accounts while the NWOG section covers only those members who were transferred from a former Defined Benefit (“DB”) plan, guaranteeing them that at retirement their benefits are at least equivalent to those under the previous DB plans. Hence, the scheme is an hybrid plan with characteristics of both Defined Benefit and Defined Contribution.

The assets of the plan are independently administered by MUA Pension Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2024 by Aon Solutions Ltd. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Reconciliation of net defined benefit liability:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs’000	Rs’000	**Rs’000**	Rs’000
At 1 July	**(172)**	(34,913)	**13,947**	(5,014)
Amount recognised in profit or loss (note 26)	**51,617**	46,120	**12,192**	6,281
Amount recognised in other comprehensive income	**19,226**	40,276	**10,046**	19,889
Contributions from employer	**(58,650)**	(51,655)	**(9,778)**	(7,209)
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**6,702**	-	**-**	-
At 30 June	**18,723**	(172)	**26,407**	13,947

Amounts recognised in the statements of financial position:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs’000	Rs’000	**Rs’000**	Rs’000
Present value of funded obligations	**800,278**	808,312	**308,777**	250,721
Fair value of plan assets	**(781,555)**	(808,484)	**(282,370)**	(236,774)
At 30 June	**18,723**	(172)	**26,407**	13,947

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (cont'd)

(iii) Reconciliation of present value of the defined benefit obligations:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**808,312**	786,772	**250,721**	242,504
Current service cost	**53,648**	49,396	**7,803**	5,629
Contributions from employees	**9,755**	10,106	**1,131**	2,124
Interest cost	**47,236**	38,212	**16,155**	11,915
Past service cost	**-**	-	**3,655**	1,106
Liability experience (gains)/losses	**(5,510)**	12,762	**4,447**	9,846
Liability losses/(gains) due to change in financial assumptions	**57,050**	(49,139)	**15,797**	(12,795)
Benefits paid	**(42,738)**	(39,797)	**(11,446)**	(11,318)
Transfer from subsidiary company	**-**	-	**20,514**	1,710
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(127,475)**	-	**-**	-
At 30 June	**800,278**	808,312	**308,777**	250,721

(iv) Reconciliation of fair value of the plan assets:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**808,484**	821,685	**236,774**	247,518
Interest income	**49,267**	41,488	**15,421**	12,369
Gains/(losses) on plan assets excluding interest	**32,314**	(76,653)	**10,198**	(22,838)
Contributions from employer	**58,650**	51,655	**9,778**	7,209
Contributions from employees	**9,755**	10,106	**1,131**	2,124
Benefits paid	**(42,738)**	(39,797)	**(11,446)**	(11,318)
Transfer from subsidiary company	**-**	-	**20,514**	1,710
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(134,177)**	-	**-**	-
At 30 June	**781,555**	808,484	**282,370**	236,774

(v) Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**53,648**	49,396	**7,803**	5,629
Past service cost	**-**	-	**3,655**	1,106
Net interest on net defined benefit asset	**(2,031)**	(3,276)	**734**	(454)
Total included in employee benefits	**51,617**	46,120	**12,192**	6,281

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (cont'd)

(vi) Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
(Gains)/losses on plan assets excluding interest	**(32,314)**	76,653	**(10,198)**	22,838
Liability experience (gains)/losses	**(5,510)**	12,762	**4,447**	9,846
Liability losses/(gains) due to change in financial assumptions	**57,050**	(49,139)	**15,797**	(12,795)
Total	**19,226**	40,276	**10,046**	19,889

(vii) The major categories of plan assets at fair value are as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Local quoted equity instruments	**195,389**	185,951	**70,593**	54,458
Overseas quoted equity instruments	**242,282**	210,206	**87,535**	61,561
Overseas quoted debt instruments	**93,787**	80,848	**33,884**	23,677
Local quoted debt instruments	**23,447**	32,339	**8,471**	9,471
Local unquoted debt instruments	**164,127**	121,273	**59,298**	35,517
Cash and others	**62,523**	177,867	**22,589**	52,090
Total	**781,555**	808,484	**282,370**	236,774

At 30 June 2024, approximately 2% (2023: 2%) of the fund was invested in the shares of Sun Limited.

(viii) The history of experience adjustments is as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deficit/(surplus) arising on pension plan	**18,723**	(172)	**26,407**	13,947
Experience gains/(losses) on plan liabilities	**5,510**	(12,762)	**(4,447)**	(9,846)
Experience gains/(losses) on plan assets	**32,314**	(76,653)	**10,198**	(22,838)

(ix) Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase in defined benefit obligations due to 1% decrease in discount rate	**128,186**	125,100	**41,834**	30,663
Decrease in defined benefit obligations due to 1% increase in discount rate	**102,058**	99,949	**34,385**	25,345

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (cont'd)

(ix) Sensitivity analysis on defined benefit obligation (cont'd)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the financial year after increasing and decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Investment risk (where the plan is funded): The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

(xi) Future Cashflows

- The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding policy is to pay contributions to an external legal entity as and when due.
- The Group expects to make a contribution of Rs 45.8m (2023: Rs 53.2m) and the Company of Rs 10.1m (2023: Rs 7.5m) to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 16.1 years (2023: 16.1 years) for the Group and 12 years (2023: 12 years) for the Company.

(b) Other retirement benefits

The Group has recognised a net defined benefit liability in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Group's cash flow to its employees under the Workers Rights Act (WRA) 2019.

(i) Reconciliation of other retirement benefits:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**288,446**	219,672	**11,119**	4,212
Amount recognised in profit or loss (note 26)	**32,833**	44,896	**(153)**	5,516
Amount recognised in other comprehensive income	**101,039**	29,182	**16,823**	1,391
Benefits paid	**(14,053)**	(5,304)	**-**	-
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(144,977)**	-	**-**	-
As at 30 June	**263,288**	288,446	**27,789**	11,119

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NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(b) Other retirement benefits (cont'd)

(ii) Reconciliation of present value of the other retirement benefits:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**288,446**	219,672	**11,119**	4,212
Current service cost	**25,427**	22,039	**1,189**	687
Interest cost	**16,353**	11,254	**553**	322
Past service cost	**(8,947)**	11,603	**(1,895)**	4,507
Liability experience losses	**82,608**	47,474	**16,221**	3,654
Liability losses/(gains) due to change in financial assumptions	**18,431**	(18,292)	**602**	(2,263)
Benefits paid	**(14,053)**	(5,304)	**-**	-
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(144,977)**	-	**-**	-
At 30 June	**263,288**	288,446	**27,789**	11,119

(iii) Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**25,427**	22,039	**1,189**	687
Past service cost	**(8,947)**	11,603	**(1,895)**	4,507
Interest on defined benefit liability	**16,353**	11,254	**553**	322
Total	**32,833**	44,896	**(153)**	5,516

(iv) Components of amount recognised in other comprehensive income:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Liability experience losses	**82,608**	47,474	**16,221**	3,654
Liability losses/(gains) due to change in financial assumptions	**18,431**	(18,292)	**602**	(2,263)
Liability experience gains	**101,039**	29,182	**16,823**	1,391

(v) Sensitivity analysis on defined benefit obligations

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase in defined benefit obligations due to 1% decrease in discount rate	**27,848**	34,765	**1,375**	862
Decrease in defined benefit obligations due to 1% increase in discount rate	**23,668**	29,250	**1,228**	753

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

20. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(b) Other retirement benefits (cont'd)

(v) Sensitivity analysis on defined benefit obligations (cont'd)

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group expects to make a contribution of Rs 38.6m (2023: Rs 32.2m) and Rs.Nil (2023: Nil) for the Company during the next financial year.

