Cargo Handling Corporation Ltd

AUDITED ACCOUNTS

Financial Year
From
July 2020 to June 2021

December 2021

Cargo Handling Corporation Limited

Contents

Cargo Handling Corporation Limited

Corporate information

Directors	Date appointed	Date resigned
Mr. Gopala Krishnan PERMALL *(Chairman)*	27 July 2020	20 September 2021
Mr. Kechan BALGOBIN *(External Communications Division)*	30 January 2013	21 July 2021
Mr. Kechan BALGOBIN *(Acting Chairman as from 20 September 2021)*	03 August 2021	-
Mr. Eric Presley Michael PAUL *(Chairman)*	06 September 2017	27 July 2020
Mr. Eric Presley Michael PAUL *(Managing Director)*	28 July 2020	-
Mr. Shekar SUNTAH	03 November 1998	-
Mr. Shakeel GOBURDHONE	06 October 2015	-
Mr. Deevendra CALLY	19 March 2015	-
Mr. Om Kumar DABIDIN	27 February 2015	03 August 2021
Mrs. Vailamah PAREATUMBEE	19 March 2015	-
Mr. Alain EDOUARD	27 April 2018	07 August 2020
Mr. Alain EDOUARD	10 August 2021	-
Mr. Jacques Fernand Ulry FANOR	27 April 2018	07 August 2020
Mr. Jean Steeve PROSPER	27 April 2018	07 August 2020
Mr. Charles Jean BABYLONE	10 August 2020	-
Mr. Aneesh Kumar LOCHON	10 August 2020	-
Mrs. Aruna Bunwaree RAMSAHA *(Alternate to Mr. Shekar Suntah)*	06 October 2015	-
Mr. Sandesh Kumar SEELOCHUN *(Alternate to Mr. Shakeel Goburdhone)*	06 October 2015	-
Mrs. Anishta PUNCHOO *(Alternate to Mr. Deevendra Cally)*	*	
Mr. Virendra Kumarsingh DABY	07 December 2020	26 July 2021
Mr. Koosiram CONHYE	04 September 2020	15 October 2020
Mr. Asish Kumar JHOERREEA	21 July 2021	-
Mr. Raj Kishore BUNJUN	27 July 2021	-

** There has been no official appointment. She is acting as representative of the State Investment Corporation.*

Senior Management Team	Position
Mr. Eric Presley Michael PAUL	Managing Director *(as from 28 July 2020)*
Mr. Cyril RENÉ	Officer In Charge *(from 14 March 2020 to 27 July 2020)* Deputy Managing Director *(as from 02 September 2019)*
Mr. Sanjaye PADDIA	Finance Manager
Mr. Cheranjivsing RAMLACKHAN	Administrative Manager
Mrs. Janice MUNDIL	Internal Audit Manager
Mr. Hemraj DAHARI	Human Resource Manager
Mrs. Aartee SEEGOOLAM	Information Technology Manager
Mr. Hemlall Chowbay MULTRA	Terminal Operations Manager
Mr. Ananda JUGGIAH	Technical Manager

Cargo Handling Corporation Limited

Corporate information (Contd)

Company Secretary	:	Mr Cheranjivsing RAMLACKHAN C/o Cargo Handling Corporation Limited CHCL Building, Mer Rouge Port Louis Republic of Mauritius
Registered office	:	CHCL Building, Mer Rouge Port Louis Republic of Mauritius
Legal advisors	:	Solicitor - General Renganaden Seeneevassen Building Port Louis Republic of Mauritius Me Maxime Sauzier C/o ENSafrica 19, Church Street Port Louis Republic of Mauritius
Auditors	:	Grant Thornton Ebene Tower 52 Cybercity Ebene 72201 Republic of Mauritius
Bankers	:	SBM Bank (Mauritius) Ltd MauBank Ltd The Mauritius Commercial Bank Ltd Absa Bank (Mauritius) Limited

Cargo Handling Corporation Limited

Annual Report

The Directors have pleasure in presenting their Annual Report together with the audited financial statements of Cargo Handling Corporation Limited, the "Company" or "CHCL", for the year ended 30 June 2021.

Incorporation

The Company was incorporated in the Republic of Mauritius on 02 September 1983 as a private company with liability limited by shares. The Company's registered office is CHCL Building, Mer Rouge, Port Louis, Republic of Mauritius.

Principal activity

The principal activities of the Company are those of:

- providing handling services for containers and general cargo by providing labour and equipment;
- providing for the storage of all general cargo including containers passing through Port Louis Harbour; and
- providing ancillary services namely monitoring of reefer containers, transfer of containers and leasing of equipment.

Business review

Results

The results for the year are shown on page 40.

State of affairs

The state of the Company's affairs at the reporting date is set out on pages 38-39.

Material clauses of the Company's Constitution

The Company is governed by its Memorandum and Articles of Association. The Memorandum and Articles of Association are in agreement with the Mauritius Companies Act 2001.

Memorandum of Association

Clause 2: Objects of the Company

Sub-Clause 1: Main Objects

1.1. To provide manual, supervisory and managerial staff to handle all cargo (excluding bulk sugar and any other commodity under the responsibility of the Mauritius Sugar Terminal Corporation and cargo passing through pipelines) passing through Port Louis Harbour from ships' holds, by the most efficient means consistent with costs.

1.2. To supply, maintain, renew, purchase or lease cargo handling equipment including tugs and lighters for the efficient movement of cargo from ships' hook until delivery to consignees, or in case of outward cargo for the movement from shore to ships' hook.

1.3. To provide all staff and equipment for the transhipment of cargo in Port Louis Harbour.

1.4. To provide for the storage of all general cargo including containers passing through Port Louis Harbour.

1.5. To provide, maintain and operate a container freight station in Port Louis Harbour.

1.6. To provide facilities or services for the welfare of all employees of the Company.

Cargo Handling Corporation Limited

Annual Report (Contd)

Memorandum of Association (Contd)

Clause 3: Limitation of Liability

The liability of the shareholders is limited to the amount, if any, unpaid on the shares respectively held by them.

Article 4: The Company is to be a Private Company

Consequential Restrictions

4.2. The Membership of the Company shall be restricted to:-

(a) the Government of Mauritius;
(b) the Mauritius Ports Authority; and
(c) a public sector organisation.

Article 12: Increase or Alteration of Capital

12.1. The Company may, when thought expedient, increase its authorised share capital by the creation of new shares of such nominal amount and of such class as may be deemed appropriate.

12.1.3. Subject to any direction to the contrary in its resolution deciding on the creation of new shares or by these presents, all new shares of a particular class thus created shall when issued be offered in the first instance and either at par or at premium for subscription to all the existing shareholders of such class of the Company in proportion of such shares of such class held by them respectively.

Article 16: Management

16.1. The Company is represented and managed by a Board of Directors consisting of thirteen Directors. The Directors are elected either by ballot or by show of hands by the shareholders in general meeting.

Article 18: Proceedings of the Directors

18.1. The Directors may meet for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit, provided they shall meet at least once every month.

18.6. The Directors may delegate any of their powers to committees, consisting of two or more members of their body, as they think fit, and may from time to time revoke such delegation.

Directors

The present composition of the Board is set out on page 2.

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

i. ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;

Cargo Handling Corporation Limited

Annual Report (Contd)

Directors' responsibilities in respect of the financial statements (Contd)

ii. select suitable accounting policies and then apply them consistently;
iii. make judgements and estimates that are reasonable and prudent;
iv. state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
v. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors hereby report that: -

i. adequate accounting records and an effective system of internal controls and risk management have been maintained;
ii. appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
iii. applicable accounting standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified; and
iv. the Code of Corporate Governance will be substantially complied with in the next reporting year and the Company will provide reasons for non-compliance.

Internal Control

The Directors are responsible for the Company's systems of internal control. The systems have been designed to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that there are no material errors and irregularities. An internal audit function is in place to assist Management in the effective discharge of its responsibilities and it is independent of Management and reports to the Audit Committee.

Risk Management

The Board of Directors has overall responsibility for risk management. Through the Audit Committee, the Directors are made aware of the risk areas which affect the Company and ensure that the Senior Management team has taken appropriate measures to mitigate these risks.

Contracts of Significance

There were no contracts of significance to which the Company was a party and in which a Director was materially interested either directly or indirectly.

Cargo Handling Corporation Limited

Annual Report (Contd)

Directors' Share Interests

The Directors' have no interest in the share capital of the Company, either directly or indirectly.

Directors' Remuneration

Total emoluments and other benefits paid to the Directors were as follows:

	Name of Directors	30 June 2021 Rs	30 June 2020 Rs
1	Mr. Alain Edouard	**117,000**	112,500
2	Mr. Shekur Suntah	**158,500**	124,000
3	Mr. Jacques Fernand Ulry Fanor	**28,500**	85,500
4	State Investment Corporation Ltd (Represented by Mr. Deevendra Cally)	**126,000**	91,500
5	Mr. Jean Steeve Prosper	**28,500**	85,500
6	Mr. Kechan Balgobin	**202,000**	161,500
7	Mr. Shakeel Goburdhone	**129,000**	94,500
8	Mrs. Aruna Bunwaree Ramsaha (Alternate to Mr. Shekar Suntah)	**9,500**	15,500
9	Mr. Om Kumar Dabidin	**180,000**	142,500
10	Mrs. Vailamah Pareatumbee	**134,000**	93,500
11	Mr. Virendra Kumarsingh Daby	**47,500**	84,500
12	Mr. Koosiram Conhye	**38,000**	19,000
13	Mr. Charles Jean Babylone	**106,500**	-
14	Mr. Aneesh Kumar Lochon	**85,500**	-
		1,390,500	1,110,000
	<u>Emoluments</u>		
15	Mr. Gopala Krishnan Permall	**874,053**	-
16	Mr. Eric Presley Michael Paul	**2,636,423**	979,880
17	Mr. Ram Prakash Nowbuth	**-**	1,788,911
		3,510,476	2,768,791
	FULL TIME EXECUTIVE DIRECTORS		
	From the Company	**2,636,423**	1,788,911
	From related companies	**-**	-
	Total amount	**2,636,423**	1,788,911
	NON-EXECUTIVE DIRECTORS		
	From the Company	**2,264,553**	2,089,880
	From related companies	**-**	-
	Total amount	**2,264,553**	2,089,880

Cargo Handling Corporation Limited

Annual Report (Contd)

Donations

Donations made by the Company are detailed in the Corporate Governance Report.

Auditors

The fees payable to auditors for the year ended 30 June 2021 are as follows:

	30 June 2021	30 June 2020
	Rs	Rs
Audit	920,000	862,500
Other services	54,625	51,750
	974,625	914,250

The financial statements were audited by Messrs. Grant Thornton. Other services relate to tax compliance fees.

Messrs. Grant Thornton ensures objectivity and independence are safeguarded at all times. The non-audit services (i.e. tax compliance services) are performed by Grant Thornton (Advisory Services) Ltd, a separate legal entity headed by non-audit partners.

Approved by the Board of Directors on 20.12.21 **and signed on its behalf by:**

Mr. Kechan BALGOBIN
Chairman

Mr. Eric Presley Michael PAUL
Managing Director

Date: 20.12.21

Date: 20.12.21

Cargo Handling Corporation Limited

Corporate governance report

Principle 1: Governance Structure

Compliance with the National Code of Corporate Governance for Mauritius (2016) (the "Code")

Cargo Handling Corporation Limited, the "Company" or "CHCL" is a government-owned private company incorporated in October 1983. CHCL is a public interest entity as per the Financial Reporting Act 2004 and has taken and continues to undertake all necessary steps to ensure full compliance with the Code of Corporate Governance (Code). CHCL recognises the ever-growing importance of good governance principles and is committed to fully comply thereof. CHCL remains guided by the eight principles issued by the National Committee on Corporate Governance in its "National Code of Corporate Governance 2016".

Presently, CHCL has a formalised Conduct and Ethics Policy for employees in the CHCL Employee Manual.

The CHCL is applying the principles contained in the Code and this report is also disclosing the compliance status.

Key Governance Positions

The Board of Directors approves all key governance positions within the CHCL and the corresponding accountabilities of these key positions. The Board assumes responsibility for leading and controlling the Company and ensuring that all legal and regulatory requirements are met. The roles and responsibilities of the Chairperson and the Managing Director (the Chief Executive Officer) are clearly stated and differentiated in the Memorandum and Articles of Association.

The Board has not yet formalised its Board Charter though the functioning of the Board is governed by CHCL Memorandum and Articles of Association and by established practices, policies and objectives.

The Board meets each month as per its constitution and reviews all significant matters through its sub committees and established agenda.

Role and Functions of the Chairperson

The Chairman presides over board meetings and ensures the smooth functioning of the Board. The Chairman also presides over the Company's Meetings of Shareholders. The Chairman ensures that the Board operates in an effective manner with the contribution of each and every Director. He also has the responsibility that all relevant information and facts are placed before the Board to enable the Directors to reach informed decisions. The previous Chairman was Mr. Gopala Krishnan Permall who resigned in September 2021 and Mr. Kechan Balgobin is presently acting as the Chairman of the Company.

Role and Functions of the Chief Executive Officer

Mr. Cyril René, the Deputy Managing Director, was nominated as the Officer In Charge from 14 March 2020 to 27 July 2020. Mr. Eric Presley Michael Paul was appointed as the Managing Director as from 28 July 2020. He is also a Director of the Board. The Managing Director is responsible for the implementation of policies and decisions reached at the Board level. As the head of the Management team, his functions encompass the appropriate management and monitoring of the day-to-day business affairs of the Company. The Managing Director serves also as the liaison officer between the Board of Directors and Management.

Up to the appointment of the new Managing Director, the Officer in Charge was the Chief Executive Officer of the Company and as such fulfils the role and functions of the latter. However, he was not a Director on the Board, as compared to two executives as required under the Code of Corporate Governance. Nevertheless, the Officer In Charge was in attendance of all Board Meetings and fulfilled the role of a quasi-director.

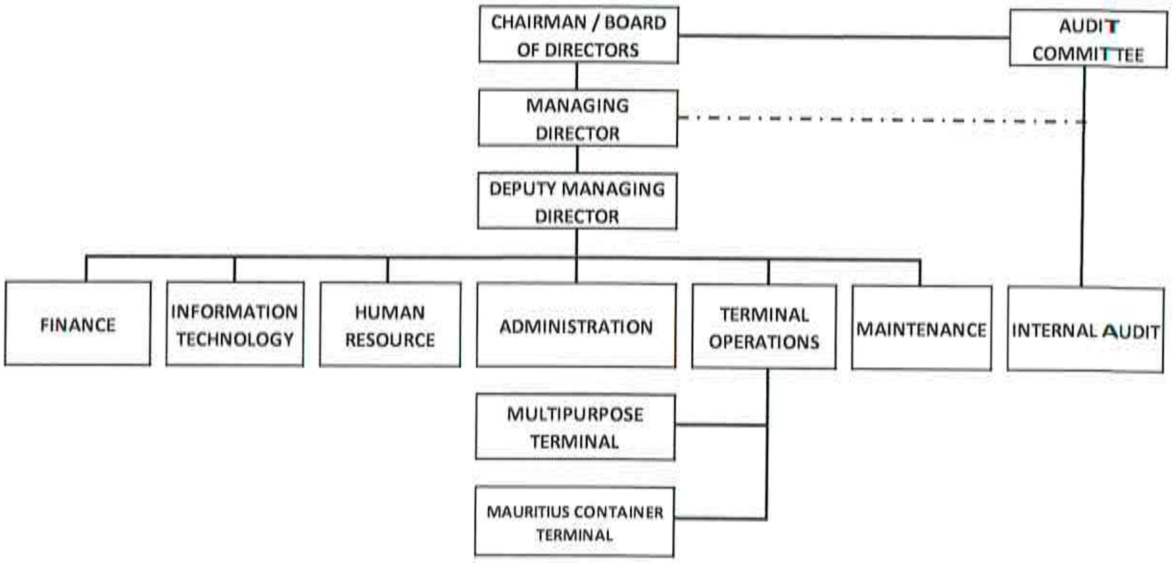
Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 1: Governance Structure (Contd)

CHCL Organisational Chart as at 30 June 2021

The organisation structure of the Cargo Handling Corporation Ltd stands as follows:



Each department is managed by a manager/responsible officer with clear responsibilities, reporting lines and duties as approved by the Board of Directors.

Principle 2: The Structure of the Board and its Committees

The CHCL Board is a unitary one consisting of 13 directors at present. The Board will be working on its Charter together with defining the frequency of assessment thereof.

