CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

Risk Oversight Committee ("ROC") (Cont'd):

- To assist in ensuring that risk heat maps and an in-depth prioritized analysis of key risks are produced.
- To assist in ensuring that the risk management function fulfills its duties.
- To assist in ensuring that SUN's ERM system is effective.
- To ensure that the risk champions fulfill their duties.

Risk and Compliance Office:

The Risk and Compliance Office is responsible for ensuring risk and regulatory compliance for the Group's operations. The officer in charge of the Risk and Compliance Office is the Group Risk and Compliance Officer ("GRO").

SUN has in place an Integrated Assurance Framework ("IAF") to assess the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems.

The IAF was established to provide a single view of assurance across a spectrum of risks, reduce duplication and bridge the gaps across functions, ensure accountability across all lines of defense and to also act as a mechanism to assist the Board and Board Committees in their review of risks and controls and to form an opinion on the adequacy and effectiveness of the risk and internal controls framework.

The roles of the GRO with regards to risk management are:

- To ensure and continually evaluate the effectiveness of SUN's ERM system.
- To ensure that the risk management department fulfills its duties.
- To assist in ensuring the risk champions fulfill their duties.
- To ensure key risks are reported in a manner that is efficient and accurate.
- To ensure that risk heat maps and an in-depth prioritized analysis of key risks are produced.
- To keep all risk champions informed on risk-related matters.
- To be responsible for staff training concerning ERM.
- To attend and play a vital role on every ROC meeting.
- To report to the ARC.
- To be the Risk Champion for SUN's Corporate Services.
- To assist the Board in the construction of the strategy statement that clarifies risk appetite, risk ownership and the strategies to tackle key risks.
- To own and maintain the IAF.
- To plan the activities associated with the IAF.
- To ensure the IAF is executed effectively and objectively.
- To report outcomes of the IAF activities to senior management, including status of implementation of any remedial actions to address gaps identified.
- To produce and retain relevant documentation associated with risk management and the IAF.

Risk Champions:

- To perform their respective risk assessments.
- To oversee in liaison with risk owners that controls are put in place to mitigate their key respective risks to within tolerable levels.
- To continuously monitor their respective risks and controls.
- To nurture a culture of risk management within their designated area of business.
- To sit on the ROC and report on risk-related matters concerning their designated area of business.

Employees/Business Operations:

- To adhere to SUN's risk management process.
- To report directly to a risk champion within their designated area of business on any matters relating to ERM (e.g. risks identified, control gaps, incidents etc.).

Internal Audit:

Internal Audit's role is to provide an independent assessment of the adequacy of Risk Management by:

- Ensuring that the internal audit scope and procedures follow a risk-based approach.
- Commenting on the adequacy and effectiveness of the methodology and processes of risk identification and evaluation.
- Commenting on the proposals for implementation of risk management and expressing an opinion on their overall adequacy.
- Evaluating the adequacy and effectiveness of controls in each area of major risk.
- Commenting on the effectiveness of SUN's control framework based on audits conducted.

Description of Main Risks

The following table describes some of the main risks to which the Group is exposed and the controls in place to manage these risks. There are other risks that could impact the Group that are not detailed below, either because they are not currently perceived as material or because they are presently unknown.

Risk Category	Risk Area	Risk	Control Measures
Financial	Liquidity and Credit	The risk of major short-term cash flow crisis and financial loss resulting from the air access closure and major markets lockdown due to the Covid-19 Pandemic.	• Efficient cost and cash management to reduce cost base and manage cash flow needs. • Negotiations at sectoral level for additional Government support measures to mitigate direct financial impact. • Actively consider recourse to additional funding from public and private sources.
Financial	Market	The risk of major disease outbreaks in tourism destinations in which SUN operates resulting in missed performance targets.	• Develop and implement in-house protocols to adapt to the Covid-19 "new normal" on border opening. • Deploy sanitary requirements, as prescribed by the regulators. • Capitalise on SGS certification to endorse SUN's upgraded standards of hygiene to reassure guests. • Develop and implement marketing plans to attract local customers to SUN's resorts, pending the re-opening of borders.
Financial	Market	The risk that constraints related to prolonged border lockdown and air access to Mauritius including the National Carrier being under voluntary administration restrains the ability of SUN to grow revenues and market share.	• Participate in high level sectoral discussions with Government authorities, regarding the re-opening of borders. • SUN's crisis committee continues to work on the Group's business recovery strategies and cost optimisation measures.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

Risk Category	Risk Area	Risk	Control Measures
Strategic	Market Dynamics	The risk that external factors adversely affect SUN's business, many of which are common to the hotel industry and beyond SUN's control, such as global economic uncertainties, in the wake of the Covid-19 pandemic, and of Brexit.	• Track major uncertainties which may impact the hospitality industry in the region, and which are duly incorporated in SUN's strategic and financial planning process. • Review and minimise the impact of such risks by implementing associated contingency and recovery plans.
Strategic	Planning and Resource allocation	The risk of not being agile, not anticipating and reacting to market trends fast enough, impacts SUN ability to grow market share and revenue. Decision making bottlenecks hampering efficiency and effectiveness of management.	• Optimise internal processes and procedures and put in place the appropriate organisational structure in order to adequately and proactively meet the requirements in this new context.
Operations	People	A missing innovation culture that impacts SUN's market offerings and our ability to tap into emerging trends impacting on revenue targets and guest experience.	• Through SUN's Performance Management System, clear goals and expectations are set in respect of innovation and realisations are duly measured and rewarded. • In balanced scorecards, performance indicators related to innovation have been introduced at operational level. • SUN also rewards the best innovative project amongst the different units during the 'Sun Excellence Award'.
Strategic	Market Dynamics	The risk of lower demand for long haul destination like Mauritius arising from the post effect of Covid-19 and the recent ecological oil spill disaster, in the short to medium term.	• Continuously improve the internal coordination effectiveness of the Sales, Marketing and Communication teams so as to better coordinate their efforts. • Actively liaising with all major stakeholders, with a view to adapting the tourism marketing strategy, at national level, creating new messaging and actively promoting and differentiating Mauritius as a prime destination. • Continuously focus on new trends and the emergence of associated niche markets.
Financial	Liquidity and credit	The risk of major credit risk resulting from the bankruptcy of major tour operators as result of Covid-19 pandemic.	• Reinforce monitoring of internal processes, relating to credit approvals and strict adherence to credit limits. • Optimise recourse to credit risk insurance possibilities on the market.