The weighted average duration of the defined benefit obligations is 10.2 years (2023: 11.1 years) for the Group and 5 years (2023: 7 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
Discount rate - %	**5.4**	6.0	**5.4**	6.0
Future salary increases - %	**3.2**	3.0	**3.2**	3.3
Future pension increases - %	**0.7**	1.0	**0.5**	1.0
Average retirement age (ARA) - Years	**65.0**	65.0	**65.0**	65.0
Average life expectancy for under the pension plan:				
■ Male at ARA - 60 Years	**19.5**	19.5	**19.5**	19.5
■ Female at ARA - 60 Years	**24.2**	24.2	**24.2**	24.2

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**213,618**	429,951	**5,650**	14,918
Capital creditors	**17,786**	12,626	**-**	-
Client advances	**357,541**	405,070	**-**	-
Derivative financial liabilities (note 14(e))	**-**	1,135	**-**	1,135
Accruals and provisions	**705,621**	1,017,340	**231,874**	198,914
Interest payable on convertible bonds	**30,417**	188,634	**-**	-
Contract liabilities (note 23)	**1,272**	4,659	**-**	-
Amounts due to related parties (note 36(i))	**1,072**	16,936	**952,446**	1,248,887
	1,327,327	2,076,351	**1,189,970**	1,463,854

(a) The average credit period on purchases of certain goods is 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(b) Share based payments

Accounting policy

Share-based payment comprises cash-settled liability awards which are measured at fair value at each balance sheet date until settlement and are classified under 'Trade and other payables' based on vesting conditions. The profit/(loss) of the period equals the addition to and/or the reversal of the provision during the reporting date.

Included in other creditors and accruals are share based payments liabilities of Rs 22.7m (2023: Rs 10.9m) for the Group and Company relating to the Phantom Share Option Scheme for executives of the Company and its subsidiaries. In accordance with the terms of the plan, executives are granted an option over a number of phantom shares at a base option price which is equal to the market value of the share at the date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the increase of the Group's share price between the grant date and the exercise date. Bonus may be paid either in cash or shares at discretion of the Board. However, the bonus will be primarily be in cash as the coversion of part of the bonus is only retained by the Board as an option. Thus, it is unlikely that any shares if issued, will have a dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

21. TRADE AND OTHER PAYABLES (CONT'D)

(b) Share based payments (cont'd)

Accounting policy (cont'd)

Under the plan, participants are granted options which only vest if certain performance standards are met. The option is exercisable:

(a) After three years, but before the expiry of four years from the Award Date, for a maximum of 70% of the Phantom Share option issued and

(b) After four years, but before the expiry of five years from Award Date, for the remaining share options that have not been exercised.

The rights must be exercised on the vesting date and will expire if not exercised on that date.

The number of phantom shares granted is calculated based on a percentage of their annual basic salary and after recommendation by the Corporate Governance, Ethics and the Remuneration and Nomination committee. The award rewards senior executives to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial measures:

- improvement in share price
- improvement in profit after tax

Set out below are summaries of options granted under the plan:

	Number of options	
	2024	2023
At 1 July	**1,091,451**	136,542
Granted during the year	**303,629**	1,216,539
Exercised during the year	**(505,583)**	-
Forfeited during the year	**-**	(125,088)
Expired during the year	**-**	(136,542)
At 30 June	**889,497**	1,091,451
Vested and exercisable at 30 June	**126,107**	95,580

Share options outstanding at the end of the year have the following expiry dates:

Grant Date	Expiry date	Grant Date Fair value	Number of options 2024	2023
1 July 2021	**30 June 2025**	**15.00**	**180,152**	200,456
1 July 2022	**30 June 2026**	**19.00**	**405,716**	485,279
1 July 2023	**30 June 2027**	**25.75**	**303,629**	405,716
At 30 June			**889,497**	1,091,451

The fair value of the cash settled share based payment arrangements was determined using the Black-Scholes model using the following inputs as at 30 June 2024:

Share price at measurement date	Rs 46.00
Expected volatility	33.79%
Dividend yield	5.43%
Risk-free interest rate	6.71%

505,583 of the options granted have been exercised as at 30 June 2024.

(c) The carrying amounts of trade and other payables approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

22. PROVISIONS

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Provision for legal claims (note (a))	**17,867**	20,940	**5,000**	7,573
Provision for vacation leaves (note (b))	**23,701**	-	**290**	-
	41,568	20,940	**5,290**	7,573
Included in the financial statements as:				
Non-current liabilities	**19,261**	20,940	**5,000**	7,573
Current liabilities	**22,307**	-	**290**	-
	41,568	20,940	**5,290**	7,573

(a) Provision for legal claims

Accounting policy

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Sources of estimation uncertainty

As disclosed below, the Company has recognised a provision in respect of claims on purchase of Anahita Four Seasons and disputes with employees. The crystalisation of such claims is inherently uncertain and as such management has fully provided for the claims.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Anahita Hotel Ltd (note (ii))	**5,000**	5,000	**5,000**	5,000
Disputes with employees (note (iii))	**12,867**	13,367	**-**	-
Other legal provision (note (iv))	**-**	2,573	**-**	2,573
	17,867	20,940	**5,000**	7,573
Disclosed as follows:				
Non-current liabilities	**17,867**	20,940	**5,000**	7,573

(i) Movement in provision:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**20,940**	33,738	**7,573**	15,373
Provisions for the year	**-**	7,573	**-**	4,573
Payment during the year	**(500)**	(7,998)	**-**	-
Unutilised amount reversed	**(2,573)**	(12,373)	**(2,573)**	(12,373)
At 30 June	**17,867**	20,940	**5,000**	7,573

(ii) This represents additional provision for legal charges for the appeal to the Assessment Review Committee in respect of the additional duty being claimed by the Registrar General on the purchase of Four Seasons Resort (Anahita Hotel Ltd) by Sun Limited.

(iii) The provision is in respect of claims lodged by former employees who were dismissed for gross misconduct.

(iv) During the year, an amount relating to other legal cases was reversed following the court verdict.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

22. PROVISIONS (CONT'D)

(b) Provision for vacation leaves

Accounting policy

Provision for vacation leaves are accrued as a liability, as stipulated under long term benefits in IAS 19, as these benefits are earned by eligible employees based on past service and it is probable that the employer will compensate these employees for the benefits through paid time off or cash payments. The assessment of this provision is carried out annually by Aon Solutions Ltd for eligible employees. Such employees are those who fall under the definition of a worker under The Workers' Rights Act 2019 and have covered a qualifying period of service.

The liability is measured using forecasted salary rates of the workers at the time of entitlement, which is then reduced by the average staff turnover applicable to the company. The present value of the provision for vacation leaves is determined by discounting the estimated future cash flows using rates of government bonds.

Sources of estimation uncertainty

The present value of the provision for vacation leaves depend on a number of factors that are determined using a number of assumptions, which includes the discount rate. Any change in these assumptions will impact the carrying amount of the provision.