The Board has only one woman as Board Director and all members of the Board of the CHCL are ordinarily resident in Mauritius. The size and composition of the Board are determined by the CHCL's Memorandum and Articles of Association, i.e. 13 directors including 3 directors, appointed by the Minister responsible for Ports, representing employees of the CHCL. The 3 directors are appointed following secret ballot among the CHCL employees held every two years. The other 10 directors are as hereunder:

- One director representing the Prime Minister's Office (PMO);
- One director representing the Parent Ministry (PMO);
- One director representing the Ministry of Finance and Economic Development;
- Two directors representing the Mauritius Ports Authority (MPA);
- One director representing the State Investment Corporation (SIC);
- One director representing the Ministry of Shipping;
- One director appointed to represent consumer interests (currently vacant);
- One director appointed by the PMO as Chairman; and
- The Managing Director of the CHCL.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Role of the Board

The Board of Directors (the "Board") of CHCL is normally constituted of 13 directors: mainly from various Ministries and Government organisations.

As at 30 June 2021, one post of director is vacant and CHCL is controlled by a Board comprising of 13 directors including the Chairman and the Managing Director. The Chairman has no executive functions. The Board is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of CHCL.

The Board normally meets once a month to establish policies and objectives and to consider significant matters, including investment projects, review of performance, monitoring of progress on key issues and to consider recommendations from both Management and Board Committees. The Board also oversees all statutory matters, including approval of audited financial statements, high value procurement, major maintenance contracts, significant capital expenditure and investment projects.

The Board and its Committees operate in an effective manner with the contribution of each and every Director and Member. The deliberations and regular presence of Directors/Members at meetings of Board and Committees have immensely contributed in the decision making process of the Company.

To enable the Board to take informed decisions, complete and timely information are provided to the Directors. Furthermore, the Board has access to consultants working on main assignments.

The roles, functions and responsibilities of the Chairman and the Chief Executive Officer (Managing Director) are separate.

Role and Functions of the Executive, Non-Executive and Independent Non-Executive Directors

The majority of the directors at CHCL Board hold non-executive functions. Non-executive directors are essential for providing independent judgement in all circumstances. All directors ensure that they have adequate time to diligently carry out their responsibilities and duties to the Company. CHCL directors are diligent in discharging their duties and obligations to the Company, regularly attend meetings and have knowledge of the business of the Company so that they can meaningfully contribute to its direction.

Presently, there is only one executive director on the Board instead of two as recommended by the Code. In the light of the present structure of the Board (13 directors), the appointment of another director is deemed not urgent considering that the Deputy Managing Director attended the CHCL Board as an observer.

There is no independent director on the CHCL Board. The decision to review the composition of the Board rests on the Government of Mauritius as the major shareholder.

Principle 2: The Structure of the Board and its Committees (Contd)

Role and Functions of the Company Secretary

The Company Secretary ensures that CHCL complies with its Constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board. The Company Secretary also provides guidance and advice to the Board on matters of ethics and good governance.

After the promotion of the previous Administrative Manager, Mr. Cheranjivsing Ramlackhan was assigned duties of the Administrative Manager and as such, also the duties of the Company Secretary for the Board and Secretary for Board Committees. He was appointed to the post of Administrative Manager as from 04 January 2021.

Board Committees

To allow detailed consideration of specific and complex issues, the Board has four standing committees to assist in the execution of its duties by making well-considered recommendations. The Board Committees operate according to their approved terms of reference.

The delegation of the authority to Board Committees or Management does not in any way discharge the Board from its duties and responsibilities. The ultimate accountability and responsibility for the performance and affairs of the Company rest with the Board of Directors.

The recommendations of the Board Committees are forwarded in the next meeting of the Board. Minutes and reports of the Committees are made available in the Board disclosing the deliberations of Board Committees. The final approval rests with the Board.

CHCL Board Committees comprise of members of the Board. The Secretary of the Board also acts as the Secretary of the Board Committees.

The terms of reference of each committee are reassessed by the Board as and when required.

A broad description, including the memberships, of the Board Committees is provided hereunder:

Staff Committee

The Staff Committee considers all matters relating to staff of the Company.

The composition of this Committee for the year under review was as follows:

Chairperson: Mr. K. Balgobin (up to 21 July 2021 and reappointed on 03 August 2021)

Members: Mr. C. René (from 14 March 2020 to 27 July 2020)
Mr. P. Paul (as from 28 July 2020)
Mr. S. Suntah
Mr. O. K. Dabidin (up to 03 August 2021)

Secretary: Mr. C. Ramlackhan

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Staff Committee (Contd)

The Staff Committee has the following Terms of Reference:

To consider matters pertaining to the:-

i. Creation of posts (including the Scheme of Service);
ii. (a) Recruitment, (b) Selection and (c) Promotion of employees and make appropriate recommendations to the Board; and
iii. The Committee may also be called upon to consider other issues pertaining to Human Resource Management and make recommendations to the Board.

The Staff Committee may solicit the cooperation of specialists in the relevant fields to guide and advise members of the Committee as and when required.

Finance Committee

The Finance Committee makes recommendations to the Board on various financial matters including procurement, capital expenditure and investment.

Membership of the Finance Committee during the year ended 30 June 2021 was:

Chairperson: Mr. K. Balgobin (up to 21 July 2021 and reappointed on 03 August 2021)

Members: Mr. C. René (from 14 March 2020 to 27 July 2020)
Mr. P. Paul (as from 28 July 2020)
Mr. S. Suntah
Mr. O. K. Dabidin (up to 03 August 2021)
Mr. C. J. Babylone

Secretary: Mr. C. Ramlackhan

The Terms of Reference of the Committee are provided hereunder:

The members of the Finance Committee may be called upon to:-

i. Analyse all tenders pertaining to purchases amounting to more than Rs 1 million for selection, while ensuring that all tender procedures have been followed from the start of the exercise till the supply of the goods or services;
ii. Monitor tariffs levels for any adjustment;
iii. Consider the budget;
iv. Consider the audited financial statements and Directors' Report;
v. Consider any financial issue brought to their attention by Management; and
vi. Make appropriate recommendations to the Board.

Audit Committee

The Audit Committee recommends the Board on matters relating to internal and external audits as well as the effectiveness of the internal control system.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Audit Committee (Contd)

The Audit Committee was constituted as follows during the year under review:

Chairperson: Mrs. V. Pareatumbee

Members: Mr. D. Cally
Mr. S.Goburdhone

Secretary: Mr. C. René / Mr. C. Ramlackhan

The Terms of Reference of this Committee are detailed below:

(i) Review of the audited financial statements;
(ii) Considering appointment, remuneration and resignation or dismissal of external auditors;
(iii) Discussing and agreeing on the scope, nature and any limitations of the audit exercise;
(iv) Discussing with external auditors;
(v) Reviewing reports from the Internal Audit;
(vi) Reviewing the control environment of the entity;
(vii) Ensure coordination between internal and external audits;
(viii) Reviewing plans for new developments; and
(ix) Reviewing reports on major defalcations, frauds or thefts from the Company.

The Audit Committee also considers issues relating to risk management of the Company.

Currently, the Audit Committee is chaired by a non-independent director and the other members have also the same status since no independent directors are present on CHCL's Board due to its constitution as decided by the Government of Mauritius, the major shareholder.

Corporate Governance Committee

The Board was responsible for Corporate Governance matters and has delegated Management to report on Corporate Governance for the year under review.

The Board has approved the setting up of a Corporate Governance Committee in October 2018 and thereafter, the composition and membership was decided. During the year ended 30 June 2021, no Corporate Governance Committee was held since all decision pertaining to corporate governance was taken by the board.

Remuneration Committee

The responsibility for remuneration of the executive director and fees for non-executive directors rests with the Board. Remuneration for senior management staff and other employees is recommended by the Staff Committee following negotiation by the Management with the Unions periodically.

Board Risk Committee

The Company does not have a Board Risk Committee. The Audit Committee considers issues relating to risk management of the Company.

Nomination Committee

Directors and senior executive nominations are approved by the Board. No separate Nomination Committee is constituted at the Company.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Directors' profile

Gopala Krishnan PERMALL – Chairman *(up to 20 September 2021)*
Non-Executive Director

Mr. G. K. Permall was appointed as Chairman of the Company on 27 July 2020. He holds a first-class Bachelor degree in Business Administration from the University of Madras, India and a Diploma in Software Engineering from Aptech Computer Education. He has wide experience in managing overall operations and making corporate decisions since he is already a CEO and a director of different private companies namely in the field of business process outsourcing (BPO) and offshore management companies. He resigned from the post of Chairman as from 20 September 2021.

Mr. Kechan BALGOBIN – Acting Chairman *(resigned on 21 July 2021 and reappointed on 03 August 2021)*
Non-Executive Director

Mr. K. Balgobin was appointed as director on 30 January 2013. He joined the public sector on 05 May 1983 as Clerical Officer/Higher Clerical Officer. Afterwards, he subsequently held the positions of Executive Officer, Establishment Officer, Assistant Secretary and Principal Assistant Secretary. He was previously a Deputy Permanent Secretary and the representative of the External Communications Division. He holds a Diploma in Personnel Management and an MBA (General). He is currently a Permanent Secretary at the Defence and Home Affairs Division and represents the Prime Minister's Office. He is also acting as the Chairman of the Board of Directors since 29 September 21.

Mr. Eric Presley Michael PAUL – Managing Director
Executive Director

Mr E. P. M. Paul was the Chairman of the Company from 06 September 2017 and up to 27 July 2020. He was appointed as the Managing Director of the Company as from 28 July 2020. He is the holder of a degree in Supply Chain Management from Charles Telfair Institute since 2002. He started his career in the Freight Forwarding sector in 1997 as Customs Clerk at the World Freight Forwarding Ltd. Since then, he has been developing his skills while working in Mauritius and in Madagascar as Operations Manager. In October 2015, he was appointed as Logistics Manager at Rennel Ltd – Fedex and TNT agent. He has an extensive knowledge of the shipping and logistics sectors.

Mr. Shekur SUNTAH
Non-Executive Director

Mr. S. Suntah was appointed as director on 03 November 1998 to represent the Mauritius Ports Authority ("MPA"). He is currently the Director-General of the MPA since November 2007. Prior to being promoted as the Director-General, he was respectively the Civil Engineer, Port Engineer and the Deputy Director-General of the MPA. He is with the MPA since February 1988. Apart from holding a degree in Civil Engineering (University of Leeds) and an MSC (Eng) in Maritime Civil Engineering (University of Liverpool), he is also a Fellow member of the Chartered Institute of Logistics and Transport.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Directors' profile (Contd)

Mr. Shakeel GOBURDHONE
Non-Executive Director

Mr. S. Goburdhone was officially appointed as director on 06 October 2015 as the second representative of the Mauritius Ports Authority (MPA). He is currently the Deputy Director General (Technical & Operational Services) at the MPA. He joined the MPA as Civil Engineer in 1990. He was promoted Port Engineer in 1999 and thereafter as Port Development Director at the MPA. He was previously employed as Civil Engineer at Sir Alexander Gibb and Partners. He is a graduate in Civil Engineering (1987) from the University of Mauritius and has also a Masters in Business Administration (1996).

Mr. Deevendra CALLY
Non-Executive Director

Mr. D. Cally is presently working as Senior Investment Executive at the State Investment Corporation Ltd (SIC). He is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and holds a Bachelor degree in Commerce and Master's degree in Business Administration with specialisation in Finance. Prior to joining SIC, he worked with Kross Border Trust Services Ltd as Senior Offshore and Fund Administrator. He has more than 15 years wide-ranging experience in the finance sector and he currently acts as Board Member on various investee companies of SIC.

Mr. Om Kumar DABIDIN *(up to 03 August 2021)*
Non-Executive Director

Mr O. K. Dabidin is the Secretary for Home Affairs at the Prime Minister's Office. Mr Om Kumar Dabidin is holder of an MBA from the University of Mauritius and a Diploma in Personnel Management. He also holds an M.A. Social Work from the University of Delhi and a BA Division One from the JIWAJI University, India.

He joined the Civil Service in 1976 as Clerical Officer and became Administrative Officer in 1988 at the Prime Minister's Office. He became Assistant Secretary in October 1996 and Principal Assistant Secretary in November 2000. He was previously the Permanent Secretary at the Prime Minister's Office and also a part-time lecturer at the University of Mauritius and the University of Technology. He ceased to be a Director of the Company on 03 August 2021.

Mrs. Vailamah PAREATUMBEE
Non-Executive Director

Mrs V. Pareatumbee is a Lead Analyst at the Ministry of Finance and Economic Development. She has over 35 years of service in the Civil Service and joined the Government as Clerical Officer in December 1980. She joined the National Audit Office in 1987 and ultimately the Mauritius Audit Bureau. She is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and also holds an MBA.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Directors' profile (Contd)

Mr. Alain EDOUARD *(resigned on 07 August 2020 and reappointed on 10 August 2021)*
Non-Executive Director

Mr. A. Edouard appointed as director on 27 April 2018. He represented the non-manual employees on CHCL Board. He is in service at CHCL since April 1991 and is a Trainer STS at the Mauritius Container Terminal (MCT). He was also the President of the Port Louis Maritime Employees Association (PLMEA). He resigned on 07 August 2020 and was reappointed as Director on 10 August 2021.

Mr. Jacques Fernand Ulry FANOR *(up to 07 August 2020)*
Non-Executive Director

Mr. J. F. U. Fanor joined the CHCL in January 1979. He is presently the Head of Data and Statistics section and was appointed as director in April 2018 to represent the staff employees on the CHCL Board. He ceased to be a Director of the Company on 07 August 2020.

Mr. Jean Steeve PROSPER *(up to 07 August 2020)*
Non-Executive Director

Mr. J. S. Prosper joined the CHCL in July 2006 and is today a Foreman Stevedore and was appointed as director in April 2018 to represent the manual employees on the CHCL Board. He ceased to be a Director of the Company on 07 August 2020.

Mr. Charles Jean BABYLONE *(as from 10 August 2020)*
Non-Executive Director

Mr. C. J. Babylone was appointed as Director representing manual employees on the CHCL Board as from 10 August 2020. He joined the Company in September 1982. He is presently a Foreman Plant & Equipment posted at the Mauritius Container Terminal (MCT). He also served as a Director representing manual employees on CHCL Board in the past.

Mr. Aneesh Kumar LOCHON *(as from 10 August 2020)*
Non-Executive Director

Mr. A. K. Lochon was appointed as Director representing employees on the CHCL Board as from 10 August 2020. He joined the Company in December 2007 and is currently a Logistics Supervisor in the Logistics Unit at the Mauritius Container Terminal (MCT). He was previously posted as Logistics Officer and Terminal Officer at the Company.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Directors' profile (Contd)

Mr. Virendra Kumarsingh DABY *(from 07 December 2020 to 26 July 2021)*
Non-Executive Director

Mr. V. K. Daby was appointed as director as from 07 December 2020. He was the Permanent Secretary at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. His work experience includes posting as Assistant Permanent Secretary (April 1988 – October 2000), Deputy Permanent Secretary (November 2000 – May 2012) and Permanent Secretary (May 2012 to date) at various ministries. He is holder of a Diploma in Public Administration from the University of Mauritius (1990 – 1992), a BSc Biology (Second Division) from the Mohanlal Sukhadia University of India (1980 – 1983), a MSc Zoology (First Division, Gold Medallist) from the Mohanlal Sukhadia University of India (1983 – 1985). He has also followed the Commonwealth Executive Development Programme from the York University of Canada. He ceased to be a Director of the Company on 26 July 2021.

Mr. Koosiram CONHYE *(from 04 September 2020 to 15 October 2020)*
Non-Executive Director

Mr. K. Conhye was appointed as director on 04 September 2020 as representative of the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. He is an Associate Member of the Chartered Institute of Secretaries and Administrators and holds a Diploma in Marketing and an MSc Finance. He joined the public service in February 1981 and has served in various Ministries and Departments at senior management level for more than two decades. He was assigned the duties of Permanent Secretary at the Ministry of Technology, Communication and Innovation on 15 March 2016 and was subsequently appointed in a substantive capacity on 05 January 2017. He is presently the Permanent Secretary of the Ministry of Social Security, National Solidarity and Environment and Sustainable Development. He resigned as Director of the Company 15 October 2020.

Mr. Asish Kumar JHOERREEA *(as from 21 July 2021)*
Non-Executive Director

Mr. A. K. Jhoerreea was appointed as director on 21 July 2021 as representative of the External Communications Division of the Prime Minister's Office. He is a Deputy Permanent Secretary at the External Communications Division and had previously worked at various ministries including the Home Affairs Division of the Prime Minister's Office and the Ministry of Justice, Human Rights and Institutional Reforms. He holds a BSc (Hons) Public Administration & Management.

Mr. Raj Kishore BUNJUN *(as from 27 July 2021)*
Non-Executive Director

Mr. Raj Kishore Bunjun was appointed as director on 27 July 2021 as representative of the of the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. He is the acting Permanent Secretary at the said Ministry. He has previously worked at the Ministry of Health and Wellness as well as Ministry of Industrial Development, SMEs and Cooperatives. He holds a MA Business Administration (India).