Risk Category	Risk Area	Risk	Control Measures
Compliance	Regulatory	The risk that guest or associate's health, safety and security cannot be assured, causing financial liability and reputational risk.	• The Health and Safety team closely monitors processes and ensures strict compliance with relevant national regulations and industry standards and sanitary protocols. • Employee wellbeing strategies have been reinforced and these include: • Continuous assessment of processes and of adherence to Health and Safety standards, through internal and external audits. • Risk prioritisation, with the development and implementation of continuous risk mitigation measures.

WHISTLE BLOWING

Employees and Suppliers can confidentially and anonymously raise concerns that relate to fraud, unethical conduct or business practices and other concerns through the whistleblowing mechanism as detailed in the Code of Conduct.

Employees may first raise concerns verbally or in writing with their direct manager or the HR department. If for any reason, they feel that it is not appropriate to make such a report to any of the above-mentioned person or department, they may address their report to the CEO. Again, if they believe that in the circumstances, even the CEO is not the appropriate person to whom they can make a report, they may address their report to the chairman of the Corporate Governance, Ethics, Nomination and Remuneration Committee ("CGENRC") through a dedicated email: whistleblowing@sunresorts.mu. The CEO liaises with the chairmen of the CGENRC and Audit & Risk Committee to investigate on matters reported when deemed necessary.

FIND OUT MORE

https://www.sunresortshotels.com/en

• Code of Conduct

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Directors affirm their responsibilities in preparing the Annual Report (which is published on the Company's website) and the Financial Statements of the Company and its subsidiaries which comply with International Financial Reporting Standards and the Mauritius Companies Act 2001. The Board also considers that taken, they are fair, balanced and understandable and provide the information necessary for shareholders and other stakeholders to assess SUN's position, performance and outlook. Please refer to the Statement of Directors' Responsibilities.

CHARITABLE AND POLITICAL CONTRIBUTIONS

	Subsidiaries		The Company	
	FY 30 June 2020	FY 30 June 2019	**FY 30 June 2020**	FY 30 June 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Political Donations	**-**	-	**3,500**	525
Other	**-**	-	**400**	50

SUSTAINABILITY

SUN is deeply committed to sustainability which forms part of its strategic positioning. Through its SUNCARE programme launched in 2015, SUN pursues its sustainability journey to embed sustainability across its operations and around 3 key sustainability dimensions, i.e. responsible business, environment and community engagement.

Sustainability Governance

Sustainability is managed across SUN resorts through dedicated sustainability committees which set and review strategic objectives and progress on a regular basis. All information is reported to the Group's sustainability committee and ultimately to the Board of Directors. In addition, SUN has chosen to register SUNCARE as a non-profit organisation that operates independently, and which can collect funds to conduct community projects.

Community Engagement

Through its SUNCARE, One Euro Per Guest Night voluntary program and thanks to the active participation of its employees, SUN supports various local school community projects around each of its resorts. SUN is also actively involved since 2008 with the SUN Children Cancer Ward at Victoria Hospital in Mauritius.

Environment

Environmental efforts represent a significant part of the Group's sustainability actions with the view to reduce its environmental footprint. Energy efficiency, waste segregation and water efficiency programmes are on- going and have demonstrated significant results so far. In addition, SUN has concluded a Memorandum of Understanding with the University of Mauritius to host a Marine Biology Conservation Center at La Pirogue Hotel.

Responsible Business & Key Certifications

SUN has established an Environmental and Social Management system across its operations and is proud to have received the following certifications and recognition for its sustainability efforts:

- Listed on the Sustainability Index of the SEM
- EarthCheck certification
- Travel Life certification

Stakeholder Engagement

SUN adopts a transparent and open approach with regards to sustainability. Amongst other, SUN is a Founding Member of UN Global Compact Local Network Mauritius for Sustainable Development and is also part of the UN Water Mandate Initiative.

Reporting

SUN is using the U.N. Sustainable Development Goals ("SDG") as a guiding set of principles to understand what the world needs action on. Within the 17 SDGs, SUN has identified eight with the strongest alignment to its SUNCARE programme and where the Group is confident it has the ability to impact change at scale. As SUN prepares for the launch of its first sustainability report later this year, it remains focused on achieving sustainable growth by innovating to meet the needs of its customers and society, exhibiting exceptional environmental and safety performance and being a positive force in the lives of its employees and communities. SUN will report on its progress, challenges and insights and hope that its valued stakeholders will join it advances sustainability across its organisation and value chains.

PRINCIPLE 7: AUDIT

EXTERNAL AUDIT

Based upon the recommendation of the ARC, the Board nominated PricewaterhouseCoopers Ltd ("PwC") as external auditor of the Company, in replacement of BDO & Co, for approval at the Annual Meeting of shareholders ("AMS") of the Company held in December 2017. In accordance with Section 200 of the Companies Act 2001, PwC was re-appointed external auditor of the Company for the financial year ended 30 June 2020 at the last AMS of the Company held in December 2019. The automatic reappointment of PwC as auditor of the Company for the financial year ending 30 June 2021 will be submitted for approval by the shareholders at the forthcoming AMS in December 2020.

The Board and the Audit & Risk Committee ("ARC") are satisfied that PwC has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditor, whose report is included in the audited financial statements, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial statements. To adhere to the revised International Standards on Auditing, ISA 701, the auditor's report also includes the Key Audit Matters which are those matters that, in the external auditor's professional judgement, are of the most significance in the audit of the financial statements. The list of these Key Audit Matters is taken up for discussion with the members of the ARC in the presence of the management at a distinct ARC meeting prior to finalising the audited accounts. The ARC members are also briefed on any change in accounting principles and ensure that there is a mutual understanding between SUN's team and PwC's team on the application and adaptation of any accounting principles.

In line with the recommendations of the Code, members of the ARC met the team of PwC without management's presence. Fees paid to the external auditors for both audit and other services performed during the year are set out in the section other statutory disclosures under Section 221 of the Companies Act 2001.