(i) The movement in the provision for leaves during the year is as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**-**	-	**-**	-
Charge for the year	**23,701**	-	**290**	-
At 30 June	**23,701**	-	**290**	-
Disclosed as follows:				
Non-current liabilities	**1,394**	-	**-**	-
Current liabilities	**22,307**	-	**290**	-
	23,701	-	**290**	-

(ii) Components of amount recognised in profit or loss:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**3,326**	-	**33**	-
Past service cost	**19,686**	-	**248**	-
Interest expense	**689**	-	**9**	-
Total	**23,701**	-	**290**	-

(iii) The principal assumptions used for the purpose of computing the provision were as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
Discount rate - %	**3.5**	-	**3.5**	-
Rate of salary increases - %	**3.2**	-	**3.2**	-
Average retirement age (ARA) - Years	**65.0**	-	**65.0**	-

(iv) Sensitivity analysis on provision for vacation leaves:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
■ Increase due to 1% decrease in discount rate	**157**	-	**2**	-
■ Decrease due to 1% increase in discount rate	**151**	-	**1**	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

23. CONTRACT LIABILITIES

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
Invest Hotel Scheme (note (a))	**58,174**	59,446
Golf membership fees (note (b))	**-**	27,562
	58,174	87,008
Non-current liabilities	**56,902**	82,349
Current liabilities (note 21)	**1,272**	4,659
	58,174	87,008

(a) Invest Hotel Scheme ("IHS")

The IHS transactions relate to the sale of 90 rooms at Long Beach, take the form of a sale and lease back and are accounted as a finance lease in the Group Financial Statements. As such, excess sales proceeds over the carrying amount has been deferred in the Group Financial Statements over the period of the lease term.

The profit generated on the sale and leaseback transactions between Long Beach IHS to investors have been deferred over the period until the end of the Government lease (i.e.) 2070.

Significant judgements

Considering the terms and conditions of the sale and leaseback of the IHS rooms, the leaseback transaction is considered to be a lease liability. Accordingly, the profit on sale of the IHS rooms is deferred and amortised to profit or loss over the lease period.

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
At 1 July	**59,446**	60,718
Release to profit or loss	**(1,272)**	(1,272)
At 30 June	**58,174**	59,446
Non-current liabilities	**56,902**	58,174
Current liabilities	**1,272**	1,272
	58,174	59,446

(b) Golf Membership fees

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
At 1 July	**27,562**	29,785
Receipts from new members	**-**	1,164
Release to profit or loss	**(3,469)**	(3,387)
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(24,093)**	-
At 30 June	**-**	27,562
Non-current liabilities	**-**	24,175
Current liabilities	**-**	3,387
	-	27,562

This relates to Golf membership fees not recognised as revenue but deferred and amortised over an estimated player's career of 15 years.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

24. TAXATION

Accounting policy

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Income Tax

Income tax is calculated at the rate of 0% to 26% (2023: 0% to 33%) for the Group and 17% (2023: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) Current tax liability

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**98,024**	12,879	**18,171**	6,624
Translation difference	**(103)**	(468)	**-**	-
Payment during the year	**(159,244)**	(14,701)	**(17,746)**	-
(Over)/underprovision in previous year	**(7,085)**	1,166	**(5,599)**	-
Provision for the year	**169,139**	99,148	**23,671**	11,547
Transfer to liabilities directly associated with the assets held for distribution (note 29)	**(32,248)**	-	**-**	-
At 30 June	**68,483**	98,024	**18,497**	18,171
Analysed as follows:				
Current liabilities	**72,158**	101,457	**18,497**	18,171
Current tax assets	**(3,675)**	(3,433)	**-**	-
At 30 June	**68,483**	98,024	**18,497**	18,171

(b) Tax charge

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
Income tax:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Provision for the year	**169,139**	99,148	**23,671**	11,547
(Over)/underprovision in previous year	**(7,085)**	1,166	**(5,599)**	-
Current income tax expense	**162,054**	100,314	**18,072**	11,547
Deferred tax movement (note 19)	**79,570**	161,138	**3,764**	5,575
Income tax charge	**241,624**	261,452	**21,836**	17,122
Analysed as follows:				
Continuing operations	**183,359**	162,884	**21,836**	17,122
Discontinued operations (note 29)	**58,265**	98,568	**-**	-
	241,624	261,452	**21,836**	17,122

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

24. TAXATION (CONT'D)

(c) Reconciliation of accounting profit to tax expense

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	%	%	**%**	%
Applicable tax rate of Mauritian companies	**17.00**	17.00	**17.00**	17.00
Tax effect of:				
▪ Expenses that are not deductible in determining taxable profit	**(3.71)**	0.99	**0.35**	4.46
▪ Over/(under) provision in previous year	**0.88**	0.01	**(0.25)**	-
▪ Tax losses for which no deferred income tax asset was recognised	**(3.38)**	(2.64)	**-**	(6.07)
▪ Income not subject to tax	**(0.09)**	(0.44)	**(16.11)**	(10.29)
▪ Impairment of financial assets	**-**	-	**-**	-
▪ Other adjustments	**(0.07)**	(0.23)	**-**	-
Effective rate of tax	**10.63**	14.69	**0.99**	5.10

25. REVENUE

Accounting policy

Revenue corresponds to the value of goods and services sold by the Group in the ordinary course of business. The Group recognises revenue when it transfers the control of the promised goods and services to the customer, which may be over time or at a point in time. Revenue is recognized in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring promised goods or services.

The Group applies the guidance provided in IFRS 15 to determine whether it acts as the principal or an agent in its contractual hotel management relationships. It is considered as acting as the principal if it controls the promised service before that service is transferred to a customer. In such a case, revenues and related expenses are reported separately in profit or loss. Otherwise, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognised in revenue.

Other fees relate to services representing distinct performance obligations which are generally satisfied over time, when the hotel owners simultaneously receive and consume the benefits provided. The Group elects the practical expedient to recognise revenue based on amounts invoiced to the customer, when this method of measuring progress best depicts the performance provided.

In cases where the Group has received considerations for services not yet provided, this is treated as a contract liability until the performance obligation is met.

Invoicing is based on contractual prices, which represent the stand-alone selling prices of specified promised goods or services. Variable considerations depending on the occurrence of uncertain future events are estimated using the most likely amount method, based on all reasonably available information, and are, if need be, capped at the minimum amount considered as highly probable. At each reporting period, the Group revises its estimates of variable considerations and assesses whether a constraint should apply.