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Directors' profile (Contd)

Senior management team's profile

Mr. Eric Presley Michael PAUL – Managing Director *(as from 28 July 2020)*

Refer to disclosure above.

Mr. Cyril RENÉ – Deputy Managing Director

Mr. C. René took up employment at CHCL in January 1986 as the Company Secretary, restyled as Administrative Manager in 2003. He also acted as the Secretary of the Board of CHCL and its sub-committees. He was assigned duties/responsibilities of the Managing Director following his posting as the Officer In Charge as from 14 March 2020 and up to the appointment of the Managing Director on 28 July 2020. Currently, he is the Deputy Managing Director of the Company.

Mr. Sanjaye PADDIA – Finance Manager

Mr. S. Paddia is the Finance Manager since 01 January 2003 and is responsible of the Finance Department of CHCL. Prior to acceding to the post of the Finance Manager, he occupied the post of Accountant in the Company. He is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Mauritius Institute of Professional Accountants (MIPA). Additionally, he is a Chartered Member of the Chartered Institute of Logistics & Transport (CILT). He holds a postgraduate degree of Master of Business Administration with specialisation in Finance from the University of Technology, Mauritius (UTM). Prior to joining the CHCL on 09 June 1993, he worked at the Development Bank of Mauritius (DBM).

Mr. Cheranjivsing RAMLACKHAN

Mr. C. Ramlackhan is the Assistant Administrative Manager and was appointed as the Administrative Manager on 04 January 2021 and Company Secretary to the Board and Secretary to Board Committees. He joined the Company in 2009 and is a holder of an LLB from University of London. He also acquired a Master "de Droit, Economie, Gestion, Mention Analyse Economique et Développement International, spécialité Maîtrise d'ouvrage publique et privée" de l'Université D'Auvergne Clermont Ferrand, France in 2016. He is a member of the Mauritius Institute of Directors and of the Chartered Institute of Logistics and Transport. He has also performed as Independent Evaluator at the Central Procurement Board.

Mrs. Janice MUNDIL

Mrs. J. Mundil is the Internal Audit Manager and she heads the Internal Audit Department of the Company. She joined CHCL on 01 March 1999 as Internal Auditor (restyled now as Internal Audit Manager). She is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and a member of the Mauritius Institute of Professional Accountants (MIPA). Before joining CHCL, she worked in auditing at BDO (previously De Chazal Du Mée).

Mr. Hemraj DAHARI

Mr. H. Dahari has been acting as the Human Resource Manager at CHCL since December 2011 and was promoted to the post of Human Resource Manager in March 2013. He joined CHCL as Personnel Assistant in July 1991 and was subsequently promoted as Personnel Officer in July 1998 and Assistant Human Resource Manager in January 2008. He holds a Diploma in Personnel Management from the University of Mauritius and a BSC in Human Resource Management from the University of Technology, Mauritius (UTM). He is also holder of an MBA with specialisation in Human Resource Management from UTM.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Senior management team's profile (Contd)

Mrs. Aartee SEEGOOLAM

Mrs. A. Seegoolam is currently the Information Technology Manager and is the head of the IT Department. She joined CHCL on 16 January 2002 as a Software Engineer. She has a Diploma in Computer Science (1995) and a B. Eng Computer Science & Engineering (1997). She is also holder of an MSC in Project Management from the University of Mauritius.

Mr. Hemlall Chowbay MULTRA

Mr. H.C. Multra is the Terminal Operations Manager of the Mauritius Container Terminal. He joined the Company as Tally Clerk on 24 June 1991 and was subsequently promoted as Senior Terminal Assistant, Planning Officer and Planning Coordinator prior to holding his current position. He possesses extensive knowledge of the Navis Container Terminal Operations System and holds an Advanced Diploma from the Lloyds Academy in Terminal Management.

Mr. Ananda JUGGIAH

Mr. A. Juggiah is the Technical Manager at the CHCL and he joined the Company in January 2017 on a contractual basis. He was appointed on permanent basis as from January 2019. He is a Professional Mechanical Engineer registered with the Council of Registered Professional Engineers of Mauritius (CRPE). He holds a Diploma in Automobile Engineering from the Military Transportation Academy, China, B.Tech Degree in Mechanical Engineering from the Military College of Electronics and Mechanical Engineering, India, and MSc in Building Services Engineering from the University of Mauritius. He reckons 25 years of service with the Mauritius Police Force and served as Assistant Superintendent of Police and Registered Professional Engineer. In 2012, he has been awarded the "Medal of Excellence" from City and Guilds London for being the overall best candidate worldwide in "Level 1-Certificate in Refrigeration and Air-Conditioning". In 2012, he has also been awarded the "President's Long Service and Good Conduct Medal" and in 2017, awarded the "First Clasp to the President's Long Service and Good Conduct Medal" after completing 18 and 25 years of Good and Loyal Service with the Mauritius Police Force.

Directors' Remuneration

The total emoluments and other benefits paid to the Directors are detailed in the Annual report.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Attendance at board and board sub-committee meetings

The following table displays the number of Board and Committee Meetings held during the year ended 30 June 2021 together with the attendance of each director or their alternates. Details of attendance of the Company Secretary in Board and Committee meetings are also showed in the table.

	Status	Board	Finance Committee	Staff Committee	Audit Committee
Number of Meetings		**13**	**11**	**11**	**6**
Chairperson					
Mr. G. K. Permall	NE	13	-	-	-
Managing Director/Deputy Managing Director / Officer In Charge					
Mr. P. Paul	E	12	9	10	-
Mr. C. Rene		6	2	2	-
Directors					
Mr. K. Balgobin	NE	13	11	11	-
Mr. S. Suntah	NE	10	8	10	-
Mr. S. Goburdhone	NE	10	-	-	6
Mr. O. K. Dabidin	NE	11	11	11	-
Mrs. V. Pareatumbee	NE	12	-	-	6
Mr. D. Cally	NE	11	-	-	5
Mr. A. Edouard	NE	11	-	-	-
Mrs. A. Bunwaree Ramsaha (Alternate to Mr. S. Suntah)	NE	1	-	-	-
Mr. K. Conhye	NE	1	-	-	-
Mr. V. K. Daby	NE	6	-	-	-
Mr. S. Prosper	NE	1	-	-	-
Mr. F. Fanor	NE	1	-	-	-
Mr. C.J Babylone	NE	12	9	-	-
Mr. A. K. Lochon	NE	12	-	-	-
Company Secretary					
Mr. C. René	Ag. Secretary	1			2
Mr. C. Ramlackhan	Secretary	12	9	9	4
Mrs. F. Mullug	Ag. Secretary	-	1	1	-

E : Executive Director
NE : Non-Executive Director

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees (Contd)

Details of other directorship of CHCL Board Directors

Board Member	Organisation	Directorship Type
Mr. G. K. Permall	None	Not applicable
Mr. P. Paul	None	Not applicable
Mr. K. Balgobin	Mauritius Ports Authority	Non-Executive Director
Mr. S. Suntah	Mauritius Ports Authority Mauritius Cargo Community Services National Ocean Council	Executive Director Non-Executive Director Non-Executive Director
Mr. S. Goburdhone	None	Not applicable
Mr. O. K. Dabidin	Mauritius Ports Authority Gambling Regulatory Authority Information and Communication Technologies Authority Mauritius Oceanography Institute National Ocean Council National Disaster Risk Reduction and Management Council	Non-Executive Director Chairperson Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Mrs. V. Pareatumbee	Mauritius Ports Authority	Non-Executive Director
Mr. K. Conhye	Mauritius Shipping Corporation Ltd Multi Carrier Mauritius Ltd	Non-Executive Director Non-Executive Director
Mr. D. Cally	None	Not applicable
Mr. A. Edouard	None	Not applicable
Mr. V. K. Daby	None	Not applicable
Mr. J. F. U. Fanor	None	Not applicable
Mr. J. S. Prosper	None	Not applicable
Mr. C. J. Babylone	None	Not applicable
Mr. A. K. Lochon	None	Not applicable
Mr. A. K. Jhoerreea	None	Not applicable
Mr. R. K. Bunjun	None	Not applicable

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 3: Director Appointment Procedures

Directors are appointed by the Parent Ministry, Ministry responsible for Ports, other Ministries and shareholders as per the Memorandum and Articles of Association.

The three directors representing the employees are elected by employees by select ballot every two years. These representatives of employees are appointed as directors after approval of the Parent Ministry.

The Board of CHCL assumes the responsibilities for succession planning of senior management. For the Board, the nominations rest with the concerned ministries or organisations.

A succession plan has not been developed for the moment. No formal induction and orientation programme exist at CHCL for new directors. The Chairperson, the Managing Director and the Secretary of the Board are readily available to provide necessary information on the CHCL and its activities to newly appointed directors as and when required. Professional development and ongoing education of directors are being contemplated by the Board for financial year 2021/2022.

Presently, there is no re-election of other directors. Change of directors occurs only in case of demise, retirement, resignation or transfer from Ministries / organisations concerned.

Biographies of directors are available at Principle 2: The Structure of the Board and its Committees.

Principle 4: Director Duties, Remuneration and Performance

All Directors, including the alternate Directors, are fully apprised of their fiduciary duties as laid out in the Mauritius Companies Act 2001.

The Board does not have a Code of Ethics but the same will be devised. Thereafter, the Board will regularly monitor and evaluate compliance with its Code of Ethics.

The Company Secretary maintains a register of interests which is available to shareholders upon written request to the Company Secretary.

Conflicts of Interest

Directors at CHCL ensure that their personal interests, or those of persons closely related to them, do not take precedence over the interests of the CHCL. In cases of possible conflict of interest, timely disclosures are made by directors and the concerned directors do not take part in the related discussions and decisions.

Currently, the Board does not have a formalised conflicts-of-interest and related-party transactions policy and a Code of Ethics. As at 30 June 2021, these policies are still been finalised.

Related Party Transactions

Details of related party transactions are shown in Note 30 of these financial statements.

The Board will also consider the creation of the following policies in the financial year 2021/2022:

- Information policy
- Information technology policy
- Information security policy

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 4: Director Duties, Remuneration and Performance (Contd)

Information technology and security policy

Significant expenditures on information technology are recommended by the Management after identifying the needs. Thereafter, the approval of the Board is sought and the Board is kept informed on the progress and implementation of the investment.

The Board, through the Corporate Governance Committee, is presently responsible for the governance processes at the CHCL.

Board and Director appraisal

The Board or its committees were not evaluated for the year under review since there is not a defined policy yet for appraisal. A policy will be put in place in financial year 2021-2022.

No evaluation of the effectiveness of the Board, its committees and its individual directors have been conducted during the year under review.

The Board has approved the composition of the Corporate Governance Committee to oversee the compliance with the Code. During the year ended 30 June 2021, no Corporate Governance Committee was held since all decisions pertaining to corporate governance was taken by the Board.

Dealing in shares

The Directors do not hold any shares in the Company nor do they have any dealings in those shares.

Director selection, training and development

No formal training and development program existed at the Company for the year ended 30 June 2021. An induction pack for new Directors will be initiated and is expected to be completed in financial year 2021-2022. The induction pack will incorporate the activities of CHCL, role of Directors on the Board, their fiduciary duties, conflict of interest in respect of any decision taken by the Board.

Statement of remuneration philosophy

The remuneration of Directors is approved by the Shareholders following recommendations from the Parent Ministry. The salaries of the Managing Director and of his deputy, who are employees of the Company, are approved by the Board upon recommendation of the Parent Ministry.

Directors are paid monthly director fees for Board Meetings as well as for attendance for meetings of Committees. These fees are approved by the Board after recommendation of the Parent Ministry and have not been changed for the financial year 2020/2021.

Only the Chairperson, the Managing Director / Officer In Charge (assigned duties of the Managing Director) and the Deputy Managing Director are paid a salary as approved by the Board.

Share option plan

CHCL did not have any share option plan for the year ended 30 June 2021.

The CHCL does not have long-term incentive plans and the non-executive directors have not received remuneration in the form of share options or bonuses associated with the organisational performance.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 5: Risk Governance and Internal Control

Risk management

Management, under the guidance of the Board and the Audit Committee, is taking all necessary actions to identify and manage all risks affecting the business of the Company and to establish a comprehensive risk management framework. The various risks affecting the Company include operational risk, compliance risk, financial risk, technology risk, human resources risk and physical risk.

Some of the measures in place to manage risks of the Company include: adequate insurance covers, maintenance contracts for major terminal equipment and for IT software and hardware, keeping stocks of critical spares, data control and backups, annual delivery of protective equipment to employees, and continuous and constructive communication/meetings with all Unions.

The risk assessment report for the CHCL is updated every two years and the current one has been finalised in year 2021.

A Health and Safety Committee, comprising of CHCL officers and members of Unions, met regularly to monitor health and safety issues and risk assessment in the workplace. The Committee is chaired by the Human Resource Manager.

Financial risk management is reported in Note 5 of these Financial Statements.

Internal control

The Standard Accounting Manual of CHCL outlines the accounting and internal control systems and processes. The Board, through the Audit Committee, monitors the systems and processes of internal control operating in the Company. The Internal Audit function provides assurance about the effectiveness of the internal control systems through various observations and recommendations. Management and Heads of Department ensure the functioning of internal control procedures applicable in their areas of responsibility. Internal controls are applied to all significant enterprise areas. No material problems existed which are deemed to be disclosed in the annual report or financial statements.

The CHCL had appointed a consulting accounting firm to update the accounting manual and the final report is expected to be approved by the Board in 2021.

Formal whistle-blowing rules and procedures are currently not in place at CHCL.

Principle 6: Reporting with Integrity

Social, ethical, safety, health and environmental issues

CHCL has always made donations to non-profit organisations as part of its social policy. These include social organisations located in the vicinity of the port. Towards its social responsibility, CHCL also sponsors employees in sports activities, grant scholarships to wards of employees attending secondary as well as tertiary institutions and provides medical facilities to employees at the Medical Inspection Room of the Company.

CHCL has also a Health and Safety Committee – comprising members of the CHCL Management and concerned officers as well as representatives of the Unions – already functioning with a well-defined agenda.

Principle 6: Reporting with Integrity (Contd)

CHCL provides canteen facilities to its employees where a balanced meal is sold at subsidised rate. The canteen is presently closed until the selection of new caterer. In the meantime, employees are being paid a monthly canteen allowance based on attendance.

Employees are expected to demonstrate a high standard of ethics in their conduct of the Company's affairs. The Company has published Code of Ethics and Conduct for employees in the CHCL Employee Manual.

The Company has undertaken steps for the preservation of the environment, viz. proper disposal of used oils and tyres, retreading of tyres, printing/photocopying on both sides of the paper and printing only when needed.

Donations

Donations effected by the Company during the financial year under review amounted to Rs 211,500 (2020: Rs 147,095).

The Company did not make any political donations during the financial year.

Donations are also given to socio-cultural organisations as part of the social policy of the Company.

Calendar of important events

December	Approval of Financial Statements
December	Annual Meeting of Shareholders
December	Annual Returns to Registrar of Companies

Website

Management will ensure that adequate disclosures are made on the CHCL's website.

Principle 7: Audit

Internal Audit

The CHCL is geared with an internal audit function headed by an Internal Audit Manager who reports to the Audit Committee on a quarterly basis.

The audit areas are according to the annual approved audit plan and as per assignments for special audits from the Board / Audit Committee.

The internal audit function maintains its independence and objectivity through direct reporting to the Audit Committee. The Internal Audit Manager reports administratively only to the Managing Director.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 7: Audit (Contd)

The Internal Audit Manager has regular access to the Chairperson of the Board and the Chairperson of the Audit Committee. She attends quarterly meetings with the Audit Committee and more frequently when the need arises.

The approved Internal Audit Charter details the right of access of Internal Audit to the records of the Company, the Management of the Company and the employees of the CHCL.

The Internal Audit Department is managed by the Internal Audit Manager who is assisted by the Assistant Internal Audit Manager. They are both fellow members of the Association of the Chartered Certified Accountants (ACCA).

The structure, organisation and qualifications of key members of the internal audit functions are presently not listed on the CHCL's website.

Audit Committee

The members of the Audit Committee are considered to be financially literate. The annual report is reviewed by this Committee before being recommended for approval by the Board. Significant issues in relation to the financial statements are discussed with the External Auditors and Management in the meeting considering the annual report.

External Auditors

Appointment of the external auditors is recommended by the Audit Committee after a bidding exercise. The reappointment is also discussed in the Annual General Meeting upon approval of the annual report.

The Audit Committee can discuss accounting principles with the external auditors and can meet with the external auditors without Management presence. This committee can also assess the effectiveness of the external audit process and can make any recommendations thereon.