To ensure transparency and good governance, a separate team of PwC ensures the non-auditing services extended to SUN.

INTERNAL AUDIT

The Internal Audit function provides independent assurance to the Board and other key stakeholders over the adequacy and effectiveness of the Company's system of internal controls, the governance model, and the Enterprise-wide Risk Management Framework. The function is the third line of assurance in the Company's risk control structure.

The internal auditor of the Company is Ernst & Young ("EY"). To ensure that the internal auditor remains independent and sufficiently objective and meets its responsibilities, the internal audit team reports functionally to the ARC and administratively to both the CEO and CFO of the Company. The internal auditor has unrestricted access to the Company's records and information, its employees and the management team as required.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

The internal auditor presented their scope of work for the FY 30 June 2020 which has been duly reviewed and prioritised by the ARC members in terms of the degree of potential risks associated to the areas to be covered.

Following discussion at the level of CIEL Limited ("CIEL") for an independent review of CIEL subsidiaries to contain costs as a result of the outbreak of the pandemic Covid-19 in Mauritius, EY came forward with revised objectives underlying the internal audit plan, focusing on the following three areas:

1. Automation of processes with the shift to Robotic Process Automation with less human intervention, wherever applicable, thereby achieving considerable gains in efficiency, reduction of errors and redeployment of personnel to value adding activities.
2. Independent review of plans to contain costs and preserve cash by challenging management on the methodology being used as well as on the relevant assumptions to give adequate comfort that the forecasts were rigorous.
3. Project management by overseeing the execution of the cost containment plans to improve on cash flow and advising management on any potential shortfalls from an independent bird's eye.

The objective of EY is to bring added value on the cost-cutting and cash flow optimisation initiatives to be implemented by management as well the review of the relevant control processes.

PRINCIPLE 8:
RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING STRUCTURE AS AT 30 JUNE 2020

Issued share capital as at 30 June 2020: 194,545,072 no par value ordinary shares, including 20,118,546 treasury shares.

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2020

Shareholders holding more than 5% of the stated capital of SUN as at 30 June 2020 were:

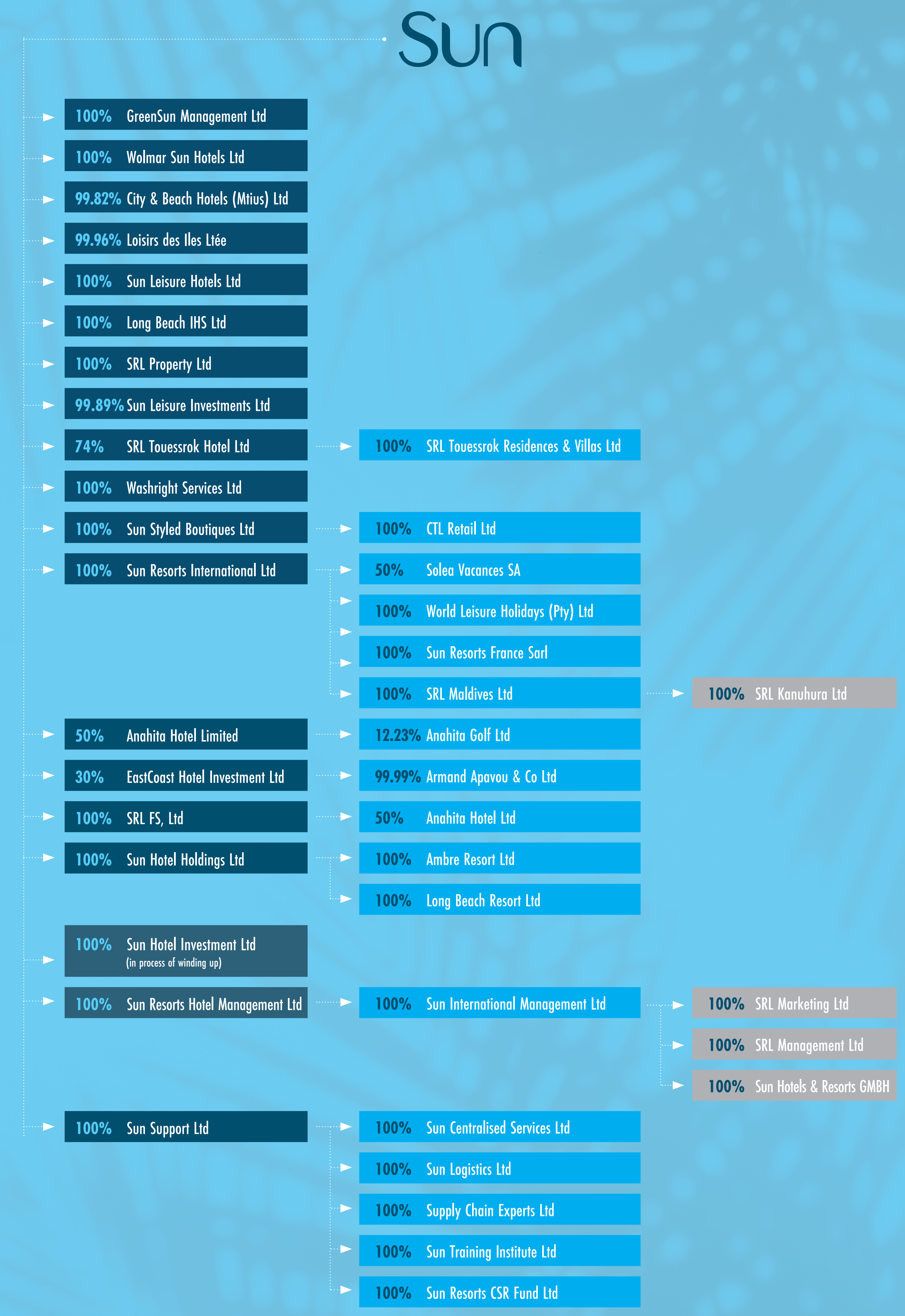
	Number of Shares Owned	% Holding
Name of Shareholder	(Excluding Treasury Shares)	
CIEL Limited	87,387,690	50.10
Di Cirne HLT Ltd	30,558,768	17.52

COMMON DIRECTORS WITHIN THE HOLDING STRUCTURE AS AT 30 JUNE 2020

Name of Directors of SUN	CIEL Limited	Di Cirne HLT Ltd
P. Arnaud Dalais	√*	
Jean-Pierre Dalais	√	
R. Thierry Dalais	√	
L. J. Jérôme De Chasteauneuf	√	
Olivier Riché		Nominee
J. Harold Mayer	√	
Jean-Louis Savoye	√	√

* Chairman

GROUP STRUCTURE AS AT 30 JUNE 2020



CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

SHARES IN PUBLIC HANDS

In accordance with the Listing Rules of the SEM, more than 25% of the shareholding of SUN is in the hands of the public.