Hotel revenues

It corresponds to all the revenues received from guests by owned and leased hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

25. REVENUE (CONT'D)

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue from contracts with customers				
Rooms	**5,446,838**	4,938,726	**-**	-
Food and beverages	**2,496,151**	2,446,612	**-**	-
Management fees	**-**	-	**258,918**	225,515
Others	**868,071**	851,490	**-**	-
Total revenue from contracts with customers	**8,811,060**	8,236,828	**258,918**	225,515
Investment income	**-**	-	**1,199,500**	176,868
Total revenue	**8,811,060**	8,236,828	**1,458,418**	402,383
Analysed as follows:				
Continuing operations	**5,408,864**	4,820,201	**1,458,418**	402,383
Discontinued operations (note 29)	**3,402,196**	3,416,627	**-**	-
	8,811,060	8,236,828	**1,458,418**	402,383
Timing of revenue recognition				
Goods transferred at a point in time	**2,496,151**	2,446,612	**-**	-
Services transferred over time	**6,314,909**	5,790,216	**258,918**	225,515
Total revenue from contracts with customers	**8,811,060**	8,236,828	**258,918**	225,515

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

26. OPERATING EXPENSES

Accounting policy

Other expenses relate to indirect costs of operations accounted on the accruals basis.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Direct costs	**1,571,926**	1,610,475	**-**	-
Wages and salaries	**2,245,307**	1,912,554	**168,794**	127,600
Social security costs	**156,585**	139,860	**18,056**	16,435
Pension costs (note 20 (a)(ii))	**51,617**	46,120	**12,192**	6,281
Other post-retirement benefits (note 20 (b)(i))	**32,833**	44,896	**(153)**	5,516
Employee benefits	**2,486,342**	2,143,430	**198,889**	155,832
Rental and lease expenses	**450,230**	408,270	**3,543**	1,163
Utilities	**348,160**	322,867	**567**	266
Marketing expenses	**311,650**	298,354	**-**	-
Repairs and maintenance	**164,253**	160,257	**452**	669
Management fees and services	**146,811**	165,017	**-**	-
Office expenses	**31,550**	36,245	**7,128**	7,396
Travelling expenses	**31,425**	21,414	**2,267**	1,699
Information and telecommunication expenses	**115,933**	84,873	**4,980**	5,086
Insurance	**93,281**	69,714	**3,191**	1,009
Professional, legal and consultancy fees	**49,784**	55,745	**4,913**	10,491
Contract services	**143,064**	119,793	**10,239**	6,044
Credit card commissions	**118,639**	120,948	**-**	-
Business occupation and other taxes	**75,014**	71,174	**2,283**	1,627
Others miscellaneous costs	**110,729**	128,419	**16**	7,221
Other expenses	**2,190,523**	2,063,090	**39,579**	42,671
Operating expenses	**6,248,791**	5,816,995	**238,468**	198,503
Analysed as follows:				
Continuing operations	**3,603,251**	3,312,626	**238,468**	198,503
Discontinued operations (note 29)	**2,645,541**	2,504,369	**-**	-
	6,248,792	5,816,995	**238,468**	198,503

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

27. OTHER INCOME

Accounting policy

Other income earned is recognised on the following basis:

(i) Foreign exchange gains on settlement basis;

(ii) Profit on sale of assets or on derecognition of rights-of-use assets is recognised when the control has been transferred to the buyer;

(iii) Other sundry income is recognised when the goods are sold or services provided for.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Foreign exchange gains	**4,380**	8,004	**779**	-
Gain on derecognition of lease liabilities	**30,540**	-	**-**	-
Profit on excision of leasehold land	**12,000**	-	**-**	-
Gain on winding up of subsidiaries	**-**	19,305	**-**	-
Sundry income	**3,154**	561	**914**	-
	50,074	27,870	**1,693**	-
Analysed as follows:				
Continuing operations	**5,403**	25,860	**1,693**	-
Discontinued operations (note 29)	**44,671**	2,010	**-**	-
	50,074	27,870	**1,693**	-

28. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property, plant and equipment (note 4)	**471,279**	445,909	**3,942**	2,458
Depreciation of rights-of-use assets (note 5(a))	**61,348**	64,420	**-**	-
Depreciation of operating equipment (note 6)	**13,118**	8,492	**-**	-
Amortisation of intangible assets (note 7)	**5,486**	8,346	**2,930**	6,382
	551,231	527,167	**6,872**	8,840
Analysed as follows:				
Continuing operations	**270,988**	270,235	**6,872**	8,840
Discontinued operations (note 29)	**280,243**	256,932	**-**	-
	551,231	527,167	**6,872**	8,840

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

29. ASSETS HELD FOR DISTRIBUTION AND DISCONTINUED OPERATIONS

Accounting policy

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations. The result of discontinued operations are presented separately in profit or loss.

(a) On 20 June 2024, the Board of Directors of Sun Limited announced its decision to apply to the Supreme Court to proceed with a Scheme of Arrangement under Section 261 to 264 of the Mauritius Companies Act 2001 which will separate its activities in two distinct listed groups:

(a) the owner-managed resorts and hospitality expertise of Sun*life*, and

(b) the asset-managed branded luxury resorts

On 19 August 2024, the shareholders of the Company unanimously approved the Group's restructuring scheme such that on 22 August 2024 a petition was lodged to the Supreme Court to seek its sanction. On 12 September 2024, the Supreme Court sanctioned the Scheme. The key objective of the restructuring and reorganisation is expected to provide the following benefits:

- improved transparency in relation to the strategic objectives and operational performance of each group of companies with owner-managed assets and those managed by external international operators;
- a return expectation which is in line with the risks of each group of companies; and
- a clear investment thesis for each group of companies

The Group exercised significant judgement in classifying SRL Touessrok Hotel Ltd, Anahita Hotel Limited and Loisir des Iles Ltée as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. This determination involved assessing whether these three entities constituted a separate major line of business, which required evaluating its operational distinctiveness from the rest of the Group. The components accounted for a significant portion of the Group's total revenue and its total assets as at 30 June 2024. The Directors consider that this significant contribution to the Group's overall performance supports the classification as discontinued operations.

(b) Based on the schedule of events that occurred prior to the financial year end, the assets and liabilities of the SRL Touessrok Hotel Ltd, Anahita Hotel Limited and Loisirs des Iles Ltée have been classified as 'Assets held for distribution' and 'Liabilities directly associated with assets held for distribution' respectively at 30 June 2024.

		THE GROUP
	Note	2024
		Rs'000
ASSETS		
Property, plant and equipment	4	**10,325,976**
Rights of use assets	5	**577,290**
Intangible assets	7	**225,947**
Other investments	11	**166,818**
Inventories		**69,308**
Trade and other receivables		**173,723**
Cash and cash equivalents	34(ii)	**482,228**
Assets held for distribution		**12,021,290**
LIABILITIES		
Loans and other borrowings	34(iii)	**1,579,134**
Bank overdrafts	34(ii)	**14,806**
Lease liabilities	5	**397,260**
Provisions		**16,567**
Deferred tax liability	19	**1,016,113**
Retirement benefit obligations	20	**138,275**
Contract liabilities		**24,093**
Trade and other payables		**624,447**
Current tax liabilities	24	**32,248**
Liabilities directly associated with assets held for distribution		**3,842,943**
Net assets directly association with distribution group		**8,178,347**

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

29. ASSETS HELD FOR DISTRIBUTION AND DISCONTINUED OPERATIONS (CONT'D)

(c) The analysis of the result of the discontinued operations is as follows:

		THE GROUP	
	Note	2024	2023
		Rs'000	Rs'000
Revenue	25	**3,402,196**	3,416,627
Other income	27	**44,671**	2,010
Operating expenses	26	**(2,645,541)**	(2,504,369)
Earnings before interest, tax, depreciation and amortisation and impairment (charges)/reversals		**801,326**	914,268
Impairment (charge)/reversals of financial and non-financial assets	30	**(7,469)**	2,405
Earnings before interest, tax, depreciation and amortisation		**793,857**	916,673
Depreciation and amortisation	28	**(280,243)**	(256,932)
Operating profit		**513,614**	659,741
Finance income	31(a)	**64,188**	45,378
Finance costs	31(b)	**(162,619)**	(121,713)
Profit before tax		**415,183**	583,406
Income tax charge	24	**(58,265)**	(98,568)
Profit for the year from discontinued operations		**356,918**	484,838