The Audit Committee or the Board discusses critical policies, judgements and estimates with the external auditors. The latter are also invited to make presentations when needed.

Disclosures on CHCL's Website

The following disclosures are currently not found on CHCL's website:
- Board and committee charters
- Code of Ethics
- Dividend policy and declarations
- Financial highlights
- Governance structure
- Notice of Annual Meeting of Shareholders/Special Meeting of Shareholders

Management will ensure that the above information are posted on the website along with other disclosures.

Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholders' agreements/third party management agreements

There were no such agreements during the year under review.

Communication and disclosure

Current shareholders of CHCL are represented on the Board of Directors and as such, are aware of all matters of material interests.

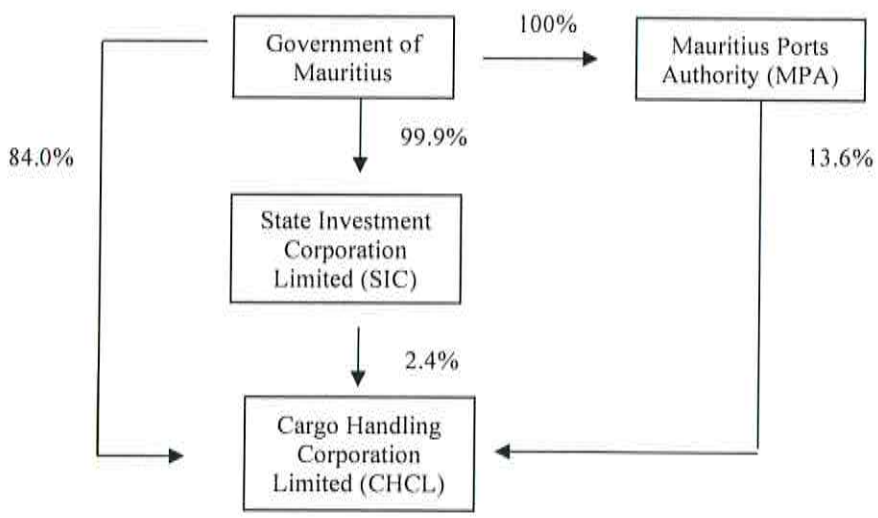
Share price information

For the year under review, the Company has an issued share capital of Rs 1,126,330,000 representing 11,263,300 ordinary shares at the price of Rs 100 each.

Shareholding structure & Shareholders

The shareholding structure of the Company and the list of shareholders in the Company as at 30 June 2021 are as follows:-

Shareholders	30 June 2021
Government of Mauritius	84.0%
Mauritius Ports Authority (MPA)	13.6%
State Investment Corporation Limited (SIC)	2.4%
Total	100.0%



Cargo Handling Corporation Limited

Corporate governance report (Contd)

Principle 8: Relations with Shareholders and Other Key Stakeholders (Contd)

Dividend policy

Cargo Handling Corporation Limited has no formal dividend policy. No dividend has been paid over the last five years.

Key stakeholders

CHCL key stakeholders include its shareholders, directors, employees, trade unions, the Parent Ministry, customers, suppliers, shipping agents and other port users.

Meetings are held with key stakeholders on a regular basis or as and when required to discuss relevant issues as well as organisational performance and outlook.

CHCL will hold an Annual General Meeting after the approval of the annual report. The proceedings of the Annual General Meeting are as per applicable laws, the Mauritius Companies Act 2001.

Mr. Kechan BALGOBIN	**Mr. Eric Presley Michael PAUL**
Chairman	**Managing Director**
Date: 20.12.21	**Date:** 20.12.21

STATEMENT OF COMPLIANCE
(Section 75(3) of the Financial Reporting Act)

We, the Directors of Cargo Handling Corporation Limited, confirm that to the best of our knowledge, the Company has complied with its obligations and requirements under the Code of Corporate Governance except for certain sections as described on pages 31-32.

Signed by:

Mr. Kechan BALGOBIN
Chairman

Date: 20.12.21

Mr. Eric Presley Michael PAUL
Managing Director

Date: 20.12.21

Cargo Handling Corporation Limited

Non-compliance with the National Code of Corporate Governance for Mauritius 2016

Principle 1: Governance Structure

(i) The functioning of the CHCL Board is governed by its constitution. The Board has not yet approved a Code of Ethics.

(ii) For the time being, the following disclosures are not available on CHCL's website:

- The Company's constitution;
- The Board's Charter;
- The Company's Code of Ethics;
- Appropriate job descriptions of the key senior governance positions;
- An organisational chart; and
- A statement of major accountabilities within the organisation.

CHCL is working towards disclosing the above information as well as describing the approval, monitoring and review process (including frequency) of these documents.

Principle 2: The Structure of the Board and its Committees

(i) **Frequency of board charter reassessment**

No formal board charter exists for the time being.

(ii) **Board Composition**

Executive Directors and Independent Directors

Presently, there is only one executive director on the Board instead of two as recommended by the Code. In the light of the present structure of the Board (13 directors), the appointment of another director is deemed not urgent considering that the Deputy Managing Director may attend the CHCL Board as an observer.

There is no independent director on the CHCL Board. The decision to review the composition of the Board rests on the Government of Mauritius as the major shareholder.

(iii) **Board Sub Committee**

Audit Committee

The chairperson of the Audit Committee should be an independent non-executive director and the majority of the members should be independent.

Currently, the Audit Committee is chaired by a non-executive director and the other members have also the same status since no independent directors are present on the CHCL's Board due to its constitution as decided by the Government of Mauritius, the major shareholder.

Cargo Handling Corporation Limited

Non-compliance with the National Code of Corporate Governance for Mauritius 2016 (Contd)

Principle 3: Director Appointment Procedures

(i) **Succession Plan and Induction**

A succession plan is the responsibility of the Board and the same has not been developed for the moment. No formal induction and orientation programme exist at the CHCL for new directors. The Chairperson, the Managing Director and the Secretary of the Board are readily available to provide necessary information on the CHCL and its activities to newly appointed directors as and when required. Professional development and ongoing education of directors are being contemplated by the Board for financial year 2021/2022.

Presently, there is no re-election of Directors. Change of directors occurs only in case of demise, retirement, resignation or transfer from Ministries / organisations concerned.

Principle 4: Director Duties, Remuneration and Performance

(i) Currently, the Board does not have a formalised conflicts-of-interest and related-party transactions policy and a Code of Ethics. Such policies are being catered for.

(ii) The Board will also consider the creation of the following policies in the financial year 2021/2022:

- Information policy
- Information technology policy
- Information security policy

(iii) **Board and Director appraisal**

The Board or its Committees were not evaluated for the year under review since there is not a defined policy yet for appraisal. A policy is contemplated in financial year 2021-2022.

No evaluation of the effectiveness of the Board, its committees and its individual directors have been conducted during the year under review.

(iv) **Director selection, training and development**

No formal training and development program existed at the Company for the year ended 30 June 2021. An induction pack for new Directors will be initiated and is expected to be completed in financial year 2021-2022. The induction pack will incorporate the activities of CHCL, role of Directors on the Board, their fiduciary duties, conflict of interest in respect of any decision taken by the Board.

Principle 5: Risk Governance and Internal Control

(i) No formal whistle-blowing rules and procedures are in place in the Company.

Principle 6: Reporting with Integrity

(i) **Website**

Management will ensure that applicable disclosures are published in full on the CHCL's website. The annual reports are already available on the website.

Cargo Handling Corporation Limited

Certificate from the Secretary under Section 166 (d) of the Mauritius Companies Act 2001

I hereby certify, to the best of my knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166 (d) during the financial year ended 30 June 2021.

Cheranjivsing RAMLACKHAN
Company Secretary

Registered Office:

Mer Rouge
Port Louis
Republic of Mauritius

Date: 20/12/21

Grant Thornton

Independent auditors' report
To the members of Cargo Handling Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargo Handling Corporation Limited, the "Company", which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 38 to 98 give a true and fair view of the financial position of the Company as at 30 June 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Information and Corporate Governance Report sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and, except to the extent otherwise explicitly stated in our auditors' report, we do not express any form of assurance conclusion thereon.

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

Independent auditors' report (Contd)
To the members of Cargo Handling Corporation Limited

Report on the Audit of the Financial Statements (Contd)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (Contd)

Corporate Governance Report

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

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent auditors' report (Contd)
To the members of Cargo Handling Corporation Limited

Report on the Audit of the Financial Statements (Contd)

Auditors' Responsibilities for the Audit of the Financial Statements (Contd)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent auditors' report (Contd)
To the members of Cargo Handling Corporation Limited

Report on Other Legal and Regulatory Requirements

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

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

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

GrantThornton

Grant Thornton
Chartered Accountants

KRamchurun

K RAMCHURUN, FCCA
Licensed by FRC

Date: 20 DEC 2021

Ebene 72201, Republic of Mauritius

Cargo Handling Corporation Limited

Statement of financial position as at 30 June

	Notes	2021 Rs	2020 Rs
ASSETS			
Non-current			
Property, plant and equipment	8	**2,250,358,636**	2,351,595,799
Intangible assets	9	**636,384,952**	669,372,752
Financial assets at fair value through other comprehensive income	10	**12,508,232**	11,144,125
Loans and grants receivable	11	**21,311,691**	25,297,888
Rights-of-use asset	20	**8,682,018**	8,682,018
Non-current assets		**2,929,245,529**	3,066,092,582
Current			
Inventories	12	**373,729,842**	350,582,179
Deposits and prepayments	13	**10,150,211**	53,821,407
Loans and grants receivable	11	**13,400,530**	15,692,208
Trade and other receivables	14	**273,080,910**	244,574,531
Short-term financial assets	15	**400,550,301**	101,052,328
Cash and cash equivalents	16	**215,073,386**	458,334,575
Current assets		**1,285,985,180**	1,224,057,228
Total assets		**4,215,230,709**	4,290,149,810
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital	17	**1,126,330,000**	1,126,330,000
Revaluation reserve		**153,868,754**	189,869,105
Fair value reserve	10	**5,099,108**	3,735,001
Retirement benefit deficit		**(1,412,940,884)**	(1,266,967,617)
Retained earnings		**690,014,803**	631,369,442
Total equity		**562,371,781**	684,335,931

Cargo Handling Corporation Limited

Statement of financial position as at 30 June (Contd)

	Notes	2021 Rs	2020 Rs
LIABILITIES			
Non-current			
Employee benefits liabilities	18	**965,887,260**	977,031,470
Borrowings	19	**974,841,419**	1,070,042,748
Concession rights payable	21	**957,272,800**	964,958,436
Deferred tax liabilities	28	**87,237,712**	62,591,749
Lease liabilities	20	**7,150,768**	7,685,581
Non-current liabilities		**2,992,389,959**	3,082,309,984
Current			
Trade and other payables	22	**428,794,701**	352,622,110
Employee benefits liabilities	18	**59,869,285**	65,921,508
Borrowings	19	**163,584,534**	97,787,022
Concession rights payable	21	**7,685,636**	6,663,221
Lease liability	20	**534,813**	510,034
Current liabilities		**660,468,969**	523,503,895
Total liabilities		**3,652,858,928**	3,605,813,879
Total equity and liabilities		**4,215,230,709**	4,290,149,810

These financial statements have been approved for issue by the Board of Directors on 20.12.21

Mr. Kechan BALGOBIN
Chairman

Mr. Eric Presley Michael PAUL
Managing Director

The notes on pages 44 to 98 form an integral part of these financial statements.

Cargo Handling Corporation Limited

Statement of comprehensive income for the year ended 30 June

	Notes	2021 Rs	2020 Rs
Revenue - rendering of services		**2,486,093,615**	2,572,945,252
Other income	23	**25,536,526**	11,856,180
Employee benefits expense	24	**(1,485,704,526)**	(1,462,437,694)
Other operating expenses	25	**(484,900,299)**	(470,284,434)
Administrative expenses	26	**(20,937,367)**	(22,539,846)
Depreciation and amortisation	8 & 9	**(244,448,811)**	(234,239,080)
Operating profit		**275,639,138**	395,300,378
Finance income	27.1	**3,360,666**	6,317,090
Finance costs	27.2	**(249,914,450)**	(302,093,036)
Profit before tax		**29,085,354**	99,524,432
Tax expense	28	**(6,440,344)**	(30,105,348)
Profit for the year		**22,645,010**	69,419,084
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Fair value adjustment on financial assets at fair value through other comprehensive income*	10	**1,364,107**	(507,392)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on defined benefit liability	18	**(127,767,648)**	(149,772,364)
Income tax effect	28	**(18,205,619)**	(12,035,938)
Other comprehensive loss for the year, net of tax		**(144,609,160)**	(162,315,694)
Total comprehensive loss for the year		**(121,964,150)**	(92,896,610)

*There is no tax effect on these components of other comprehensive income.

The notes on pages 44 to 98 form an integral part of these financial statements.

Statement of changes in equity for the year ended 30 June

	Share capital Rs	Revaluation reserve Rs	Fair value reserve Rs	Retirement benefit deficit Rs	Retained earnings Rs	Total Rs
At 01 July 2020	**1,126,330,000**	**189,869,105**	**3,735,001**	**(1,266,967,617)**	**631,369,442**	**684,335,931**
Transfer of revaluation reserves to retained earnings	-	(36,000,351)	-	-	36,000,351	-
Profit for the year	-	-	-	-	22,645,010	22,645,010
Other comprehensive loss	-	-	1,364,107	(145,973,267)	-	(144,609,160)
Total comprehensive loss for the year	-	-	1,364,107	(145,973,267)	22,645,010	(121,964,150)
At 30 June 2021	**1,126,330,000**	**153,868,754**	**5,099,108**	**(1,412,940,884)**	**690,014,803**	**562,371,781**

The notes on pages 44 to 98 form an integral part of these financial statements.

Statement of changes in equity for the year ended 30 June (Contd)

	Share capital Rs	Revaluation reserve Rs	Fair value reserve Rs	Retirement benefit deficit Rs	Retained earnings Rs	Total Rs
At 01 July 2019	1,126,330,000	189,869,105	4,242,393	(1,105,159,315)	561,950,358	777,232,541
Profit for the year	-	-	-	-	69,419,084	69,419,084
Other comprehensive loss	-	-	(507,392)	(161,808,302)	-	(162,315,694)
Total comprehensive loss for the year	-	-	(507,392)	(161,808,302)	69,419,084	(92,896,610)
At 30 June 2020	1,126,330,000	189,869,105	3,735,001	(1,266,967,617)	631,369,442	684,335,931

The notes on pages 44 to 98 form an integral part of these financial statements.

Cargo Handling Corporation Limited

Statement of cash flows for the year ended 30 June

	Note	2021 Rs	2020 Rs
Operating activities:			
Profit before tax		**29,085,354**	99,524,432
Non-cash adjustments:			
Depreciation of property, plant and equipment		**210,263,932**	199,332,275
Amortisation of intangible assets		**34,184,879**	34,906,805
Property, plant and equipment written off		**58,873**	21,062,280
Gain on disposal of property, plant and equipment		**-**	(1,480,142)
Interest on borrowings	29	**40,297,517**	37,412,110
Interest expense on lease liability	29	**398,170**	421,801
Interest on concession rights		**149,087,200**	149,973,613
Foreign exchange loss		**60,131,563**	114,285,512
Interest income		**(3,360,666)**	(6,317,090)
Dividend income		**(4,240,505)**	(4,203,000)
Movement in employee benefits liabilities		**(144,964,081)**	(114,083,619)
		370,942,236	530,834,977
Working capital adjustments:			
Change in inventories		**(23,147,663)**	(73,855,684)
Change in trade and other receivables		**(28,506,379)**	(45,474,783)
Change in deposits and prepayments		**43,671,196**	207,783,006
Change in trade and other payables		**76,172,591**	(15,430,915)
Net cash from operating activities		**439,131,981**	603,856,601
Investing activities			
Purchase of property, plant and equipment		**(109,085,642)**	(574,708,497)
Purchase of intangible assets		**(1,197,079)**	-
Proceeds from disposal of property, plant and equipment		**-**	1,498,422
Acquisition of short-term financial assets		**(600,000,000)**	(100,000,000)
Short-term financial assets matured		**300,000,000**	446,951,000
Dividends received		**4,240,505**	4,203,000
Interest received		**3,862,693**	7,318,391
Net cash used in investing activities		**(402,179,523)**	(214,737,684)
Financing activities			
Loans and grants availed to staff		**(13,128,228)**	(16,029,535)
Refund of loans granted to staff		**19,406,102**	25,572,101
Proceeds from borrowings	29	**-**	184,000,000
Repayment of borrowings	29	**(87,363,925)**	(99,219,740)
Repayment of concession rights		**(155,750,421)**	(155,750,421)
Repayment of loan - lease	29	**(1,818,485)**	(4,381,411)
Repayment of lease liability	29	**(908,204)**	(908,204)
Interest paid	29	**(40,616,308)**	(38,241,524)
Net cash used in financing activities		**(280,179,469)**	(104,958,734)
Net change in cash and cash equivalents		**(243,227,011)**	284,160,183
Net foreign exchange difference		**(34,178)**	(5,678,705)
Cash and cash equivalents, beginning of year		**458,334,575**	179,853,097
Cash and cash equivalents, end of year		**215,073,386**	458,334,575
Represented by:			
Cash in hand and at bank (Note 16)		**215,073,386**	458,334,575

The notes on pages 44 to 98 form an integral part of these financial statements.