SHAREHOLDER'S AGREEMENTS

CIEL Limited, Dentressangle Initiatives SAS and Di Cirne HLT Ltd have entered into a shareholders' agreement to regulate their respective rights and obligations in respect of their shareholdings in SUN (usual reserved matters, dividend policy, lock up period of 4 years, tag along and drag along rights).

THIRD PARTIES MAIN AGREEMENTS

- SUN holds an agreement with CCS (a subsidiary of CIEL Limited) for the provision of strategic support & group strategy harmonisation, legal, company secretarial and payroll services to the companies of the Group. An amount of Rs 8m was paid to CCS for the financial year. This fee also covers the time allocation dedicated to SUN by Jean-Pierre Dalais and L. J. Jérôme De Chasteauneuf, who are currently employed by CCS. No Directors fees are paid to them by SUN.
- SUN holds a treasury agreement with Azur Financial Services Ltd (a subsidiary of CIEL Limited) for the provision of cash management services, treasury advisory services and foreign exchange & money market brokerage services to the Group. SUN pays a fixed monthly fee for the cash management together with a variable fee, based on the volume of intercompany transactions processed by Azur Financial Services Ltd for SUN. An amount of Rs 2.3m was paid to Azur Financial Services Ltd for the financial year.

SHAREHOLDERS' INFORMATION AND CALENDAR OF EVENTS

Event	Month
Publication of first quarter results to 30 September	November
Annual Meeting of shareholders	December
Publication of half-yearly results to 31 December	February
Publication of third-quarter results to 31 March	May
Publication of end-of-year results	September

During the financial year, shareholders were convened at the annual meeting on 12 December 2019. The notices, including the agenda, were published in the press, in line with statutory requirements. The resolutions submitted to the approval of the shareholders were all approved.

KEY STAKEHOLDERS

SUN is committed to engage actively with its stakeholders to meet their expectations and interests in an effective and efficient manner. SUN's key stakeholders and the way it has responded to their expectations are described below:

SHAREHOLDERS	SUN communicates to its shareholders through its Annual Report, Annual Meeting of Shareholders ("AMS"), press announcements, publication of unaudited quarterly, audited abridged financial statements and its website hosted at http://www.sunresortshotels.com The Company's AMS remains foremost the ideal platform for shareholders to interact with Board members and the management team on matters pertaining to SUN and its performance. Shareholders are strongly encouraged to attend the AMS to remain updated on SUN's initiatives/projects and goals. Notices of shareholders' meetings are posted to the shareholders within 21 days of holding the meetings and include the resolutions to be transacted at the said meetings. Notices are also published in the press by virtue of Listing Rule 11.16 and Rule 14(a) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007. The notice for the AMS held on 12 December 2019 was included in the annual report, itself posted on the Company's website. The minutes of proceedings of the last AMS are available for inspection by the shareholders who may also opt for a copy by written request to the Company Secretary, CIEL Corporate Services Ltd, 5th Floor, Ebène Skies, Rue de l'Institut, Ebène.
FINANCIAL PARTNERS	Communication with financial institutions and the financial community in general usually takes places through investor meetings on a semi-annual basis following the publication of the quarterly abridged results. The main recurring topic of discussion is financial performance.
REGULATORS	SUN's business activities are conditional on regulatory requirements meaning that regulators have a high level of influence and interest in the Company's operations. The Company ensures that it complies with regulatory provisions and guidelines in the conduct of its activities.
EMPLOYEES OF THE GROUP	SUN recognises that its workforce is key to its performance and development. During the year, an employee engagement survey has been launched within specific clusters of the Group which provides the basis for improvements in some areas.