(d) Net cash flows from discontinued operations

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
Operating cash flows	**1,026,920**	678,786
Investing cash flows	**22,045**	(377,877)
Financing cash flows	**(1,212,792)**	(125,686)
	(163,827)	175,223

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FINANCIAL YEAR ENDED 30 JUNE 2024

30. IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

(a) Impairment (charges)/reversals on financial and non-financial assets

Accounting policy

At each financial year end, the Group 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(b)

	Cash generating unit/ Company	Reportable segment	THE GROUP		THE COMPANY	
			2024	2023	**2024**	2023
			Rs'000	Rs'000	**Rs'000**	Rs'000
Impairment (charges)/reversals:						
Non-financial assets:						
▪ Inventories	Retail operations	Mauritius	**-**	9,652	**-**	-
▪ Interest in subsidiaries (note 8)			**-**	-	**(15,886)**	(63,492)
Financial assets:						
▪ Loans to subsidiaries			**-**	-	**375,000**	-
▪ Trade receivables (note 14)			**(10,289)**	56	**-**	-
▪ Amount receivables from related parties (note 36)			**-**	-	**64,461**	101,242
			(10,289)	9,708	**423,575**	37,750
Analysed as follows:						
Continuing operations			**(2,820)**	7,303	**423,575**	37,750
Discontinued operations (note 29)			**(7,469)**	2,405	**-**	-
			(10,289)	9,708	**423,575**	37,750

31. NET FINANCE INCOME/(COSTS)

Accounting policy

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

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FINANCIAL YEAR ENDED 30 JUNE 2024

31. NET FINANCE INCOME/(COSTS) (CONT'D)

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Finance income				
Interest received on:				
▪ Bank deposits	**46,618**	38,601	**-**	-
▪ Loan to subsidiaries	**-**	-	**69,415**	88,026
Net foreign exchanges gains	**228,732**	240,764	**171,350**	147,610
	275,350	279,365	**240,765**	235,636
Analysed as follows:				
Continuing operations	**211,162**	233,987	**240,765**	235,636
Discontinued operations (note 29)	**64,188**	45,378	**-**	-
	275,350	279,365	**240,765**	235,636
(b) Finance costs				
Interest costs on bank and other loans	**(289,947)**	(310,744)	**(98,039)**	(131,832)
Interest charges on lease liabilities	**(104,134)**	(108,477)	**-**	(336)
Cash flow hedge release to Profit or Loss on repayment of loans	**(65,051)**	(35,100)	**-**	-
	(459,132)	(454,321)	**(98,039)**	(132,168)
Analysed as follows:				
Continuing operations	**(296,513)**	(332,608)	**(98,039)**	(132,168)
Discontinued operations (note 29)	**(162,619)**	(121,713)	**-**	-
	(459,132)	(454,321)	**(98,039)**	(132,168)

32. EARNINGS PER SHARE

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
Profit from continuing operations attributable to equity holders of the Company	**1,638,251**	982,653
Profit from discontinued operations attributable to equity holders of the Company	**356,918**	484,838
Profit attributable to equity holders of the Company	**1,995,169**	1,467,491
Weighted average number of ordinary shares (thousand)	**174,364**	174,364
Basic and diluted earnings per share (Rs)		
From continuing operations attributable to equity holders of the Company	**9.40**	5.64
From discontinued operations	**2.04**	2.78
Basic and diluted earnings per share attributable to equity holders of the Company	**11.44**	8.42

Basic and diluted earnings per share is calculated by dividing profit for the year attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, no ordinary shares (2023: Nil) have been issued for cash.

The convertible bonds were found to be anti-dilutive and have therefore not had an impact on Diluted Earnings Per Share.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

33. DIVIDEND PER SHARE

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

	THE GROUP AND THE COMPANY	
	2024	2023
	Rs'000	Rs'000
Amount recognised as distributions to equity holders in the year:		
Final dividend payable for year ended 30 June 2024 of Rs 2.50 per share (2023: Rs 2.00 per share)	435,910	348,728

34. CASH FLOW INFORMATION

(i) Movement in working capital

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Inventories	(29,255)	(26,485)	-	-
Trade and other receivables	(56,826)	(148,304)	(479,664)	537,438
Trade and other payables	(84,913)	111,477	(204,469)	440,361
Contract liabilities	(4,741)	(3,495)	-	-
Movement in working capital	(175,735)	(66,807)	(684,133)	977,799

(ii) Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and short-term deposits	1,086,708	1,822,217	514,557	802,740
Cash and short-term deposits attributable to discontinued operations (note 29)	482,228	-	-	-
Bank overdrafts (note 18)	(20,005)	-	(17,806)	-
Bank overdrafts attributable to discontinued operations (note 29)	(14,806)	-	-	-
	1,534,125	1,822,217	496,751	802,740

Included in cash and cash equivalents is an amount of Rs 60m relaing to restricted cash (2023: Rs 60m).

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

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

34. CASH FLOW INFORMATION (CONT'D)

(iii) Net debt reconciliation

	Other assets	Liabilities from financing activities		
THE GROUP	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Net debt as at 1 July 2022	1,580,714	(6,842,766)	(1,782,408)	(7,044,460)
Net cash inflows	241,503	1,793,828	195,275	2,230,606
Amortised cost on borrowings	-	(139)	-	(139)
Other non-cash movement	-	-	(112,827)	(112,827)
Foreign exchange adjustments	-	(220,804)	(13,073)	(233,877)
Net debt as at 1 July 2023	1,822,217	(5,269,881)	(1,713,033)	(5,160,697)
Net cash inflows	179,330	1,233,489	140,603	1,553,422
Amortised cost on borrowings	-	(417)	-	(417)
Other non-cash movement	-	-	5,929	5,929
Foreign exchange adjustments	-	(127,591)	(6,414)	(134,005)
Transfer to liabilities directly associated with the assets held for distribution (note 29)	(467,422)	1,579,134	397,260	1,508,972
Net debt as at 30 June 2024	**1,534,125**	**(2,585,266)**	**(1,175,655)**	**(2,226,796)**
THE COMPANY				
Net debt as at 1 July 2022	769,565	(3,723,955)	(26,782)	(2,981,172)
Net cash inflows	33,175	1,202,355	-	1,235,530
Other non-cash movements	-	-	26,782	26,782
Foreign exchange adjustments	-	(58,058)	-	(58,058)
Net debt as at 1 July 2023	802,740	(2,579,658)	-	(1,776,918)
Net cash (outflows)/inflows	(305,989)	1,157,247	-	851,258
Foreign exchange adjustments	-	(7,589)	-	(7,589)
Net debt as at 30 June 2024	**496,751**	**(1,430,000)**	**-**	**(933,249)**

**Loans and other borrowings exclude accrued interests*

(iv) The purchase of property, plant and equipment included in the Statements of cash flows included an amount of Rs 57m relating to capital creditors principally for the renovation of Shangri-La's Le Touessrok Resort & Spa (2023: Rs Nil).

(v) Loans to subsidiaries repaid under net cash flows (used in)/from investing activities for the Company includes an amount of Rs 275m as non-cash transaction with subsidiaries (2023: Rs 694m).