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

1. General information and statement of compliance with International Financial Reporting Standards ("IFRS")

The financial statements of Cargo Handling Corporation Limited, the "Company", for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 30 November 2020.

The Company was incorporated in the Republic of Mauritius on 02 September 1983 as a private company with liability limited by shares. The Company's registered office is CHCL Building, Mer Rouge, Port Louis, Republic of Mauritius.

The principal activities of the Company are as follows:

- providing handling services for containers and general cargo by providing labour and equipment;
- providing for the storage of all general cargo including containers passing through Port Louis Harbour; and;
- providing ancillary services namely monitoring of reefer containers, transfer of containers and leasing of equipment.

The financial statements are presented in Mauritian Rupee ("MUR" or "Rs").

The Company's financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

2. Adoption of new and amended IFRS

2.1 New and amended Standards that are effective for the current year

In the current year, the following revised standards issued by IASB became mandatory for the first time for the financial year beginning on 01 July 2020:

IFRS 3, Definition of a Business (Amendments to IFRS 3)

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

IAS 1 and IAS 8, Definition of Material (Amendments to IAS 1 and IAS 8)

The changes in 'Definition of Material' (Amendments to IAS 1 and IAS 8) relate to a revised definition of 'material' which states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform (IBOR)

The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Notes to the financial statements

For the year ended 30 June 2021

2. Adoption of new and amended IFRS (Contd)

2.1 New and amended Standards that are effective for the current year (Contd)

IFRS 16, COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Management has assessed the impact of the above amendments to existing Standards and concluded that none of these amendments have a significant impact on the disclosures on these financial statements.

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new Standards and amendments to existing Standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on the new Standards and amendments to existing Standards is provided below.

Various, Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

IFRS 3, References to the Conceptual Framework (Amendments to IFRS 3)

The changes update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

IAS 16, Proceeds before Intended Use (Amendments to IAS 16)

Amendments were made to the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

2. Adoption of new and amended IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IAS 37, Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments were brought to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

IFRS 1, IFRS 9, IFRS 16 and IAS 41, Annual Improvements to IFRS Standards 2019-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)

The objective of the annual improvements is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. The IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

- IFRS 1, First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- IFRS 9, Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IFRS 16, Leases - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41, Agriculture - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

IFRS 17, Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, Insurance Contracts as of 01 January 2021.

Notes to the financial statements

For the year ended 30 June 2021

2. Adoption of new and amended IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretations that are not yet effective and have not been adopted early by the Company (Contd)

IAS 1, Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments in classification as liabilities as current or non-current affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Management has yet to assess the impact of the above new Standards and amendments to existing Standards on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Foreign currencies translation

Functional and presentation currency

The financial statements are presented in Mauritian Rupees ("MUR" or "Rs"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rates at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised the statement of comprehensive income.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

Foreign currency transactions and balances (Contd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.3 Property, plant and equipment

Property, plant and equipment apart from plant and cargo handling equipment, are recognised at cost, less accumulated depreciation and impairment losses.

Plant and cargo handling equipment are measured at fair value less accumulated depreciation and impairment losses. Valuations are performed frequently enough by external professional valuers so that the fair value of the plant and cargo handling equipment does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and is credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease or impairment loss of the same asset previously recognised in statement of comprehensive income, in which case the increase is recognised in statement of comprehensive income. A revaluation deficit is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the straight-line method to write down the cost of each asset or the revalued amount to its residual value over its estimated useful life. Residual value is the estimated amount that the Company would currently obtain from disposal of the asset after deducting the estimated cost of disposal and if the asset was already of the age and in the condition expected at the end of its useful life.

The depreciation rates of property, plant and equipment are as follows:

Building on leasehold property	: 4%
Motor vehicles and autocycles	: 20%
Plant and cargo handling equipment	: 5% to 33%
Furniture and equipment	: 4%, 10%, 20% and 33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.4 Intangible assets

Concession rights

The annual fees payable to the Mauritius Ports Authority are considered as a deferred payment for the right to charge the public for the Company's services. The initial cost of this right, referred hereafter as concession right, is determined by reference to the present value of all the annual fees payable over the lifetime of the concession contract.

The concession right is amortised on a straight-line basis over the lifetime of the concession contract which is 25 years and is assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life and in the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation year or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible asset.

Computer software

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Computer software has been assessed as having a finite useful life which has been estimated between 3 to 10 years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

3.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.5 Impairment of non-financial assets (Contd)

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a year of five years. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for a property previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3.6 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, loans and grants receivable, short term financial assets and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's investments in quoted and unquoted securities fall into this category of financial instruments.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements include mainly trade and loans receivables.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Subsequent measurement of financial assets (Contd)

Impairment of financial assets (Contd)

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Trade and loans receivables

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company makes use of a simplified approach in accounting for trade and loans receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

The Company writes off a financial asset when there is information indicating that the debtor is in severe difficulty and there is no realistic prospect of recovery. Receivable or other financial assets written off are still subject to recovery procedures based on legal advices.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, concession rights payable, lease liability and trade and other payables.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.6 Financial instruments (Contd)

Classification and subsequent measurement of financial liabilities (Contd)

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. Net realisable value is the estimate of the selling price in the ordinary course of business, less any applicable selling expenses.

Where necessary, provision is made for obsolete and slow-moving inventories.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

All fixed deposits with initial maturity more than 3 months are recognised separately under 'trade and other receivables'.

3.9 Equity, reserves and dividend payments

Share capital represents the value of shares that have been issued.

Revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Fair value reserve comprises gains and losses on fair valuation of quoted financial assets at fair values through other comprehensive income.

Retirement benefit deficit comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

All transactions with owners of the Company are recorded separately within equity.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.10 Employee benefit liabilities

Defined benefit plan

The Company contributes to a defined benefit scheme with a pension fund for certain employees.

Under the Company's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. The estimate of the post-retirement benefit obligations is based on standard rates of inflation, future salary increase, future guaranteed pension increase and post retirement mortality rates. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Service costs and net interest expense on the net defined benefit liability are included in employee benefits expense.

Gains and losses resulting from remeasurement of the net defined benefit liability are included in other comprehensive income and recorded in retirement benefit deficit within equity.

Social plan

The Company has implemented a social plan in June 1997 for its employees who were made redundant as from June 1997 up to 31 December 2009. The social plan was transferred to an insurance company on 31 December 2009 which the latter thereon manages. The social plan operates in the same manner as the defined benefit plan.

Defined contribution plans

The Company also has defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to this plan are recognised as an expense in the year that relevant employee services are received.

Severance allowance

The Company compensates employees at retirement under the Employment Rights Act 2008 (as amended), which is similar to an unfunded defined benefit pension plan. Severance allowance is payable on retirement of employees who joined the Company prior to 1983 and up to October 1987. Severance allowance is not paid to employees eligible to a full pension at normal retirement.

3. Summary of accounting policies (Contd)

3.11 Taxation

Tax expense recognised in profit or loss comprises the sum of deferred tax, current tax and CSR (Corporate Social Responsibility Fund) not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the fiscal authority relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

The Company is subject to CSR and the contribution is at the rate of 2% on the chargeable income of the preceding financial year. However, effective as from 01 January 2017, further to change in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted by the end of the reporting year.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

3.13 Revenue

Revenue arises from the rendering of services. It is measured at the fair value of the consideration received or receivable, excluding discount and rebates. The Company assesses its revenue arrangement against specific criteria to determine if it is acting as principal or agent. The Company concluded that it is acting as principal in its arrangement.

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from operations

Revenue is recognised at point in time when the Company satisfies performance obligations by transferring the promised services to its customers.

Interest income

Interest income is recognised on the accrual basis using the effective interest method. Interest income is included in finance income in the statement of comprehensive income.

Dividend

Dividend income is recognised when the Company's right to receive the payment is established.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.14 Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

3.15 Leased assets

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right of use asset is estimated to be for a period of 11 years. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Notes to the financial statements

For the year ended 30 June 2021

3. Summary of accounting policies (Contd)

3.16 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the Company's impairment policies are provided in Note 3.6 of these financial statements.

3.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

3.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the year of the borrowings using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the year of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the year in which they are incurred and reported in 'finance costs'.

3.20 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3. Summary of accounting policies (Contd)

3.21 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year

4. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made by the management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilised.

Determination of functional currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and has determined that the functional currency of the Group is the Mauritian rupee (MUR or Rs).

4. Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Significant management judgements (Contd)

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Defined benefit liability

The cost of retirement benefits is determined using actuarial valuations. The actuarial valuation is based on a number of critical underlying assumptions such as discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Variation in these assumptions may significantly impact the defined benefit liability amount and the annual defined benefit expenses. These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors were determined close to each year-end by reference to high quality corporate bonds that have terms to maturity approximating the terms of the related pension obligation. Other assumptions are based on management historical experience.

Useful lives and residual values of intangible assets and property, plant and equipment

Management reviews its estimate of the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Impact of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of COVID-19 on the Company's business activities and concluded that the pandemic impacted on the Company's activities at the reporting date. Given the nature of the outbreak and ongoing development, there is a high degree of uncertainty and it is not possible at this time to predict the nature of the overall impact on the Company subsequent to the reporting date. Management is closely monitoring market movements and its impact on its future operating results.

Notes to the financial statements

For the year ended 30 June 2021

4. Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

Impairment of financial assets

The Company uses the guidance of IFRS 9 to determine the degree of impairment of its trade and loans receivables. Management considers a broader range of information when assessing credit risk and estimating the credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the receivables. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from an active model, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of assets

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value added and, if lower, the assets are impaired to the present value.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

Notes to the financial statements

For the year ended 30 June 2021

4. Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Estimation uncertainty (Contd)

Legal proceedings

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

5. Financial instruments risk

5.1 Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below.

Financial assets and financial liabilities

	2021 Rs	2020 Rs
Financial assets		
Non-current		
Financial asset at fair value through other comprehensive income:		
Investment in quoted and unquoted securities	**12,508,232**	11,144,125
Financial asset measured at amortised cost:		
Loans and grants receivable	**21,311,691**	25,297,888
	33,819,923	36,442,013
Current assets		
Financial assets measured at amortised cost:		
Short-term financial assets	**400,550,301**	101,052,328
Loans and grants receivable	**13,400,530**	15,692,208
Trade and other receivables	**273,080,910**	244,574,531
Cash and cash equivalents	**215,073,386**	458,334,575
	902,105,127	819,653,642
Total financial assets	**935,925,050**	856,095,655

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instruments risk (Contd)

5.1 Risk management objectives and policies (Contd)

Financial assets and financial liabilities (Contd)

	2021 Rs	2020 Rs
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non-current:		
Borrowings	**974,841,419**	1,070,042,748
Lease liability	**7,150,768**	7,685,581
Concession rights payable	**957,272,800**	964,958,436
	1,939,264,987	2,042,686,765
Current:		
Trade and other payables	**428,794,701**	352,622,110
Borrowings	**163,584,534**	97,787,022
Lease liability	**534,813**	510,034
Concession rights payable	**7,685,636**	6,663,221
	600,599,684	457,582,387
Total financial liabilities	**2,539,864,671**	2,500,269,152

The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated by management in close cooperation with the Board of Directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The most significant financial risks to which the Company is exposed are described below.

5.1.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and price risk which result from both its operating and investing activities.

Foreign currency sensitivity

Foreign exchange risk arises from commercial transactions and financial assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company is exposed to foreign currency risk since part of its cash and cash equivalents and borrowings are denominated in United States Dollar ("USD") and Euro ("EUR").

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instruments risk (Contd)

5.1 Risk management objectives and policies (Contd)

5.1.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

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

Financial assets	2021 Rs	2020 Rs
MUR	**908,241,736**	840,551,940
USD	**27,277,323**	15,181,849
EUR	**405,991**	361,866
	935,925,050	856,095,655

Financial liabilities	2021 Rs	2020 Rs
MUR	**1,549,956,811**	2,116,502,313
USD	**987,474,538**	383,766,839
EUR	**2,433,322**	-
	2,539,864,671	2,500,269,152

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and liabilities and the USD/MUR and EUR/MUR exchange rates, "all other things being equal".

It assumes the following changes in exchange rates based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

	2021	2020
USD/MUR	**6%**	13%
EUR/MUR	**12%**	12%

If the MUR had weakened against the USD and EUR, then this would have had the following impact:

	Profit and equity	
	2021 Rs	2020 Rs
USD	**(58,143,324)**	(47,916,049)
EUR	**(388,431)**	43,424

Any strengthening in the MUR against the USD and EUR would have the same opposite impact.

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instruments risk (Contd)

5.1 Risk management objectives and policies (Contd)

5.1.1 Market risk analysis (Contd)

Interest rate sensitivity

The Company's policy is to minimise interest rate risk exposures on long-term financing. At 30 June 2021, the Company was exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates on the Company's financial assets is limited to part of its cash at bank held in a savings account.

Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to reasonably possible change in interest rates of +/- 1% (2020: +/-1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on changes in the average market interest rates for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit and equity Rs	
	+1%	**-1%**
At 30 June 2021	**7,342,807**	**(7,342,807)**
At 30 June 2020	10,631,824	(10,631,824)

Price risk sensitivity

The Company is exposed to price risk in respect of its fair value investments. The average volatility observed in the share prices over the last twelve months is shown in the table below:

Name of investee companies	**% change in share price**	
	2021	2020
Air Mauritius Ltd	-	100%
SBM Holdings Ltd	**15%**	31%
Port Louis Fund Ltd	**21%**	6%

If the stock prices for these investments increased by the above percentage, equity would increase by **Rs 1,657,211** (2020: Rs 391,597) and a decrease in the quoted stock prices by the same percentage would decrease equity by an equal amount.

5.1.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk from various financial instruments including outstanding trade receivables, loans receivable, term deposits, etc.

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instruments risk (Contd)

5.1 Risk management objectives and policies (Contd)

5.1.2 Credit risk analysis (Contd)

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021 Rs	2020 Rs
Financial assets		
Non-current		
Investment in quoted and unquoted securities	**12,508,232**	11,144,125
Loans and grants receivable	**21,311,691**	25,297,888
	33,819,923	36,442,013
Current assets		
Short-term financial assets	**400,550,301**	101,052,328
Loans and grants receivable	**13,400,530**	15,692,208
Trade and other receivables	**273,080,910**	244,574,531
Cash and cash equivalents	**215,073,386**	458,334,575
	902,105,127	819,653,642
Total financial assets	**935,925,050**	856,095,655

As described in Note 10 to these financial statements, the Company holds investments in Port Louis Fund Ltd, Maurinet Investment Ltd and Mauritius Cargo Community Services Ltd, all incorporated in the Republic of Mauritius. The investments in Maurinet Investment Ltd and Mauritius Cargo Community Services Ltd are stated at cost since their fair values cannot be reliably measured. The directors have assessed the fair value of these investments and confirmed that the cost of these investments have not suffered any impairment in value at the reporting date. Concerning the investment in Port Louis Fund Ltd, it is measured at fair value using the net asset value model.

The Company also holds investments in two quoted companies which are measured at fair value based on the quoted prices prevailing on the Stock Exchange of Mauritius at the reporting date. At 30 June 2021, the fair values of these investments have increased resulting in a fair value gain amounting to Rs 1,364,107 (2020: fair value loss Rs 507,392).

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instrument risk (Contd)

5.1 Risk management objectives and policies (Contd)

5.1.2 Credit risk analysis (Contd)

As described in Note 15 to these financial statements, the Company holds treasury bills with Bank of Mauritius. Management considers that no credit risk is associated with the treasury bills.

The loans and grants are given to the employees of the Company and management considered that no credit risk is associated with these facilities as the majority of these employees are still in employment with the Company and where necessary full provision has been made.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics since trade and other receivables consists of various agents and customers. The analysis of the Company's expected credit losses on trade receivables is detailed in Note 14 in these financial statements.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The bank loans of the Company are secured by floating and fixed charges on all assets of the Company, including financial assets.

5.1.3 Liquidity risk analysis

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasted cash inflows and outflows due in day-to-day business.