CORPORATE GOVERNANCE REPORT

YEAR ENDED 30 JUNE 2020

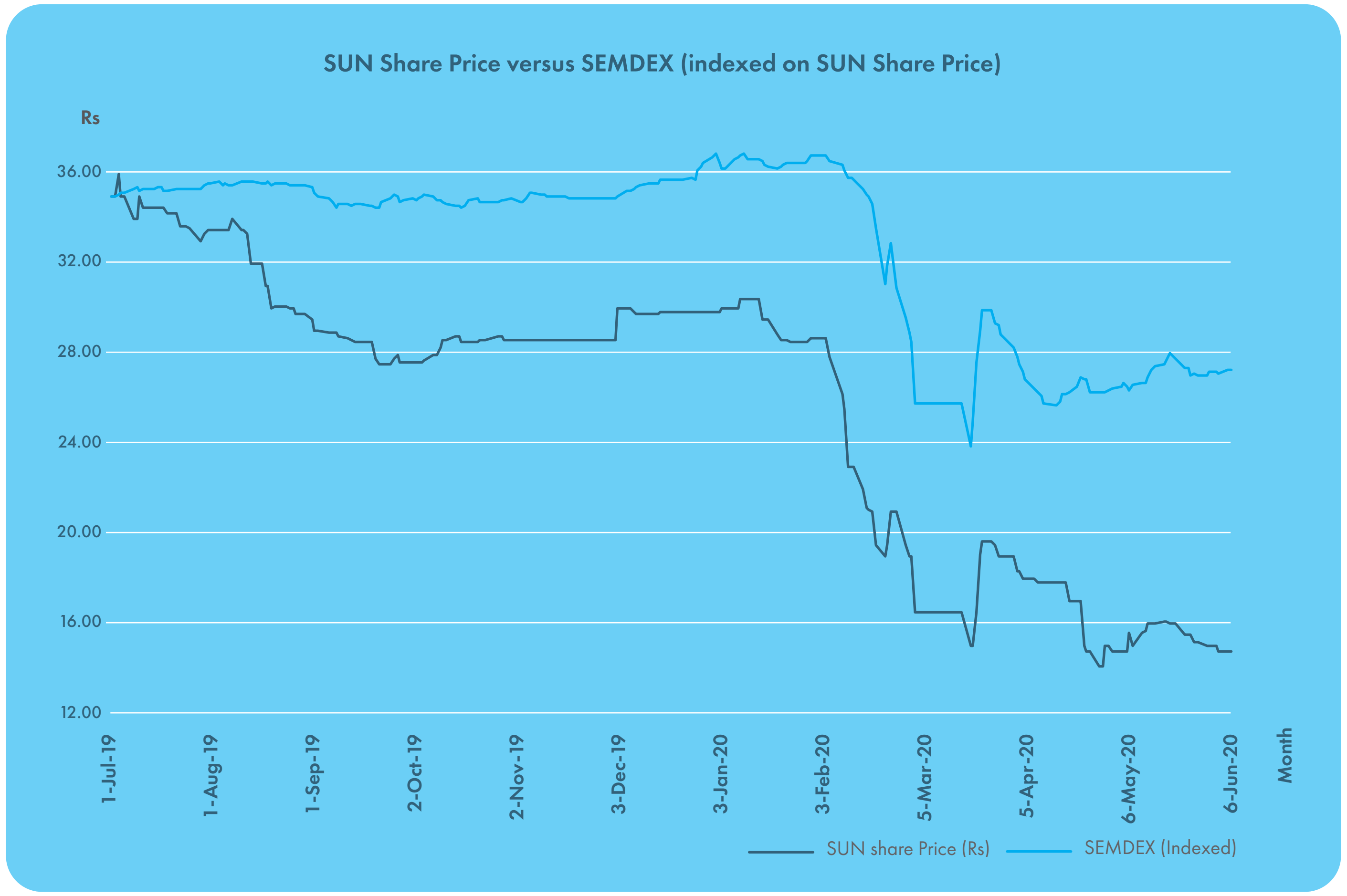
DIVIDEND

No dividend was declared during the financial year under review (2019: Rs 0.75 (seventy-five cents) per share).

SHARE PRICE INFORMATION

Development of SUN's share price versus SEMDEX - indexed on share price of Rs 35.00 on 1 July 2019.

There were no trading activities on the Stock Exchange of Mauritius Ltd from 20 March to 3 April 2020 inclusive.



This report has been approved by the Board upon recommendation of the Corporate Governance, Ethics, Nomination & Remuneration Committee.

JEAN-PIERRE DALAIS
Chairman

NADERASEN PILLAY VEERASAMY
Chairman of the Corporate Governance, Ethics, Nomination & Remuneration Committee

CLOTHILDE DE COMARMOND, ACIS
Group Company Secretary
For and on behalf of
CIEL Corporate Services Ltd

12 November 2020

OTHER STATUTORY DISCLOSURES

(SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001)

PRINCIPAL ACTIVITY AND HISTORY

The Company was incorporated as a limited company on 10 February 1983 under the name Sun Resorts Limited and changed its name to Sun Limited as evidenced by certificate issued by the Registrar of Companies dated 25 September 2015. SUN is a public company listed on the official market of the SEM and is registered as a Reporting Issuer with the FSC. It is the holding company of SUN Group, an established hotel group in the Indian Ocean, owning and/or managing six resorts in Mauritius (5* Luxury Four Seasons Resort at Anahita, 5* Luxury Shangri-La's Le Touessrok, 5* Long Beach, 5* Sugar Beach, 4* La Pirogue, and 4* Ambre) and one resort in the Maldives (5* Luxury Kanuhura). SUN holds marketing offices in London, Paris and Frankfurt and representations in India, China, Gulf Cooperation Council (GCC) countries, Russia and Commonwealth of Independent States (CIS) Countries. SUN also owns two in-house tour operators, namely Solea Vacances SA, in France and World Leisure Holidays (Pty) Ltd, in South Africa.

DIRECTORS' SERVICE CONTRACTS

The Chief Executive Officer and Chief Finance Officer hold service contracts with the Company without expiry date. To the best of the Company's knowledge, there was no contract of significance subsisting during the year to which the Company or its subsidiaries was a party and in which a Director was materially interested, either directly or indirectly.

SHAREHOLDING PROFILE

Ownership by Size of Shareholding	Ordinary Shares		
	Shareholder Count	Number of Shares	Percentage Held
1 - 500	8,133	1,192,843	0.6839
501 - 1,000	1,431	1,008,502	0.5782
1,001 - 5,000	1,484	3,309,347	1.8973
5,001 - 10,000	345	2,416,537	1.3854
10,001 - 50,000	349	7,752,151	4.4444
50,001 - 100,000	62	4,213,056	2.4154
100,001 - 250,000	31	4,569,089	2.6195
250,001 - 500,000	15	5,191,649	2.9764
Over 500,001	17	144,773,352	82.9996
Total	**11,867**	**174,426,526**	**100**
Ownership by Category of Shareholding	**Ordinary Shares**		
Category	**Shareholder Count**	**Number of Shares**	**Percentage Held**
Individuals	10,663	13,981,408	8.0156
Insurance and Assurance companies	7	8,330,401	4.7759
Investment and Trust companies	768	9,090,769	5.2118
Pensions and Provident funds	62	17,662,406	10.1260
Other Corporate Bodies	367	125,361,542	71.8707
Total	**11,867**	**174,426,526**	**100**

The above number of shareholders is indicative due to consolidation of multi portfolios for reporting purposes. The total number of active shareholders as at 30 June 2020 was 11,977.

OTHER STATUTORY DISCLOSURES

(SECTION 221 OF THE MAURITIUS COMPANIES ACT 2001)

DIRECTORS' REMUNERATION AND BENEFITS

	The Company		Subsidiaries	
	FY 30 June 2020 Rs'000	FY 30 June 2019 Rs'000	**FY 30 June 2020 Rs'000**	FY 30 June 2019 Rs'000
Executive Directors	**27,667**	44,428	**13,924**	23,590
Non-Executive Directors	**3,050**	2,400	**-**	-

DIRECTORS OF SUBSIDIARIES AS AT 30 JUNE 2020

Directors of subsidiaries as at 30 June 2020 are listed in Annexure A.