(vi) Proceeds from borrowings under net cash flows used in financing activities for the Company includes an amount of Rs 200m as non-cash transaction with a subsidiary (2023: Rs 655m).

35. COMMITMENTS

Capital commitments	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Authorised and contracted for	482,647	139,836	8,764	-

The capital commitments relate mainly to the renovation of Shangri-La's Le Touessrok Resort & Spa (2023: project and maintenance capex).

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

36. RELATED PARTY TRANSACTIONS

The transactions of the Group and the Company with related parties during the period are as follows:

		THE GROUP		THE COMPANY	
		2024	2023	**2024**	2023
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a)	**Sales of goods and services**				
	Subsidiaries and associates of parent	**29,418**	26,632	**-**	-
	Subsidiaries	**-**	-	**253,796**	225,515
		29,418	26,632	**253,796**	225,515
(b)	**Interest income**				
	Subsidiaries	**-**	-	**69,415**	88,026
(c)	**Dividend income**				
	Subsidiary	**-**	-	**1,199,500**	149,750
	Joint venture	**10,029**	5,040	**-**	-
	Associate	**-**	-	**-**	27,118
(d)	**Purchases of goods and services**				
	Subsidiaries and associates of parent	**46,896**	39,975	**2,472**	3,383
(e)	**Legal and secretarial service fees**				
	Subsidiaries and associates of parent	**26,083**	23,795	**2,405**	2,974

(f) The Company has an agreement for the provision of advisory, legal and secretarial services by CIEL Corporate Services Ltd.

		THE GROUP		THE COMPANY	
(g)	**Compensation**	**2024**	2023	**2024**	2023
		Rs'000	Rs'000	**Rs'000**	Rs'000
	Key management personnel				
	- Short-term benefits	**91,272**	72,003	**84,469**	65,985
	- Post-employment benefits	**7,576**	6,735	**6,171**	5,475
		98,848	78,738	**90,640**	71,460
(h)	**Lease from other related party**				
	Right-of-use assets	**11,342**	166,645	**-**	-
	Lease liabilities	**14,171**	196,040	**-**	-
	Gain on de-recognition of lease liabilities	**30,540**	-	**-**	-
	Rental payment	**8,700**	18,000	**-**	-
(i)	**Outstanding balances**				
	Receivables from related parties: Non current				
	Loan to subsidiaries (note 12)	**-**	-	**340,025**	293,000
		-	-	**340,025**	293,000

- Loans to subsidiaries are unsecured, with no fixed terms of repayment and carries interest at 7.25% (2023: 6.75%) per annum.

	THE GROUP 2024	THE GROUP 2023	THE COMPANY 2024	THE COMPANY 2023
Receivables from related parties - Current				
Subsidiaries and associates of parent	**1,268**	56,508	**446**	444
Subsidiaries	**-**	-	**546,881**	107,218
Total amounts due from related parties (note 14)	**1,268**	56,508	**547,327**	107,662

The current amounts receivable from related parties are unsecured, interest free and will be settled in cash. They have no fixed repayment term. No guarantees have been given or received.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

36. RELATED PARTY TRANSACTIONS (CONT'D)

(i) **Outstanding balances (cont'd)**

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Impairment reversals/(charges) on receivables from related parties:				
■ Ambre Resort Ltd	**-**	-	**11,261**	(74,218)
■ SRL Kanuhura Ltd	**-**	-	**-**	11,213
■ Sun*life* Hotel Management Ltd	**-**	-	**8,177**	194,407
■ SRL Property Ltd	**-**	-	**16,000**	-
■ Others	**-**	-	**29,023**	(30,160)
	-	-	**64,461**	101,242

The additional impairment charges during the year represent the deficits between the carrying amounts of the amount receivables from related parties and their net assets values at reporting date. The impairment reversals are due to amount recovered during the year.

	THE GROUP 2024	THE GROUP 2023	THE COMPANY 2024	THE COMPANY 2023
Loan from subsidiary (note 18)	**-**	-	**1,430,000**	1,630,000
Payables to related parties - current				
Subsidiaries and associates of parent	**1,072**	3,301	**659**	3,024
Subsidiaries	**-**	-	**951,787**	1,245,863
Minority shareholder of subsidiary	**-**	13,635	**-**	-
	1,072	16,936	**952,446**	1,248,887

The above transactions have been made in the normal course of business.

The loan from subsidiaries are unsecured, repayable after more than 12 months, denominated in Mauritian Rupee and carry interest at a rate between 3.30% to 6.50% per annum (2023: 3.25% to 3.30%).

The amounts payable to related parties are unsecured, interest free and will be settled in cash.

(j) **Loans and interest receivable from key management personnel under the Executive Share Option Scheme**

Refer to note 12(a)

(k) **Pension contributions to pension plan**

Please refer to note 20.

37. CONTINGENT LIABILITIES

The Group had no other contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business as at 30 June 2024.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

38. EVENTS AFTER THE REPORTING PERIOD

The Group had the following material events after the reporting period which required disclosure to the financial statements for the year ended 30 June 2024:

(i) Corporate Climate Responsibility Levy (CCR)

On 26 July 2024, the Finance (Miscellaneous Provisions) Act 2024 was enacted and any Company meeting the prescribed conditions is required, in every year, to pay a Corporate Climate Responsibility Levy ("CCR") equivalent to 2% of its chargeable income. The levy will be paid in respect of the year of assessment commencing on 1 July 2024, that is tax filing due on 31 December 2024 based on the financial statements for the year ended 30 June 2024. The impact of CCR for the year ending 30 June 2025 relating to 30 June 2024 is estimated as follows:

	THE GROUP	THE COMPANY
	Rs'm	Rs'm
Income tax charge (Statement of profit or loss)	20.0	3.1
Deferred tax :		
Statement of profit or loss	54.8	3.8
Statement of other comprehensive income	98.6	-

The financial statements for the year ended 30 June 2024 do not reflect the effect of the CCR as the change in the tax law was enacted after 30 June 2024.

(ii) Group Restructuring Scheme

On 20 June 2024, the Board of Directors of the Company issued a cautionary announcement informing of its approval to proceed with a restructuring plan which entails the split of its businesses into two distinct listed companies. Such split will enhance shareholders' value and provide a clear investment thesis for each listed group of companies, amongst other matters.

On 19 August 2024, the shareholders of the Company unanimously approved the Group's restructuring scheme such that on 22 August 2024 a petition was lodged to the Supreme Court to seek its sanction. On 12 September 2024, the Supreme Court sanctioned the Scheme.

39. ULTIMATE PARENT COMPANY

The company considers CIEL Limited, a company incorporated in Mauritius, as its parent and ultimate parent company.