The Company's objective is to maintain cash and marketable assets to meet its liquidity requirements for a 30-day period at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

At 30 June 2021	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	1-5 years Rs	Over 5 years Rs
Trade and other payables	428,794,701	428,794,701	428,794,701	-	-
Borrowings	1,138,425,953	1,351,043,610	196,842,847	589,853,204	564,347,559
Concession rights payable	964,958,436	3,283,738,233	155,750,430	778,752,150	2,349,235,653
Lease liability	7,685,581	7,685,581	534,813	3,804,775	3,345,993
Total financial liabilities	**2,539,864,671**	**5,071,262,125**	**781,922,791**	**1,372,410,129**	**2,916,929,205**

Notes to the financial statements

For the year ended 30 June 2021

5. Financial instrument risk (Contd)

5.1 Risk management objectives and policies (Contd)

5.1.3 Liquidity risk analysis (Contd)

At 30 June 2020	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	1-5 years Rs	Over 5 years Rs
Trade and other payables	352,622,110	352,622,110	352,622,110	-	-
Borrowings	1,167,829,770	1,389,046,971	129,918,602	741,138,012	517,990,357
Concession rights payable	971,621,657	3,439,488,663	155,750,430	778,752,150	2,504,986,083
Lease liability	8,195,615	8,195,615	510,034	3,411,960	4,273,621
Total financial liabilities	2,500,269,152	5,189,353,359	638,801,176	1,523,302,122	3,027,250,061

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. In addition to relying on existing cash resources and trade receivables, the Company relies on banking facilities to meet its current cash outflow requirements.

6. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity plus its borrowings, less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	2021 Rs	2020 Rs
Total borrowings	**1,138,425,953**	1,167,829,770
Lease liability	**7,685,581**	8,195,615
Less: cash and cash equivalents	**(215,073,386)**	(458,334,575)
Net debt	**931,038,148**	717,690,810
Total equity	**562,371,781**	684,335,931
Total capital	**1,493,409,929**	1,402,026,741
Gearing ratio (%)	**62%**	51%

The gearing ratio of 62% is considered reasonable by the Board of Directors.

Notes to the financial statements

For the year ended 30 June 2021

7. Fair value measurement

7.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The financial assets measured at fair value in the statement of financial position of the Company's are grouped into the fair value hierarchy as follows:

30 June 2021	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Assets				
Quoted investments	**66,750**	**7,891,482**	**4,550,000**	**12,508,232**

30 June 2020	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Assets				
Quoted investments	58,050	6,536,075	4,550,000	11,144,125

There has been no transfer between level 1 and level 2 in 2020 and 2021.

Measurement of fair value

Quoted investments (Level 1)

The quoted investments are listed on The Stock Exchange of Mauritius and the fair values have been determined by the reference to the quoted bid prices at the reporting date.

Unquoted investment (Level 2)

The unquoted investment was measured at fair value using the net asset value model.

Unquoted investments (Level 3)

The directors have made assessment on the fair value of these investments in the unquoted companies and concluded that their cost is a reflection of their fair values.

Notes to the financial statements

For the year ended 30 June 2021

7. Fair value measurement (Contd)

7.1 Fair value measurement of financial instruments (Contd)

Level 3 – Fair value measurement

The reconciliation of the carrying amounts of financial assets classified within Level 3 is as follows

	2021 Rs	2020 Rs
Balance at 01 July and at 30 June	**4,550,000**	4,550,000

7.2 Fair value of financial assets and liabilities not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

7.3 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value at 30 June:

2021	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Plant and cargo handling equipment	-	-	**2,164,074,282**	**2,164,074,282**

2020	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property, plant and equipment:				
Plant and cargo handling equipment	-	-	2,252,933,076	2,252,933,076

The Company's plant and cargo handling equipment were revalued at 30 June 2017 by GS Partners Consulting Engineers Ltd, a professional firm of Chartered Valuers and Property Consultants, incorporated and registered in the Republic of Mauritius.

Valuation policy

The asset value has been derived on 'Replacement Cost New' basis with adjustments for physical depreciation, functional (or technical) obsolescence and economic obsolescence.

The method used for the asset evaluation is based on the economic cost analysis whereby the various types of equipment were depreciated according to their useful service life and the prevailing market rate of the equipment, in order to obtain their economic value or residual value.

The economic value and the residual value were then further discounted to obtain the revalued figure based on survey carried out on the actual state of the equipment.

Notes to the financial statements

For the year ended 30 June 2021

7. Fair value measurement (Contd)

7.3 Fair value measurement of non-financial assets (Contd)

Valuation policy (Contd)

The reconciliation of the carrying amounts of non-financial assets classified within level 3 is as follows:

Plant and cargo handling equipment	2021 Rs	2020 Rs
At 01 July	2,252,933,076	1,913,283,090
Additions	100,621,737	555,954,002
Write off	-	(36,191,563)
Depreciation	(189,480,531)	(180,112,453)
At 30 June	**2,164,074,282**	2,252,933,076

Other non-financial assets include property, plant and equipment (excluding plant and cargo handling equipment), intangible assets, right-of-use asset, deposits and prepayments and inventories. Non-financial liabilities include employee benefit liabilities and deferred tax liabilities. Fair value is not applicable for these non-financial instruments since they are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

Notes to the financial statements

For the year ended 30 June 2021

8. Property, plant and equipment

	Building on leasehold property Rs	Motor vehicles and auto cycles Rs	Plant and cargo handling equipment Rs	Furniture and equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2020	46,948,390	32,652,403	2,756,782,789	123,831,125	2,960,214,707
Additions	-	3,366,544	100,621,737	5,097,361	109,085,642
Write off	-	(34,500)	-	(287,565)	(322,065)
At 30 June 2021	46,948,390	35,984,447	2,857,404,526	128,640,921	3,068,978,284
Depreciation					
At 01 July 2020	41,322,569	14,557,154	487,870,657	64,868,528	608,618,908
Charge for the year	1,045,993	4,989,691	189,480,531	14,747,717	210,263,932
Write off	-	(34,500)	-	(228,692)	(263,192)
At 30 June 2021	42,368,562	19,512,345	677,351,188	79,387,553	818,619,648
Carrying amount					
At 30 June 2021	4,579,828	16,472,102	2,180,053,338	49,253,368	2,250,358,636

Notes to the financial statements

For the year ended 30 June 2021

8. Property, plant and equipment (Contd)

	Building on leasehold property Rs	Motor vehicles and auto cycles Rs	Plant and cargo handling equipment Rs	Furniture and equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2019	46,948,390	24,845,377	2,237,020,350	133,573,651	2,442,387,768
Additions	-	14,795,086	555,954,002	3,959,409	574,708,497
Disposals	-	(6,934,999)	-	(133,106)	(7,068,105)
Write off	-	(53,061)	(36,191,563)	(13,568,829)	(49,813,453)
At 30 June 2020	46,948,390	32,652,403	2,756,782,789	123,831,125	2,960,214,707
Depreciation					
At 01 July 2019	40,276,576	17,709,603	323,737,260	63,364,192	445,087,631
Charge for the year	1,045,993	3,835,612	180,112,453	14,338,217	199,332,275
Disposal adjustments	-	(6,988,061)	-	(12,360,624)	(19,348,685)
Write off	-	-	(15,979,056)	(473,257)	(16,452,313)
At 30 June 2020	41,322,569	14,557,154	487,870,657	64,868,528	608,618,908
Carrying amount					
At 30 June 2020	5,625,821	18,095,249	2,268,912,132	58,962,597	2,351,595,799

Notes to the financial statements

For the year ended 30 June 2021

8. Property, plant and equipment (Contd)

(i) Revaluation of plant and cargo handling equipment

The Company's plant and cargo handling equipment was revalued at 30 June 2017 by GS Partners Consulting Engineers Ltd, a professional firm of Chartered Valuers and Property Consultants, incorporated and registered in the Republic of Mauritius. Valuations were made on the basis of the market value for existing use. The carrying value of the plant and cargo handling equipment was adjusted to the revalued amount and the resultant surplus was credited to revaluation reserve in equity.

(ii) Historical carrying amount of revalued assets

If the cost model had been used, the gross carrying amount of the revalued equipment would have been **Rs 2,120,462,535** (2020: Rs 2,182,815,999).

(iii) Assets pledged

Bank borrowings are secured by floating and fixed charges on the assets of the Company.

No borrowing costs were capitalised in 2020 and 2021.

(iv) Assets held under finance leases

Plant and cargo handling equipment includes the following amounts where the Company is a lessee under a finance lease:

	2021	2020
	Rs	Rs
Cost	**25,014,707**	25,014,707
Accumulated depreciation	**(7,969,560)**	(5,977,170)
Carrying amount	**17,045,147**	19,037,537

(v) Write off

Write off relates to adjustments made to cost and accumulated depreciation of property, plant and equipment in respect of depreciated assets scrapped.

Notes to the financial statements

For the year ended 30 June 2021

9. Intangible assets

	Software Rs	Concession rights Rs	Total Rs
Gross carrying amount			
At 01 July 2020	**61,200,880**	**1,118,296,326**	**1,179,497,206**
Additions	**1,197,079**	-	**1,197,079**
Write off	**(213,000)**	-	**(213,000)**
At 30 June 2021	**62,184,959**	**1,118,296,326**	**1,180,481,285**
Amortisation			
At 01 July 2020	**27,879,608**	**482,244,846**	**510,124,454**
Charge for the year	**5,273,448**	**28,911,431**	**34,184,879**
Write off	**(213,000)**	-	**(213,000)**
At 30 June 2021	**32,940,056**	**511,156,277**	**544,096,333**
Carrying amount			
At 30 June 2021	**29,244,903**	**607,140,049**	**636,384,952**
Gross carrying amount			
At 01 July 2019 and at 30 June 2020	61,200,880	1,118,296,326	1,179,497,206
Amortisation			
At 01 July 2019	21,884,234	453,333,415	475,217,649
Charge for the year	5,995,374	28,911,431	34,906,805
At 30 June 2020	27,879,608	482,244,846	510,124,454
Carrying amount			
At 30 June 2020	33,321,272	636,051,480	669,372,752

10. Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets at FVOCI consist of investments in quoted and unquoted securities.

	2021 Rs	2020 Rs
At 01 July	**11,144,125**	11,651,517
Fair value adjustment	**1,364,107**	(507,392)
At 30 June	**12,508,232**	11,144,125

Notes to the financial statements

For the year ended 30 June 2021

10. Financial assets at fair value through other comprehensive income ("FVOCI") (Contd)

Movement in fair value reserve is as follows:

	2021 Rs	2020 Rs
At 01 July	**3,735,001**	4,242,393
Fair value adjustment	**1,364,107**	(507,392)
At 30 June	**5,099,108**	3,735,001

(i) Details of the investments are as follows:

	Type of shares	2021	2020	2021	2020
		Number of shares		Rs	Rs
Quoted and at fair value					
Air Mauritius Ltd	Equity	**5,000**	5,000	-	-
SBM Holdings Ltd	Equity	**15,000**	15,000	**66,750**	58,050
				66,750	58,050
Unquoted and at fair value					
Port Louis Fund Ltd	Equity	**215,144**	215,144	**7,891,482**	6,536,075
Maurinet Investment Ltd	Equity	**20,000**	20,000	**2,000,000**	2,000,000
Mauritius Cargo Community Services Ltd	Equity	**1,700**	1,700	**2,550,000**	2,550,000
				12,441,482	11,086,075
Total				**12,508,232**	11,144,125

(ii) During the year ended 30 June 2020, Air Mauritius Ltd entered into voluntarily administration. Consequently, this investment was valued to nil in these financial statements.

(iii) The investment in Port Louis Ltd was measured at fair value using net asset value as at 30 June 2021.

(iv) The directors have made assessment on the fair value of the investments in Maurinet Investment Ltd and Mauritius Cargo Community Services Ltd and concluded that their costs are reflection of their fair values.

Notes to the financial statements

For the year ended 30 June 2021

11. Loans and grants receivable

	2021 Rs	2020 Rs
Loans to staff, gross (Note (i))	**26,986,249**	31,909,718
Allowance for credit losses	**(4,417,926)**	(4,417,926)
Loans to staff, net	**22,568,323**	27,491,792
Cash grants to staff (Note (ii))	**12,143,898**	13,498,304
	34,712,221	40,990,096

	2021 Rs	2020 Rs
Classified as:		
Non-current	**21,311,691**	25,297,888
Current	**13,400,530**	15,692,208
	34,712,221	40,990,096

(i) Loans to staff are unsecured loans granted to the employees of the Company at the rate of 0% to 7.5% per annum and are repayable within 1 to 7 years.

(ii) Cash grants are provided to staff, free of charge, for payments of customs duty, registration duty and road tax on the purchase of car once in 5 years for heads of departments and once in 7 years for other employees meeting certain criteria. The cash grants are amortised in the statement of comprehensive income over 5 and 7 years. Any carrying balance of cash grant on departure of an employee is charged in full in the statement of comprehensive income.

12. Inventories

	2021 Rs	2020 Rs
Spare parts	**409,384,665**	380,598,741
Others	**5,969,674**	8,897,972
	415,354,339	389,496,713
Provision for write down of inventories	**(41,624,497)**	(38,914,534)
	373,729,842	350,582,179

The cost of inventories recognised as an expense during the year was **Rs 186,379,901** (2020: Rs 176,598,548) and is included in other operating expenses. An additional provision of **Rs 2,709,963** has been recognised during the year ended 30 June 2021 (2020: Rs 4,105,453).

Cargo Handling Corporation Limited

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For the year ended 30 June 2021

13. Deposits and prepayments

	2021 Rs	2020 Rs
Unbilled revenue (Note (i))	**4,918,647**	24,491,765
Prepayments	**5,175,784**	13,160,734
Deposits (Note (ii))	**55,780**	16,168,908
	10,150,211	53,821,407

(i) Unbilled revenue include handling charges not yet billed to clients at the reporting date.

(ii) Deposits consist of work-in-progress which relates to advance payments made in relation to acquisition of assets.

14. Trade and other receivables

	2021 Rs	2020 Rs
Trade receivables, gross (Note (i))	**262,800,184**	304,098,488
Written off	-	(48,691,506)
Allowance for credit losses (Note (i))	**(14,439,374)**	(14,439,374)
Trade receivables, net	**248,360,810**	240,967,608
Fixed deposits (Note (ii))	**24,720,100**	3,595,000
Other receivables	-	11,923
	273,080,910	244,574,531

(i) Trade receivables are non-interest bearing and the average credit period is 60 days.

Expected credit losses

The Company applies IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2021 and 30 June 2020 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 90 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other are considered indicators of no reasonable expectation of recovery.

Cargo Handling Corporation Limited

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For the year ended 30 June 2021

14. Trade and other receivables (Contd)

Expected credit losses (Contd)

On the above basis, the expected credit loss for trade receivables as at 30 June 2021 is determined as follows:

	Gross carrying amount 30 June 2021 Rs	Expected credit loss rate 30 June 2021 %	Lifetime expected credit loss 30 June 2021 Rs
Current	**185,682,679**	-	-
Past due 1 – 30 days	**51,055,575**	-	-
Past due 31 – 60 days	**1,768,346**	-	-
Past due 61 – 90 days	**2,682,601**	-	-
Past due 91 – 120 days	**5,734,564**	**29.64%**	**1,699,971**
More than 121 days	**15,876,419**	**80.24%**	**12,739,403**
	262,800,184		**14,439,374**

	Gross carrying amount 30 June 2020 Rs	Expected credit loss rate 30 June 2020 %	Lifetime expected credit loss 30 June 2020 Rs
Current	134,204,306	-	-
Past due 1 – 30 days	35,995,506	-	-
Past due 31 – 60 days	15,892,629	-	-
Past due 61 – 90 days	3,570,552	0.10%	2,948
Past due 91 – 120 days	43,405,075	0.10%	43,405
More than 121 days	22,338,914	64.43%	14,393,021
	255,406,982		14,439,374

The closing balance of the trade receivables loss allowance as at 30 June 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	2021 Rs	2020 Rs
At 01 July	**14,439,374**	13,215,888
Loss allowance recognised during the year	-	1,223,486
At 30 June	**14,439,374**	14,439,374

Notes to the financial statements

For the year ended 30 June 2021

14. Trade and other receivables (Contd)

(ii) The Company has placed fixed deposits with banking institutions in the Republic of Mauritius and these fixed deposits have an initial maturity term greater than 3 months.

15. Short-term financial assets

	2021	2020
Treasury bills measured at amortised cost	**Rs**	Rs
At 01 July	**101,052,328**	449,004,629
Additions during the year	**601,741,808**	104,438,631
Matured during the year	**(302,243,835)**	(452,390,932)
At end of year	**400,550,301**	101,052,328

The short-term financial assets earn interest rate from 0.49% to 2.30% and have maturity term of 6 months.