AUDIT FEES AS AT 30 JUNE 2020

	The Company		Subsidiaries	
	FY 30 June 2020 Rs'000	FY 30 June 2019 Rs'000	**FY 30 June 2020 Rs'000**	FY 30 June 2019 Rs'000
Local External Auditors				
Audit Fees	**705**	735	**4,140**	4,500
Other Services*	**42**	92	**491**	541
Local Internal Auditors				
Audit Fees	**110**	120	**1,080**	1,080
Other Services	**-**	510	**750**	2,560
Foreign External Auditors				
Audit Fees	**-**	-	**2,349**	2,443
Other Services*	**-**	-	**204**	247

* The current year fees in respect of other services from external auditors pertain to tax advisory services.

SHARE REGISTRY & TRANSFER OFFICE

SUN's Share Registry and Transfer Office is administered by MCB Registry & Securities Ltd. If you have any queries regarding your shares, wish to change your name or address, or have questions about lost certificates, share transfers or dividends, you may contact either your Investment Dealer or the Share Registry and Transfer Office, whose contact details are as follows:

MCB Registry & Securities Ltd, Ground Floor, Raymond Lamusse Building 9-11 Sir William Newton Street, Port Louis, Tel: +230 202 5640

On Behalf of the Board

JEAN-PIERRE DALAIS
Chairman
12 November 2020

M. G. DIDIER HAREL
Chairman of the Audit & Risk Committee

CERTIFICATE FROM THE COMPANY SECRETARY

In our capacity as Company Secretary of SUN Limited ("the Company"), we hereby confirm that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies as at 30 June 2020, all such returns as are required for a company in terms of the Mauritius Companies Act 2001, and that such returns are true, correct and up to date.

CLOTHILDE DE COMARMOND, ACIS
Per CIEL Corporate Services Ltd
Group Company Secretary

12 November 2020

ANNEXURE A

	Sun Limited	Ambre Resort Ltd	Anahita Hotel Ltd	City & Beach Hotels (Mtius) Ltd	CTL Retail Ltd	GreenSun Management Ltd	Loisirs des Iles Ltd	Long Beach IHS Ltd	Long Beach Resort Ltd	Solea Vacances SA	SRL Property Ltd	SRL FS, Ltd	SRL Kanuhura Ltd	SRL Maldives Ltd	SRL Management Ltd	SRL Marketing Ltd	SRL Touessrok Hotel Ltd	SRL Touessrok Residences & Villas Ltd	Sun Centralised Services Ltd	Sun Hotel Holdings Ltd	Sun Hotel Investment Ltd (In process of winding up)	Sun Hotel & Resorts GMBH	Sun International Management Ltd	Sun Leisure Hotels Ltd	Sun Leisure Investments Ltd	Sun Logistics Ltd	Sun Real Estates Ltd (Wound-up on 05 June 2020)	Sun Resorts CSR Fund Ltd	Sun Resorts France Sarl	Sun Resorts Hotel Management Ltd	Sun Resorts International Ltd	Sun Resorts (Seychelles) Ltd (Wound-up during the year)	Sun Styled Boutiques Ltd	Sun Support Ltd	Sun Training Institute Ltd	Supply Chain Experts Ltd	Washright Services Ltd	Wolmar Sun Hotels Ltd	World Leisure Holidays (Pty) Ltd
ABITBOL Arnaud										✓																													
ABITBOL Laurent										✓																													
AGGARWAL Kapil																	✓	✓																					
AMELOT Marc						✓																																	
ANDERSON David James	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		R	R	R	R	R		R	R	R	R	R	R	R	R	R	R	R
AUFORT Aurélien										✓																													
BOSQUET Jean-Pierre																✓																							
CAUDE Alexis	✓																																						
DALAIS Jean-Pierre	✓																																						
DALAIS P. Arnaud	✓																																						
DALAIS Thierry	✓																																						
DE CHASTEAUNEUF Jérôme	✓		✓														✓																						
DURR Elaine Mercia																																							✓
ECHEVIN Hélène	✓																																						
ESPITALIER-NOËL Alexandre											✓																												
EYNAUD Francois	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A		A	A	A	A	A	A	A	A	A		A	A	A	A	A	A	A
FONTANILLE Arnaud											✓																												
GERMAIN Stephanie														✓	✓																								
HAREL M. G. Didier	✓																																						
HOAREAU Daniella														AD	AD																								
JEENARAIN Rameswarsingh																																							✓
JULIE Bernardette Suzanne														✓	✓																								
MAYER J. Harold	✓																																						
RAMLAGUN Neelmanee																																		✓					
RICHÉ Olivier	✓																																						
SAVOYE Jean-Louis	✓																																						
VAQUIER Pierre	✓																																						
VEERASAMY Naderasen Pillay	✓																											✓											
WONG YUN SHING Tommy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓

✓ Appointed R Resigned during the year AD Alternate Director A Appointed during the year

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements in accordance with International Financial Reporting Standards ("IFRS") for each financial year, which present fairly the financial position, financial performance and cash flows of the Group and the Company.

The Directors confirm that, in preparing the Financial Statements, they have to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business; and
- Ensure compliance with the Code of Corporate Governance ("Code") and provide reasons in case of non- compliance with the Code.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accurancy at any time the financial position of the Group and Company to enable them to ensure that the Financial Statements comply with the Mauritius Companies Act 2001, IFRS 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 Directors hereby confirm that they have complied with the above requirements. Approved by the Board of Directors on 12 November 2020.