40. FINANCIAL INSTRUMENTS

Accounting policies

Financial Assets

On initial recognition, a financial asset is classified either at amortised cost, fair value through other comprehensive income (FVOCI); or fair value through profit and loss (FVTPL). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The financial assets include cash and cash equivalents, trade and other receivables, intercompany loans on the financial assets and investment in securities.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

Categories of Financial assets	*Initial recognition*	*Subsequent recognition*
Amortised Cost (Debt Instrument)	A financial asset is measured at amortised cost if it meets both of the following conditions and is not elected to be designated as FVTPL: ■ It is held within a business model whose objective is to hold assets to collect contractual cash flows, and ■ Its contractual terms give rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.	These assets are subsequently measured at amortised cost using the effective interest (EIR) method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss as they are incurred. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired. This category is the most relevant to the Group. It includes loans and receivables.
Fair Value through other comprehensive income	A debt investment is measured at FVOCI if it meets both of the following conditions and is not elected to be designated as FVTPL: ■ It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and ■ Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.	Debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss. Equity investments are measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Fair Value through profit or loss	All financial assets not classified as amortised cost or FVOCI as described above are classified as FVTPL and held at fair value. This includes all derivative financial assets. On initial recognition, the Group may irrevocably elect to designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This election is made on an individual instrument basis.	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss when the Group's and/or the Company's right to receive the return is established, unless such instrument is designated in a hedging relationship.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards relating to the assets to a third party.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables with third parties.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables are disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS

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40. FINANCIAL INSTRUMENTS (CONT'D)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

The Group's financial liabilities include trade and other payables, loans and other borrowings, contract liabilities and lease liabilities including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings and finance lease obligations

After initial recognition, interest-bearing borrowings and finance lease obligations are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit or loss.

This category includes interest bearing borrowings and finance lease obligations including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise of cash at banks and in hand. For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

40.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of interest-bearing loans and borrowings net of cash and cash equivalents and equity attributable to equity owners of the parent, comprising retained earnings, stated capital, redeemable convertible bonds from MIC and reserves as disclosed in notes 16 to 17 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Capital management (cont'd)

Gearing ratio

The Group has a target gearing ratio up to a maximum of 50% determined as the proportion of net debt to capital employed.

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (Note (i) and (iv))	**5,772,126**	6,982,914	**1,447,806**	2,579,658
Cash and short term deposits (Note (iv))	**(1,568,936)**	(1,822,217)	**(514,557)**	(802,740)
Net debt	**4,203,190**	5,160,697	**933,249**	1,776,918
Net debt excluding IFRS 16 Leases	**2,630,275**	3,447,664	**933,249**	1,776,918
Capital employed ((Note (ii))	**17,323,017**	16,930,792	**23,428,404**	19,550,094
Capital employed excluding IFRS 16 Leases	**16,147,362**	15,217,759	**23,428,404**	19,550,094
Gearing ratio (Note (iii) and (iv))	**16.7%**	22.7%	**4.0%**	9.1%

(i) Debt is defined as loans, leases, debentures and overdrafts excluding accrued interests.

(ii) Capital employed includes all capital, reserves and the net debt of the Group.

(iii) The calculation of gearing ratio excludes IFRS 16 Leases.

(iv) Include continuing and discontinued operations.

There were no changes in the Group's approach to capital risk management during the year.

Material accounting policies

Details of the material 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 40 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Financial instruments by category and fair values

	Fair value hierarchy	THE GROUP		THE COMPANY	
		2024	2023	**2024**	2023
		Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets					
Amortised Cost					
Cash and short term deposits	Level 2	**1,086,708**	1,822,217	**514,557**	802,740
Trade and other receivables	Level 2	**416,370**	507,623	**553,889**	118,014
Other financial assets	Level 2	**13,995**	13,995	**354,020**	306,995
		1,517,073	2,343,835	**1,422,466**	1,227,749
Assets at Fair Value Through Other Comprehensive Income					
Other investments	Level 2	**-**	166,287	**-**	-
Interest in subsidiaries	Level 2	**-**	-	**23,432,471**	20,604,903
		-	166,287	**23,432,471**	20,604,903
Financial liabilities					
Amortised Cost					
Loans and other borrowings	Level 2	**2,646,748**	5,317,285	**1,447,806**	2,586,200
Lease liabilities	Level 2	**1,175,655**	1,713,033	**-**	-
Trade and other payables	Level 2	**968,505**	1,669,372	**1,189,970**	1,462,719
		4,790,908	8,699,690	**2,637,776**	4,048,919

Financial assets exclude prepayments and derivative assets. Non-financial liabilities exclude client advances and derivative liabilities.

40.3 Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

40.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Financial market risk is defined as the risk that business performance is affected by movements in financial market prices or rates. Financial market risk may therefore result in a profit or loss and is the risk that derivatives are usually designed to manage.

The Group enters into a variety of forwards contracts, swaps and cap to manage its exposure to interest rate and foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 Foreign currency risk management

The Group has financial assets and financial liabilities denominated in various foreign currencies. Consequently, the Group is exposed to the risk that the carrying amounts of these foreign currency denominated assets and liabilities may change due to fluctuations in foreign exchange rates.

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and employee benefit liability at 30 June 2024 and 30 June 2023, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
US Dollar	**25,651**	**23,884**	**9,088**	**30,572**
Euro	**818,467**	**2,975,989**	**445,024**	**62,316**
South African Rand	**248,291**	**64,993**	**9,866**	**-**
UK Pound	**156,008**	**2,379**	**4,703**	**-**
Others	**960**	**-**	**218**	**-**
Total foreign currencies	**1,249,377**	**3,067,245**	**468,899**	**92,888**
Mauritian Rupee	**267,696**	**1,723,663**	**953,566**	**2,544,887**
Total	**1,517,073**	**4,790,908**	**1,422,465**	**2,637,775**

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
US Dollar	92,081	113,819	26,935	26,942
Euro	1,179,112	4,523,325	640,268	577,630
South African Rand	194,322	69,150	11,655	-
UK Pound	247,084	155,179	92,453	-
Others	423	-	211	-
Total foreign currencies	1,713,022	4,861,473	771,522	604,572
Mauritian Rupee	630,813	3,838,217	456,227	3,444,347
Total	2,343,835	8,699,690	1,227,749	4,048,919

The Group is mainly exposed to fluctuations in US Dollar, Euro, South African Rand and UK Pound exchange rates.

The following table details the impact on pre tax results following a sensitivity analysis of 1% increase/(decrease) in the Mauritian Rupee against the relevant foreign currencies.

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Increase/(decrease) in pre-tax results:				
US Dollar	**18**	(217)	**(215)**	(0)
Euro	**(21,575)**	(33,442)	**3,827**	626
South African Rand	**1,833**	1,252	**99**	117
UK Pound	**1,536**	919	**47**	925
Others	**10**	4	**-**	-

The Group's and Company's equity would not be materially impacted following a sensitivity analysis of 1% increase/decrease in the Mauritian Rupee against the relevant foreign currencies.

The above is mainly attributable to:

(i) the exposure outstanding on receivables and deposits in above currencies; and

(ii) differences on translation of receivables and payables in foreign subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.6 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrows funds at floating interest rates. The Group's policy is to minimise exposure to interest rate movements without exposing the Group to speculation or undue risk. Sun Limited manages its exposure to fluctuations in interest rates with a view to containing its net interest costs or securing its interest revenues through the purchase of certain hedging instruments such as interest rate caps, floors, swaps or forward rate agreements.