16. Cash and cash equivalents

	2021	2020
	Rs	Rs
Cash in hand (MUR)	**330,396**	342,554
Cash at bank:		
- MUR	**208,184,776**	442,448,306
- USD	**6,152,223**	15,181,849
- EUR	**405,991**	361,866
	215,073,386	458,334,575

Cash at bank earns interest at floating rates based on the banks' deposit interest rates.

17. Share capital

	Number		2021	2020
	2021	2020	**Rs**	Rs
Shares issued and fully paid:				
Balance at start and end of the year	**11,263,000**	11,263,300	**1,126,330,000**	1,126,330,000

Notes to the financial statements

For the year ended 30 June 2021

18. Employee benefit liabilities

	2021 Rs	2020 Rs
Pension plan	**805,646,361**	825,040,826
Severance allowance	**1,589,854**	6,514,272
CHCL share of pension	**6,538,127**	6,637,493
Additional retirement gratuity payable under Workers Rights Act 2019	**-**	10,710,724
	813,774,342	848,903,315
Social plan	**211,982,203**	194,049,663
	1,025,756,545	1,042,952,978

Disclosed as:		
Current	**59,869,285**	65,921,508
Non-current	**965,887,260**	977,031,470
	1,025,756,545	1,042,952,978

(a) Pension plan

The plan is a defined benefit arrangement for the employees and it is wholly funded.

The assets of the plan are held independently and administered by the State Insurance Company of Mauritius Ltd.

(i) Amount recognised in the statement of financial position:

	2021 Rs	2020 Rs
Present value of funded obligations	**2,221,013,909**	2,130,825,947
Fair value of plan assets	**(1,415,367,548)**	(1,305,785,121)
	805,646,361	825,040,826
Severance allowance	**1,589,854**	6,514,272
CHCL share of pension	**6,538,127**	6,637,493
Additional retirement gratuity payable under Workers Rights Act 2019	**-**	10,710,724
	813,774,342	848,903,315

(ii) The movement in present value of the defined benefit obligations over the year is as follows:

	2021 Rs	2020 Rs
At 01 July	**2,154,688,436**	2,004,063,449
Additional retirement gratuity payable under Workers Rights Act 2019	**-**	1,142,302
Current service cost	**65,880,489**	68,915,453
Interest cost	**76,497,686**	71,188,803
Benefits paid	**(207,344,648)**	(160,052,663)
Liability losses	**139,419,927**	169,431,092
	2,229,141,890	2,154,688,436

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

18. Employee benefit liabilities (Contd)

(a) Pension plan (Contd)

(iii) The movement in the fair value of plan assets over the year is as follows:

	2021 Rs	2020 Rs
At 01 July	**1,305,785,121**	1,153,013,429
Expected return on plan assets	**46,950,098**	41,875,211
Employer contributions	**58,125,519**	64,376,473
Special contributions	**105,300,000**	86,800,000
Employee contributions	**30,619,823**	28,540,493
Benefits paid	**(160,539,618)**	(126,577,061)
Asset gains	**29,126,605**	57,756,576
At 30 June	**1,415,367,548**	1,305,785,121

(iv) Amount recognised in the statement of comprehensive income is as follows:

	2021 Rs	2020 Rs
Current service cost on funded obligation	**65,880,489**	68,915,453
Employee contributions	**(30,619,823)**	(28,540,493)
Fund expenses	**6,944,215**	1,891,128
Net interest expense	**29,547,588**	29,313,592
Charge to profit or loss	**71,752,469**	71,579,680
Remeasurement		
Liability losses	**139,419,927**	169,431,092
Asset losses	**(29,126,605)**	(57,756,576)
Charge to other comprehensive income	**110,293,322**	111,674,516
Total	**182,045,791**	183,254,196

(v) The actual return on plan assets was:

	2021 Rs	2020 Rs
At 30 June	**76,076,703**	99,631,787

(vi) Movement in the liability recognised in the statement of financial position:

	2021 Rs	2020 Rs
At 01 July	**848,903,315**	851,050,020
Additional liability recognised under the new pension scheme	-	1,142,302
Total expenses as above	**71,752,469**	71,579,680
Contributions paid by employer	**(111,874,764)**	(99,743,203)
Special contributions	**(105,300,000)**	(86,800,000)
Amount recognised in other comprehensive income	**110,293,322**	111,674,516
At 30 June	**813,774,342**	848,903,315

The weighted average duration of the defined benefit obligation is 14 years.

Notes to the financial statements

For the year ended 30 June 2021

18. Employee benefit liabilities (Contd)

(a) Pension plan (Contd)

(vii) The assets in the plan were:

	2021 Rs	2020 Rs
Government securities and cash	**56.2%**	63.5%
Loans	**0.6%**	0.99%
Local equities	**12.20%**	10.3%
Overseas bonds and equities	**30.5%**	24.8%
Property	**0.50%**	0.5%
	100%	100%

The plan is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

(viii) Expected contributions to post-employment benefit plans for the year ending 30 June 2022 are Rs 59,869,285.

(ix) Amounts for the current and previous year are as follows:

	2021 Rs	2020 Rs
Present value of defined benefit obligations	**(2,229,141,890)**	(2,154,688,436)
Fair value of plan assets	**1,415,367,548**	1,305,785,121
Deficit	**(813,774,342)**	(848,903,315)
Experience adjustments on plan assets	**29,126,605**	57,756,576
Experience adjustments on plan liabilities	**139,419,927**	169,431,092

(x) The principal actuarial assumptions used for accounting purposes were:

	2021 Rs	2020 Rs
Discount rate	**3.10%/5.45%**	3.55%/3.9%
Future pension increase	**2%/3%**	1.4%/3%
Expected salary escalation	**3%**	2.4%
Mortality before retirement	**A6770 Ultimate tables**	
Mortality in retirement	**PA (90) Tables**	
Retirement age	**As per the rules of the Schemes and the Worker's Rights Act 2019**	

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting year.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligations would decrease by Rs 276.4M (increase by Rs 350.1M) if all other assumptions were held unchanged.

18. Employee benefit liabilities (Contd)

(a) Pension plan (Contd)

(x) The principal actuarial assumptions used for accounting purposes were (contd):

- For the additional obligation under the new pension scheme, if the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 975,634 (increase by Rs 764,332) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligations would increase by Rs 168.7M (decrease by Rs 140.3M) if all assumptions were held unchanged.
- For the additional obligation under the new pension scheme, if the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 1,999,117 (decrease by Rs 1,500,372) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

(b) Social plan

The plan is a defined benefit arrangement and it is wholly funded.

The assets of the plan are invested in funds managed by State Insurance Company of Mauritius Ltd.

(i) Amount recognised in the statement of financial position:

	2021 Rs	2020 Rs
Present value of funded obligations	**422,847,440**	422,608,987
Fair value of plan assets	**(210,865,237)**	(228,559,324)
At 30 June	**211,982,203**	194,049,663

(ii) Amount recognised in the statement of comprehensive income is as follows:

	2021 Rs	2020 Rs
Fund expenses	**542,164**	542,600
Net interest expense	**6,791,050**	5,570,002
Charge to profit or loss	**7,333,214**	6,112,602
Remeasurement		
Liability losses	**22,647,951**	38,476,479
Asset gain	**(5,173,625)**	(378,631)
Charge to other comprehensive income	**17,474,326**	38,097,848
Total	**24,807,540**	44,210,450

Notes to the financial statements

For the year ended 30 June 2021

18. Employee benefit liabilities (Contd)

(b) Social plan (Contd)

(iii) Movement in the liability recognised in the statement of financial position

	2021 Rs	2020 Rs
At 01 July	**194,049,663**	156,214,213
Total expenses as above	**7,333,214**	6,112,602
Special contribution	**(6,875,000)**	(6,375,000)
Amount recognised in other comprehensive income	**17,474,326**	38,097,848
At 30 June	**211,982,203**	194,049,663

(iv) The actual return on plan assets was:

	2021 Rs	2020 Rs
Expected return on plan assets	**6,943,742**	7,659,964
Asset losses	**(5,173,625)**	(378,631)
At 30 June	**1,770,117**	7,281,333

(v) The movement in the present value of defined benefit obligation is as follows:

	2021 Rs	2020 Rs
At 01 July	**422,608,987**	407,075,863
Interest cost	**13,734,792**	13,229,966
Benefits paid	**(36,144,290)**	(36,173,321)
Liability losses	**22,647,951**	38,476,479
At 30 June	**422,847,440**	422,608,987

The weighted average duration of the defined benefit obligation is 9 years.

(vi) The movement in fair value of plan assets:

	2021 Rs	2020 Rs
At 01 July	**228,559,324**	250,861,650
Expected return on plan assets	**6,943,742**	7,659,964
Special contribution	**6,875,000**	6,375,000
Benefit paid	**(36,686,454)**	(36,715,921)
Assets gain	**5,173,625**	378,631
At 30 June	**210,865,237**	228,559,324

Cargo Handling Corporation Limited

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For the year ended 30 June 2021

18. Employee benefit liabilities (Contd)

(b) Social plan (Contd)

(vii) The assets in the plan were:

	2021 Rs	2020 Rs
Fixed interest securities and cash	**93.9%**	95.2%
Local equities	**6.1%**	4.8%
	100%	100%

The plan is exposed to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

(viii) Expected contribution to social plan for the year ended 30 June 2021 is nil .

(ix) Amounts for current and previous years are as follows:

	2021 Rs	2020 Rs
Fair value of plan assets	**210,865,237**	228,559,324
Present value of defined benefit obligations	**(422,847,440)**	(422,608,987)
Deficit	**(211,982,203)**	(194,049,663)
Experience adjustments on plan assets	**5,173,625**	378,631
Experience adjustments on plan liabilities	**(22,647,951)**	(38,476,479)

(x) The principal actuarial assumptions used for accounting purposes were:

	2021 Rs	2020 Rs
Discount rate	**4.32%**	**3.25%**
Future pension increase	**2.00%**	**1.4%**
Mortality in retirement	**PA (90) Tables rated down by 2 years**	**PA (90) Tables**

The discount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, interest and mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting year.

- If the discount rate would be 100 basis points (one percent) higher/(lower), the defined benefit obligations would decrease by Rs 33.7M (increase by Rs 39.2M) if all other assumptions were held unchanged.
- If the rate of pension increase would be 100 basis points (one percent) higher/(lower), the defined benefit obligations would increase by Rs 39.2M (decrease by Rs 33.7M) if all assumptions were held unchanged.
- If life expectancy would increase/(decrease) by one year, the defined benefit obligations would increase by Rs 17.4M (decrease by Rs 17.2M) if all assumptions were held unchanged.

The analysis above abstracts from any interdependence between the assumptions.

Cargo Handling Corporation Limited

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For the year ended 30 June 2021

19. Borrowings

The effective interest rates refer to the rates effective during the year.

	Interest rate %	Maturity	2021 Rs	2020 Rs
Non-current				
Bank loan				
USD 19 million EIB bank loan (Note (i))	3.67 – 6.18	September 2024	**180,295,099**	230,534,337
Loans from related party				
USD 10.5 million MPA loan (Note (ii))	3.00	February 2023	**32,760,583**	60,449,358
Loans from Government				
Government of Mauritius Loan (Note (iv))	3.00/3.52	April 2032	**577,785,737**	595,059,053
Government of Mauritius Loan (Note (v))	3.00	December 2039	**184,000,000**	184,000,000
Total non-current			**974,841,419**	1,070,042,748
Current				
Bank loan				
USD 19 million EIB bank loan (Note (i))	3.67 – 6.18	September 2024	**69,626,407**	63,007,104
Loans from related party				
USD 10.5 million MPA loan (Note (ii))	3.00	February 2023	**32,429,725**	29,776,040
Lease				
Rs 24.5 million SBM Lease (Note (iii))	8.85	October 2020	-	1,818,485
Loans from Government				
Government of Mauritius Loan (Note (iv))	3.00/3.52	April 2032	**61,528,402**	3,124,060
Government of Mauritius Loan (Note (v))	3.00	December 2039	-	61,333
Total current			**163,584,534**	97,787,022
Total borrowings			**1,138,425,953**	**1,167,829,770**

(i) USD 19 million EIB Bank Loan

This loan is secured by the Company's assets. It is repayable in thirty-two semi-annual instalments.

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

19. Borrowings (Contd)

(ii) **USD 10.5 million MPA Loan**

This loan was rescheduled in December 2012 and is secured by the Company's cranes for which the loan was granted. It is repayable in ten yearly equal instalments of USD 781,933 inclusive of interest.

(iii) **Rs 24.5 million SBM Lease**

This lease is secured by the Company's assets acquired on the finance lease and is repayable in eighty-four monthly instalments of Rs 396,057. During the year ended 30 June 2021, the SBM Lease was fully repaid.

	2021 **Rs**	2020 Rs
Finance lease liabilities - minimum lease payments		
Within one year	-	1,866,485
Later than one year but not later than five years	-	-
	-	1,866,485
Future finance charges on finance leases	-	(48,000)
Present value of finance lease liabilities	-	1,818,485
Analysed as follows:		
Current	-	1,818,485
Non-current		-
	-	1,818,465

Finance lease pertained to plant and cargo handling equipment with a lease term of 7 years. The Company had options to purchase the leased assets for a nominal amount at the conclusion of the lease arrangements. The Company's obligations under the finance lease were secured by the lessor's title to the leased assets.

(iv) **USD 14 million Government of Mauritius loan**

This loan has been fully disbursed during the year ended 30 June 2018 and is repayable as from October 2021.

(v) **Rs 184 million Government of Mauritius loan**

The said loan for the sum Rs 184,000,000 shall be effective as from the date the loan is disbursed to CHCL. The interest payable by CHCL shall be at the fixed rate of 3% per annum. The interest shall accrue on a semi-annual basis as from the date of first drawdown of the loan. The principal amount of the loan shall be repaid in 22 semi-annual instalments as from 30 June 2024. Interest shall be paid on a semi-annual basis as from 31 December 2021.

Notes to the financial statements

For the year ended 30 June 2021

20. Lease liabilities

	2021 Rs	2020 Rs
Right-of-use asset		
At cost	**8,682,018**	8,682,018
Depreciation charge	**-**	-
Net book values	**8,682,018**	8,682,018
Lease liabilities		
- Non-current	**7,150,768**	7,685,581
- Current	**534,813**	510,034
	7,685,581	8,195,615

Amounts recognised in the statement of comprehensive income:

	2021 Rs	2020 Rs
Depreciation charge of right-of-use assets	**-**	-
Interest expense	**398,170**	421,801

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liability is measured by remaining lease payments, discounted using a discount rate based on the Company's incremental borrowing rate at the date of initial application. The right-of-use asset is measured at the amount of lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is a freehold land.

The Group's lease arrangement includes premises and vehicles. The remaining period of the lease contract is 11 years as from 30 June 2020.

Future minimum lease payments at 30 June 2020 were as follows:

	Within 1 year Rs	2-11 years Rs	Total Rs
30 June 2021			
Lease payments	**908,204**	**8,911,752**	**9,819,956**
Finance charges	**(373,391)**	**(1,760,984)**	**(2,134,375)**
Net present values	**534,813**	**7,150,768**	**7,685,581**
30 June 2020			
Lease payments	908,204	9,819,956	10,728,161
Finance charges	(398,170)	(2,134,375)	(2,532,545)
Net present values	510,034	7,685,581	8,195,616

Notes to the financial statements

For the year ended 30 June 2021

21. Concession rights

(i) The Mauritius Ports Authority ("MPA" or the "Authority"), as landlord of Port Louis Harbour, under the Ports Act 1998 and as licensor entered into a concession agreement with the Cargo Handling Corporation Limited (the "Operator"), whereby the latter provides cargo handling services at Terminals I, II and III.

Pursuant to a Revised Concession Fees letter ("letter") dated 13 June 2018, CHCL has been informed about the heavy development project regarding the upgrading and extension of Berths at the Mauritius Container Terminal (MCT) which the Company has already started using since August 2017.

In respect to the abovementioned development, the concession fees chargeable to the Company have been reviewed with effect from 01 August 2017 to Rs 155,750,430 per annum (Rs 12,979,203 per month) for a period of 25 years.

(ii) Significant terms of concession agreement are as follows:

(a) Provision of cargo services from ships until delivery to consignees;
(b) Provision of cargo services from the receipt of export cargo/containers from shippers until shipment on board vessels;
(c) Safe keeping of all cargo handled, incoming and outgoing alike - from the time it comes into its possession until shipment onboard vessels or delivery to consignees, as the case may be;
(d) Provision of cargo services for discharge, storage and reshipment of transhipment containers; and
(e) The payment of an annual fee over the year of the concession.