On Behalf of the Board

JEAN-PIERRE DALAIS
Chairman
12 November 2020

M. G. DIDIER HAREL
Chairman of the Audit & Risk Committee

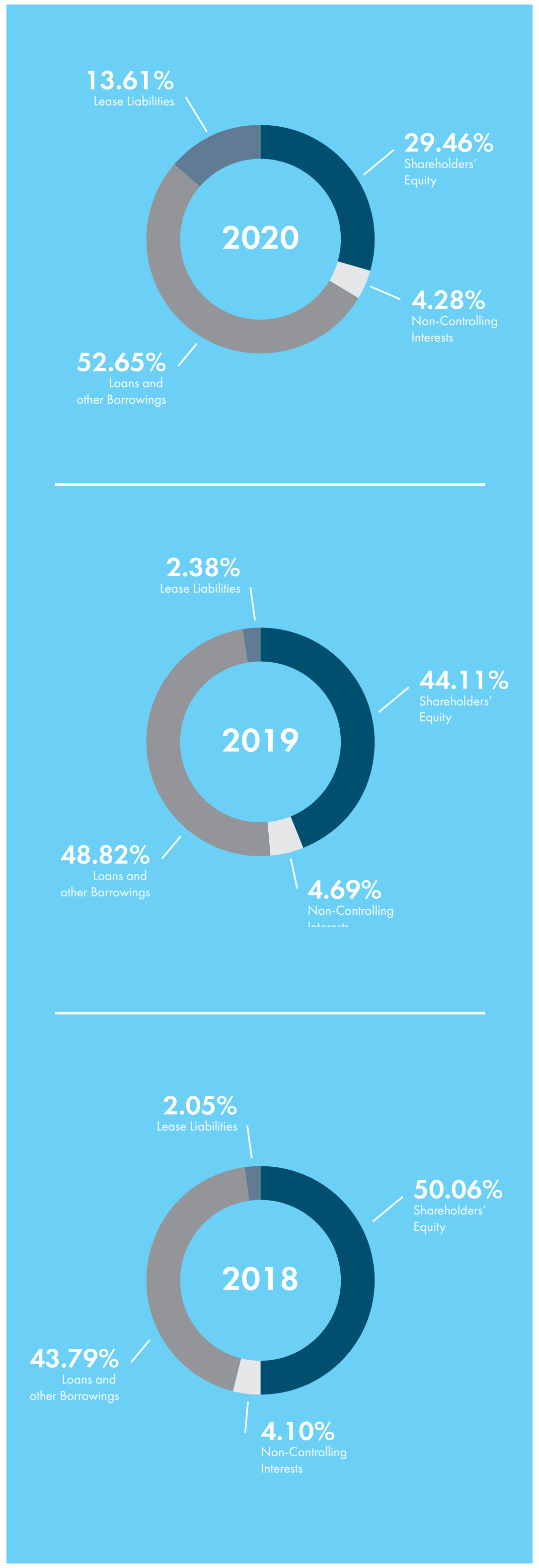
3-YEAR FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	THE GROUP		
AS AT 30 JUNE	**2020**	2019	2018
	Rs'000	Rs'000	Rs'000
Assets			
Non-current assets	**19,831,681**	18,925,384	21,279,135
Current assets	**1,489,195**	1,526,081	1,621,042
Total assets	**21,320,876**	20,451,465	22,900,177
Equity			
Equity attributable to owners of the Company	**5,264,357**	7,636,769	10,041,019
Non-controlling interests	**765,561**	812,512	822,302
Total equity	**6,029,918**	8,449,281	10,863,321
Loans and other borrowings	**9,410,850**	8,452,864	8,782,593
Lease liabilities	**2,432,180**	410,552	411,639
Total capital employed	**17,872,948**	17,312,697	20,057,553
Trade and other payables	**1,755,340**	1,507,185	1,481,638
Current tax liability	**9,783**	47,379	27,865
Deferred tax liability	**1,068,276**	897,241	831,535
Employee benefit liability	**459,068**	364,353	269,621
Provision	**60,298**	91,968	80,218
Deferred income	**95,163**	99,822	64,534
Dividend payable	**-**	130,820	87,213
Interest-free liabilities	**3,447,928**	3,138,768	2,842,624
Total equity and liabilities	**21,320,876**	20,451,465	22,900,177

CONSOLIDATED CAPITAL EMPLOYED

	THE GROUP		
AS AT 30 JUNE	**2020**	2019	2018
Shareholders' equity	**29.46%**	44.11%	50.06%
Non-controlling interests	**4.28%**	4.69%	4.10%
Loans and other borrowings	**52.65%**	48.82%	43.79%
Lease liabilities	**13.61%**	2.38%	2.05%
Total capital employed	**100.00%**	100.00%	100.00%



3-YEAR FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	THE GROUP		
FOR THE YEAR ENDED 30 JUNE	**2020**	2019	2018
	Rs'000	Rs'000	Rs'000
Revenue	**5,057,677**	6,614,884	6,723,879
Other income	**350,695**	115,260	50,277
Normalised EBITDA	**1,344,248**	1,547,536	1,568,952
Operating lease expenses relating to right-of-use assets	**-**	(287,164)	(278,549)
Expenses during suspension of operations, net of revenue	**(315,302)**	-	-
EBITDA excluding exceptional items	**1,028,946**	1,260,372	1,290,403
Exceptional items	**(869,204)**	(1,939,862)	-
Earnings/(loss) before interest, tax, depreciation and amortisation	**159,742**	(679,490)	1,290,403
Depreciation and amortisation	**(746,605)**	(568,498)	(546,079)
Operating (loss)/profit	**(586,863)**	(1,247,988)	744,324
Finance costs	**(1,091,571)**	(454,767)	(479,822)
Finance income	**21,250**	18,392	16,312
Share of results of associates	**(275)**	300	-
Impairment of investment in associate	**(107,044)**	-	-
(Loss)/profit before tax	**(1,764,503)**	(1,684,063)	280,814
Income tax charge	**(38,391)**	(201,538)	(86,747)
(Loss)/profit after tax	**(1,802,894)**	(1,885,601)	194,067
Non-controlling interests	**13,473**	553	(14,550)
(Loss)/profit attributable to owners of the Company	**(1,789,421)**	(1,885,048)	179,517
Balance at start of period, as previously reported	**859,235**	2,960,964	2,826,935
Dividends on ordinary shares	**-**	(130,820)	(87,213)
Adoption of IFRS 15	**-**	(37,113)	-
Adoption of IFRS 16	**(814,646)**	-	-
Other movements in retained profits	**(146,036)**	(48,748)	41,725
BALANCE AT END OF PERIOD	**(1,890,868)**	859,235	2,960,964