The current policy is to have a good mix of fixed versus variable interest rate with fixed being at least 50% of the interest rate.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

The interest rate profile of the Group at the end of the reporting period were as follows:

Financial assets	Balances with banks Interest rate	
	2024	2023
	%	%
South African Rand	**7.22**	8.44
Mauritian Rupee	**3.10**	3.10

Financial liabilities	Loans		Lease Liabilities		Bank overdrafts		Bonds	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
	%	%	%	%	%	%	%	%
2024								
Mauritian Rupee	**N/A**	**N/A**	**2.20 - 7.05**	**N/A**	**N/A**	**6.75**	**N/A**	**N/A**
US Dollar	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Euro	**5.51**	**N/A**	**5.00**	**N/A**	**N/A**	**N/A**	**2.70**	**6.34**
GBP	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
2023								
Mauritian Rupee	1.50	6.12	2.20 - 7.05	N/A	N/A	4.50 - 6.75	N/A	5.53
US Dollar	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Euro	5.52	5.27	5.00	N/A	N/A	N/A	2.78	4.55
GBP	N/A	7.50	N/A	N/A	N/A	N/A	N/A	N/A

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both financial assets and liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was for the whole year. A 1% increase or decrease is used and represents management's assessment of the likely change in interest rate.

If interest rates had been 1% higher/lower and all other variables were held constant:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	**(18,083)**	(29,394)	**-**	(8,500)

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.7 Other price risks

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group and the Company do not actively trade into these investments.

Equity price sensitivity analysis

If equity prices had been 1% higher/lower:

- Profit for the year ended 2024 and 2023 would have been unaffected as the equity investments are classified at fair value through other comprehensive income.
- Other equity reserves would increase/decrease by Rs Nil (2023: Rs 1.7m) for the Group and Rs Nil (2023: Rs Nil) for the Company respectively as a result of the changes in equity investments classified at fair value through other comprehensive income.

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

40.8 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 Group's funding and liquidity management requirements. Further details are disclosed in note 3.

Sun Limited shall ensure that it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business objectives based on the measures put in place. Cash and debt management is centralised through corporate finance and receipts from the centralised debtors' collection department are monitored on a monthly basis to match the payments of creditors and other commitments. Any temporary gap in cash is covered by the overdraft and short-term borrowing facilities in place.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Non derivative financial instruments

	THE GROUP				
	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2024					
Non-interest bearing		**968,505**	**-**	**-**	**968,505**
Variable interest rate instruments	**6.34%**	**14,337**	**58,700**	**266,215**	**339,252**
Fixed interest rate instruments	**2.20% - 7.05%**	**795,793**	**1,639,418**	**3,654,029**	**6,089,240**
		1,778,635	**1,698,118**	**3,920,244**	**7,396,997**
2023					
Non-interest bearing		1,669,372	-	-	1,669,372
Variable interest rate instruments	4.55% - 6.12%	799,029	2,184,972	676,833	3,660,834
Fixed interest rate instruments	1.50% - 7.05%	492,715	2,496,723	4,654,816	7,644,254
		2,961,116	4,681,695	5,331,649	12,974,460

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

40. FINANCIAL INSTRUMENTS (CONT'D)

40.8 Liquidity risk management (cont'd)

	THE COMPANY				
	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2024					
Non-interest bearing		**1,189,970**	**-**	**-**	**1,189,970**
Fixed interest rate instruments	**3.3% - 6.5%**	**173,178**	**519,534**	**1,603,178**	**2,295,890**
		1,363,148	**519,534**	**1,603,178**	**3,485,860**
2023					
Non-interest bearing		1,462,719	-	-	1,462,719
Variable interest rate instruments	5.5%	411,277	441,466	168,529	1,021,272
Fixed interest rate instruments	1.5% - 3.3%	114,312	256,500	1,683,303	2,054,115
		1,988,308	697,966	1,851,832	4,538,106

40.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have 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. The Group and the Company only transact with entities of good credit rating. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

40.10 Fair value of financial instruments

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

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

41. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

Accounting policies

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges on interest rate swap, hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Hedge accounting

The Group has chosen to continue to apply the hedge accounting requirements of IAS 39 instead of IFRS 9. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

Where there is a hedging relationship between a hedge instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.

Cash Flow Hedge

Where a financial instrument hedges the exposure to variability in the cash flows of highly probable transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised in profit or loss. The cumulative gain or loss recognised in equity is transferred to profit or loss at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in profit or loss immediately.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method is to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above foreign currency purchases this may arise if the timing of the transaction changes from what was originally estimated.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

41. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

Significant judgements

The Group is exposed to foreign currency risk, most significantly to the Euro, Pound Sterling and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies.

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur. In making this assessment, the Group has considered the most recent budgets and plans and concluded that cash flows occuring as from July 2024 are considered as highly probable. This led to hedging effectiveness and no impact to the profit or loss of the Group was recorded (2023: Rs Nil).

The Group is exposed to foreign currency risk, most significantly to the Euro, UK Pound and US Dollar, on the Group's sales denominated in these currencies. The Group hedges these exposures by entering into foreign currency loans ("hedging instruments") with future principal payments that will match the future sales ("hedged item") in these currencies. All exchange differences arising on the conversion of foreign currency loans are deferred in equity, under the cash flow hedge reserve to the extent that the hedge is effective. On recognition of the hedged sales, the foreign currency gain/loss is netted off by releasing a portion of the cash flow hedge reserve.

The Group has reviewed the hedging portfolio to confirm whether the underlying transactions remain "highly probable.

At the time of reporting, management has identified:

(i) a portion of foreign currency sales which are no longer deemed to be "highly probable" but are still expected to occur. Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective remains in equity until the forecasted transaction occurs.

(ii) A portion of foreign currency sales which are no longer deemed to be "highly probable" and are not expected to occur. Hence, the corresponding cumulative gain or loss deferred in equity whilst the hedge was effective are immediately removed from equity and are recognised in the statement of profit or loss.

(a) The cash flow hedge reserve disclosed in the statements of changes in equity relates to the following:

	THE GROUP	
	2024	2023
	Rs'000	Rs'000
At 1 July	**(285,157)**	(114,872)
Revaluation (losses)/gains on loan recognised in other comprehensive income	**(120,631)**	(204,953)
Cash flow hedge reserve released to profit or loss on repayment of loan included in finance cost	**63,942**	34,668
At 30 June	**(341,846)**	(285,157)

(b) Below is a schedule indicating the periods when the hedge cash flows are expected to occur and when they are expected to affect profit or loss:

THE GROUP	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
Cash inflows	**663,868**	**959,971**	**327,574**	**643,689**
Cash outflows	**(663,868)**	**(959,971)**	**(327,574)**	**(643,689)**
Net cash outflows	**-**	**-**	**-**	**-**
2023				
Cash inflows	345,582	1,485,553	1,435,873	1,006,063
Cash outflows	(345,582)	(1,485,553)	(1,435,873)	(1,006,063)
Net cash outflows	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2024

41. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS (CONT'D)

(c) The hedge of the variability of cash flows due to exchange rate fluctuations

The final repayment of the bank loans and bonds identified as the hedge instrument range from 16 September 2024 to 23 March 2032 for the Group.

The fair value of the denominated bank loans and bonds is as follows:

	THE GROUP		THE COMPANY	
	2024	2023	**2024**	2023
	Rs'000	Rs'000	**Rs'000**	Rs'000
As at 30 June	**2,585,266**	5,269,881	**1,430,000**	2,579,658

These financial assets are classified under Level 3 of the Fair Value Hierarchy.

42. SEGMENT INFORMATION

The Group is organised into two business services, that is, hotel operations and other hospitality management services, with majority of the services being carried out in Mauritius. The Group is therefore not required to disclose segmental information as the hotel operations constitute more than 90% of its total revenue, operating profit, profit after tax and combined assets at 30 June 2024.