Movement in the concession rights payable are as follows:

	2021	2020
	Rs	Rs
At 01 July	**971,621,657**	977,398,465
Finance costs (Note 27.2)	**149,087,200**	149,973,613
Payment during the year	**(155,750,421)**	(155,750,421)
At 30 June	**964,958,436**	971,621,657

Future minimum payments together with the present value of the net minimum payments are as follows:

	2021	2020
	Rs	Rs
Minimum lease payments:		
Within one year	**155,750,430**	155,750,430
After one year but less than five years	**778,752,150**	778,752,150
After five years	**2,349,235,653**	2,504,986,083
	3,283,738,233	3,439,488,663
Less notional finance charges	**(2,318,779,797)**	(2,467,867,006)
Present value of concession rights payable	**964,958,436**	971,621,657

Notes to the financial statements

For the year ended 30 June 2021

21. Concession rights (Contd)

	2021 Rs	2020 Rs
Classified as:		
Non-current	**957,272,800**	964,958,436
Current	**7,685,636**	6,663,221
	964,958,436	971,621,657

22. Trade and other payables

	2021 Rs	2020 Rs
Trade payables	**56,868,897**	69,165,898
Other payables and accruals	**371,925,804**	283,456,212
	428,794,701	352,622,110

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of six months.

23. Other income

	2021 Rs	2020 Rs
Miscellaneous income	**21,296,021**	6,173,038
Dividend income	**4,240,505**	4,203,000
Profit on disposal	-	1,480,142
	25,536,526	11,856,180

24. Employee benefits expense

	2021 Rs	2020 Rs
Wages and salaries	**1,164,272,252**	1,149,803,182
Social security costs	**15,408,134**	32,182,436
Pensions and contributions	**103,387,993**	85,156,894
Other staff expenses	**202,636,147**	195,295,182
	1,485,704,526	1,462,437,694

Cargo Handling Corporation Limited

Notes to the financial statements

For the year ended 30 June 2021

25. Other operating expenses

	2021 Rs	2020 Rs
Utilities	**67,958,794**	73,139,139
Insurances	**42,957,501**	44,474,612
Motor vehicle running expenses	**5,552,760**	5,987,349
Repairs and maintenance costs	**301,319,416**	267,068,514
General expenses	**26,137,405**	23,931,576
Other expenses	**40,974,423**	55,683,244
	484,900,299	470,284,434

26. Administrative expenses

	2021 Rs	2020 Rs
Legal and professional expenses	**6,700,966**	6,673,980
Printing and stationery expenses	**2,612,971**	2,605,878
Commission to shipping agents	**9,184,555**	11,181,987
Board expenses	**1,390,500**	1,110,000
Other administrative expenses	**1,048,375**	968,001
	20,937,367	22,539,846

27.1 Finance income

	2021 Rs	2020 Rs
Interest income on bank balances	**62,480**	113,530
Interest income on loans receivable	**1,556,378**	1,764,929
Interest income on treasury bills	**1,741,808**	4,438,631
	3,360,666	6,317,090

27.2 Finance costs

	2021 Rs	2020 Rs
Interest on borrowings	**40,297,517**	37,412,110
Interest on lease liability	**398,170**	421,801
Interest on concession rights (Note 21)	**149,087,200**	149,973,613
Foreign exchange loss	**60,131,563**	114,285,512
	249,914,450	302,093,036

Notes to the financial statements

For the year ended 30 June 2021

28. Taxation

The Company is liable to income tax at the rate of 15% on its chargeable income and at 30 June 2021 it did not have any income tax liability.

The Company is subject to the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

Under the APS, the Company is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on chargeable income of the preceeding financial year.

The major components of income tax expense are:

28.1 Statement of comprehensive income

	2021 Rs	2020 Rs
Deferred income tax:		
Reported in statement of comprehensive income	**6,440,344**	30,105,348
Reported in other comprehensive income	**18,205,619**	12,035,938
Tax expense reported in statement of comprehensive income	**24,645,963**	42,141,286

28.2 Reconciliation

A reconciliation between tax expense and the product of accounting profit multiplied by the domestic rate for the years ended 30 June 2021 and 30 June 2020 is as follows:

	2021 Rs	2020 Rs
Accounting profit before income tax	**29,085,354**	99,524,432
At the statutory income tax rate of 15%	**4,362,803**	14,928,665
Non-deductible expenses	**35,082,787**	48,588,151
Depreciation and amortisation	**36,667,322**	35,135,862
Exempt income	**(109,054,962)**	(142,703,407)
Deferred tax assets not utilised	**32,942,050**	44,050,729
Movement in deferred tax	**24,645,963**	42,141,286
Deferred tax expense reported in statement of comprehensive income	**24,645,963**	42,141,286

Notes to the financial statements

For the year ended 30 June 2021

28. Taxation (Contd)

28.3 Deferred tax

Deferred tax relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2021	2020	**2021**	2020
	Rs	Rs	**Rs**	Rs
Accelerated depreciation for tax purposes	**(288,647,340)**	(266,416,913)	**(22,230,427)**	(59,791,298)
Provision for doubtful debts and staff loans	**2,828,595**	2,828,595	**-**	150,209
Concession rights	**53,672,758**	50,335,527	**3,337,231**	3,470,193
Provision for obsolete stock	**6,243,675**	5,837,180	**406,495**	615,818
Losses available for offsetting against future taxable income	**178,118,783**	154,803,502	**23,315,281**	31,693,202
Employee benefit liabilities	**(39,454,183)**	(9,979,640)	**(29,474,543)**	(18,279,409)
Deferred tax expense	**-**	-	**(24,645,963)**	(42,141,286)
Deferred tax liability	**(87,237,712)**	(62,591,749)	**-**	-

29. Reconciliation of liabilities arising from financing activities

(i) Net debt reconciliation

	2021	**2020**
	Rs	**Rs**
Net debt		
Borrowings:		
- Repayable within one year	**163,584,534**	97,787,022
- Repayable after one year	**974,841,419**	1,070,042,748
Lease liability:		
- Repayable within one year	**534,813**	510,034
- Repayable after one year	**7,150,768**	7,685,581
	1,146,111,534	1,176,025,385

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29. Reconciliation of liabilities arising from financing activities (Contd)

(i) Net debt reconciliation (Contd)

	Short-term liabilities					Long-term liabilities					
	Bank loan Rs	Loans from related party Rs	Finance lease Rs	Loan from Government Rs	Lease liability Rs	Bank loan Rs	Loans from related party Rs	Finance lease Rs	Loan from Government Rs	Lease liability Rs	Total Rs
At 01 July 2020	63,007,104	29,776,040	1,818,485	3,185,393	510,034	230,534,337	60,449,358	-	779,059,053	7,685,581	1,176,025,385
Cash flows:											
Repayments	(58,526,120)	(28,837,805)	(1,818,485)	-	(908,204)	-	-	-	-	-	(90,090,614)
Interest paid	(14,135,881)	(2,674,055)	(40,727)	(23,765,645)	-	-	-	-	-	-	(40,616,308)
Total cash flows	(72,662,001)	(31,511,860)	(1,859,212)	(23,765,645)	(908,204)	-	-	-	-	-	(130,706,922)
Non-cash:											
Interest expense	13,493,130	2,433,579	40,727	24,330,081	398,170	-	-	-	-	-	40,695,687
Reclassification	65,931,551	31,803,569	-	57,778,573	534,813	(65,931,551)	(31,803,569)	-	(57,778,573)	(534,813)	-
Unrealised foreign exchange loss	(143,377)	(71,603)	-	-	-	15,692,313	4,114,794	-	40,505,257	-	60,097,384
Total non-cash changes	79,281,304	34,165,545	40,727	82,108,654	932,983	50,239,238	(27,688,775)	-	(17,273,316)	(534,813)	100,793,071
At 30 June 2021	**69,626,407**	**32,429,725**	**-**	**61,528,402**	**534,813**	**180,295,099**	**32,760,583**	**-**	**761,785,737**	**7,150,768**	**1,146,111,534**

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For the year ended 30 June 2021

29. Reconciliation of liabilities arising from financing activities (Contd)

(i) Net debt reconciliation (Contd)

	Short-term liabilities					Long-term liabilities					
	Bank loan Rs	Loans from related party Rs	Finance lease Rs	Loan from Government Rs	Lease liability Rs	Bank loan Rs	Loans from related party Rs	Finance lease Rs	Loan from Government Rs	Lease liability Rs	Total Rs
At 01 July 2019	**51,305,629**	**47,850,975**	**3,910,066**	**2,680,853**	**-**	**300,135,052**	**123,595,140**	**6,299,040**	**514,730,835**	**-**	**979,653,528**
Initial recognition of lease liability	-	-	-	-	908,204	-	-	-	-	7,773,814	8,682,018
Cash flows:											
Additions	-	-	-	-	-	-	-	-	184,000,000	-	184,000,000
Repayments	(51,599,594)	(47,620,145)	(4,381,411)	-	(908,204)	-	-	-	-	-	(104,509,354)
Interest paid	(15,788,553)	(4,806,355)	(350,871)	(17,295,745)		-	-	-	-	-	(38,241,524)
Total cash flows	(67,388,147)	(52,426,500)	(4,732,282)	(17,295,745)	(908,204)	-	-	-	184,000,000	-	41,249,122
Non-cash:											
Interest expense	15,515,380	3,850,083	350,871	17,695,776	421,801						37,833,911
Reclassification	58,669,497	28,909,408	1,821,118	-	88,233	(58,669,497)	(28,909,408)	(1,821,118)	-	(88,233)	-
Unrealised foreign exchange loss	1,881,260	1,167,159	-	-	-	31,354,268	9,690,291	-	64,513,828	-	108,606,806
Total non-cash changes	76,066,137	33,926,650	2,171,989	17,695,776	510,034	(27,315,229)	(19,219,117)	(1,821,118)	64,513,828	(88,233)	146,440,717
At 30 June 2020	63,007,104	29,776,040	1,818,485	3,185,393	510,034	230,534,337	60,449,358	-	779,059,053	7,685,581	1,176,025,385

Notes to the financial statements

For the year ended 30 June 2021

30. Related party disclosures

There is a related party relationship between Cargo Handling Corporation Limited and Mauritius Ports Authority (MPA). The latter held 13.6% of the issued share capital of the Company at the reporting date.

	Relationship	Transaction from related party 2021 Rs	2020 Rs	Amounts owed to related party 2021 Rs	2020 Rs
MPA	Concession granter	**155,750,421**	155,750,421	**12,979,203**	12,979,203
MPA	Financing	**31,511,860**	52,426,502	**65,190,308**	90,225,398

Terms and conditions of transactions with related parties

The transactions with the related party are made at normal market prices. Outstanding balances at the year-end are secured, interest bearing and settlement occurs in cash. There have been no guarantees provided or received for any related party payables.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors.

	2021 Rs	2020 Rs
Compensation of key management personnel		
Short-term employee benefits	**18,980,060**	**22,788,069**

31. Commitments and contingencies

31.1 Capital commitments

The Board has approved a capital investment programme for financial year 2021/2022 amounting to Rs 603 million which involves the acquisition of building, cargo handling equipment, motor vehicles, IT equipment and furniture, fixtures and fittings as per the Company's budget 2021/2022.

31.2 Legal claims

The Company has the following cases pending before the Courts and the outcome cannot be determined at this stage:

Shaban Trading Agency v/s CHCL – This involves the sum of Rs 3,000,000 – container wrongly sent to Madagascar. Case is ongoing.

The Company had a provision of Rs 8,000,000 as at 30 June 2021 towards legal claims. The directors consider that, based on the present circumstances and also advices from legal counsels, no additional provision is required for the ongoing legal claims.

Notes to the financial statements

For the year ended 30 June 2021

32. Ultimate beneficial owner

The Government of Mauritius is the immediate and ultimate beneficial owner.

33. Events after the reporting date

There have been no events after the reporting date which would require disclosure or adjustment to the 30 June 2021 financial statements.

Cargo Handling Corporation Limited

APPENDIX 1 - INCOME STATEMENT
FOR THE YEAR ENDED 30 June 2021

	2021 Rs	2020 Rs
REVENUE		
Operating income	**2,486,093,615**	2,572,945,252
Other income		
Miscellaneous income	**25,536,526**	11,856,180
LESS EXPENDITURE		
Staff costs	**1,485,704,526**	1,462,437,694
Training costs	**97,180**	2,035,891
Rent	**2,076,792**	1,523,750
Telephone, electricity and water	**67,958,794**	73,139,139
Insurances	**42,957,501**	44,474,612
Motor vehicle running expenses	**5,552,760**	5,987,349
Other operational expenses	**38,780,457**	52,123,675
Repairs, maintenance & running expenses of equipment	**301,319,416**	267,068,514
General expenses	**26,157,399**	23,931,504
Amortisation	**34,184,879**	34,906,805
Depreciation	**210,263,932**	199,332,275
	2,215,053,636	2,166,961,208
Administrative expenses		
Licences	**150,475**	107,488
Legal and professional fees	**6,700,966**	6,673,980
Printing, postages and stationery	**2,612,972**	2,605,878
Service charges to shipping agents	**9,184,555**	11,181,987
Advertising	**504,713**	397,095
Bank charges	**393,186**	463,418
Board expenses	**1,390,500**	1,110,000
	20,937,367	22,539,846
Total expenditure	**2,235,991,003**	2,189,501,054
Profit from operating activities	**275,639,138**	395,300,378
Interest income	**3,360,666**	6,317,090
Interest expense	**(189,782,902)**	(187,807,524)
Exchange losses	**(60,131,548)**	(114,285,512)
Profit before income tax	**29,085,354**	99,524,432

Appendices 1-3 are provided for information purposes only and do not form part of the audited financial statements.

Cargo Handling Corporation Limited

APPENDIX 2 - OPERATING INCOME
FOR THE YEAR ENDED 30 June 2021

		2021 Rs	2020 Rs
1	**HANDLING CHARGES**		
	Containers full	**822,766,099**	967,119,747
	Containers empty	**227,801,964**	283,296,522
	Transshipment	**355,816,628**	252,500,252
	General cargo	**12,500,091**	20,169,959
	Fish	**2,596,909**	3,612,813
	Freeport (shore)	**4,442,521**	2,828,069
	Bulk	**164,444,016**	148,350,602
	Rodrigues traffic	**36,502,086**	27,826,413
	Hatchcover	**43,094,999**	43,714,731
	Others (detention, extra labour)	**2,928,101**	3,461,965
	Shut out fee	**29,898,197**	34,409,185
	Shifting/Restow	**45,632,004**	22,733,935
	Extended shifts	**173,738,475**	155,510,701
	Vehicles	**69,976,053**	87,838,827
	Total handling charges	**1,992,138,143**	2,053,373,721
2	**STORAGE/REEFER CHARGES**		
	Container	**248,950,730**	253,834,619
	General cargo	**3,765,897**	10,393,065
	Reefer electricity	**220,532,557**	233,404,786
	Shifting charges	**7,484,980**	9,041,930
	Hire of equipment	**7,503,650**	6,344,721
	Empty container depot	**742,158**	6,552,410
	Scan services	**4,975,500**	-
	Total storage/reefer charges	**493,955,472**	519,571,531
	Total operating income	**2,486,093,615**	2,572,945,252

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Cargo Handling Corporation Limited

APPENDIX 3 – STAFF COSTS
FOR THE YEAR ENDED 30 June 2021

Staff costs comprise the following items of expenditure:

	2021	2020
	Rs	Rs
Salaries and wages-basic	**497,447,578**	466,081,697
Overtime	**292,326,595**	303,619,430
Personal pensionable allowance	**28,504,785**	31,392,134
Productivity bonus on overtime	**4,922,922**	5,849,958
New productivity bonus	**78,062,809**	78,650,465
New non-pensionable allowance	**18,521,096**	17,950,954
Supplementary allowance	**6,871,749**	9,502,958
Additional shift allowance	**2,467,538**	4,056,887
Incentive bonus	**5,224,341**	4,166,785
Casual labour	**15,529,315**	36,854,654
Night shift allowance	**15,679,746**	15,307,008
Risk allowance	**589,200**	680,719
Polyvalence	**21,860,313**	10,980,938
Total salaries and wages	**988,007,987**	985,094,587
Allowances	**106,462,972**	111,046,076
Flexitime allowance	**18,910,076**	20,454,939
Medical and dental expenditure	**15,985,156**	14,353,024
Current service costs	**118,796,126**	117,339,330
Uniforms and protective equipment	**9,987,869**	14,727,584
Pensions to former employees	**1,732,774**	1,896,254
End of year bonus	**157,154,747**	144,037,583
Paid leaves	**42,727,112**	35,234,649
Passage benefits	**25,939,707**	18,253,668
Other staff costs	**497,696,539**	477,343,107
Total	**1,485,704,526**	1,462,437,694

The establishment comprises of:

Male	**1,265**	1,282
Female	**37**	39
On contract - Administration	**22**	72
	1,324	1,393

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