RATIOS AND STATISTICS

		THE GROUP		
		2020	2019	2018
Share Performance				
Ordinary shares				
- In issue	000's	**194,545**	194,545	194,545
- Weighted average	000's	**174,427**	174,427	167,211
Earnings per share from Continuing operations	Rupees	**(10.26)**	(10.81)	1.07
Dividend declared per ordinary share	Rupees	**-**	0.75	0.50
Dividend cover (in respect of year)	times	**-**	(14.41)	2.06
Net worth per ordinary share		**30.18**	43.78	57.57
Profitability and Asset Management				
Normalised EBITDA margin	%	**26.58%**	23.39%	23.33%
Operating (loss)/profit margin	%	**(11.60%)**	(18.87%)	11.07%
Return on net assets	%	**(29.90%)**	(22.32%)	1.79%
Gearing ratio	%	**59.30%**	48.10%	43.04%
Total liabilities to total equity	%	**253.58%**	142.05%	110.80%
Interest cover	times	**1.79**	2.86	1.61
Current ratio	1:	**0.30**	0.57	0.71
Employees		**3,856**	4,028	4,028
Stock-Exchange Performance				
Stock price				
- At 30 June	Rupees	**14.80**	35.00	51.00
- Highest	Rupees	**35.95**	52.00	52.00
- Lowest	Rupees	**14.10**	34.00	40.90
Other				
Resort keys at year end		**1,453**	1,473	1,473
Rooms night sold	000's	**271**	382	400

3-YEAR FINANCIAL REVIEW

DEFINITIONS

Earnings Per Share
Earnings per share is profit attributable to owners of the Company divided by the weighted average number of shares in issue during the period.

Dividend Cover
Dividend cover is profit attributable to owners of the Company divided by ordinary dividends.

Gearing
Interest-bearing loans and borrowings, net of cash and cash equivalents expressed as a percentage of capital employed including all capital, reserves and the net debt of the Group.

Net Worth Per Ordinary Share
Net worth per ordinary share is equity attributable to owners of the company divided by the total number of shares in issue at reporting date.

Operating Margin
Operating margin is operating profit expresses as a percentage of revenue.

Normalised EBITDA
Normalised EBITDA excludes operating lease expenses and expenses during suspension period, net of revenue.

EBITDA Margin
Normalised EBITDA margin is normalised EBITDA expressed as a percentage of revenue.

Net Assets
Total assets less interest-free liabilities and interest-bearing loans and borrowings.

Return On Net Assets
(Loss)/profit for the year expressed as a percentage of Net assets.

Total Liabilities
Total liabilities include current and non-current liabilities.

Interest Cover
This is the ratio of EBITDA before exceptional items to net finance costs excluding cash flow hedges and exchange differences.

Current Ratio
This is the ratio of current assets to current liabilities.

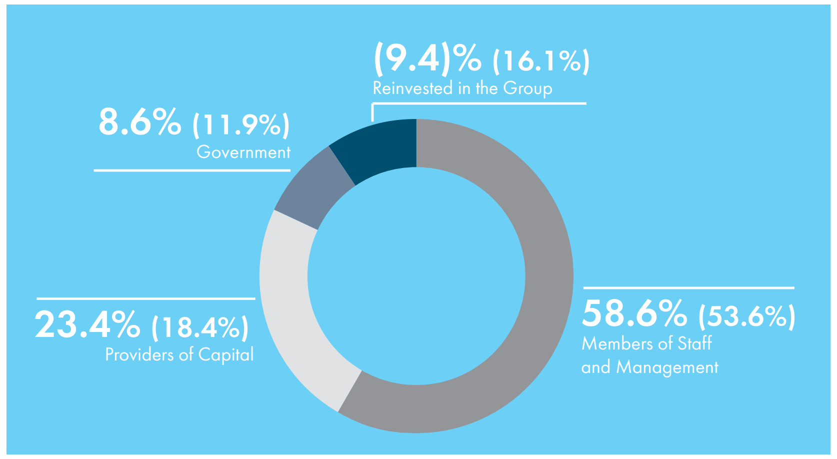
Net Debt
Net debt is loans and borrowings net of cash and short term deposits.

Net Debt/normalised EBITDA
This is the ratio of total borrowings net of cash and short terms deposits to normalised EBITDA

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Value added is a measure of the wealth the Group has been able to create in all of its various operations by 'adding value' to the cost of raw materials, products and services purchased. The statements summarises the total wealth created and shows how it was shared by employees and other parties who contributed to the Group's operations. The calculation takes into account the amount retained and reinvested in the Group for the replacement of assets and the further development of operations.



FOR THE YEAR ENDED 30 JUNE	30 June 2020		30 June 2019	
	Rs'000	%	Rs'000	%
Total revenue excluding Government Wage Assistance Scheme	5,233,476		6,730,144	
Paid to suppliers for materials and services	(2,187,542)		(2,883,139)	
VALUE ADDED	3,045,934		3,847,005	
Share of result of joint venture	(275)		300	
Finance income	21,250		18,392	
TOTAL WEALTH CREATED	3,066,909	100.0	3,865,397	100.0
Distributed as follows :				
MEMBERS OF STAFF				
Salaries and other benefits, net of Government Wage Assistance Scheme	1,797,850	58.6	2,072,464	53.6
PROVIDERS OF CAPITAL				
Dividends to ordinary shareholders	-	-	120,556	3.1
Finance costs on loans and borrowings	556,213	18.1	454,767	11.8
Operating lease payments	160,100	5.2	134,868	3.5
	716,313	23.4	710,191	18.4
GOVERNMENT AND PARASTATAL CORPORATIONS				
Income tax (current and deferred)	38,391	1.3	201,538	5.2
PAYE	46,958	1.5	51,485	1.3
EPF	30,616	1.0	48,072	1.2
Licences, permits and levies	20,828	0.7	22,872	0.6
Lease costs	127,064	4.1	125,752	3.3
Dividends - ordinary shares	-	-	10,264	0.3
	263,857	8.6	459,983	11.9
REINVESTED IN THE GROUP TO MAINTAIN AND DEVELOP OPERATIONS				
Depreciation and amortisation	746,605	24.3	568,498	14.7
Exceptional items*	1,345,177	43.9	1,939,862	50.2
Retained loss for the year	(1,802,894)	(58.8)	(1,885,601)	(48.8)
	288,888	9.4	622,759	16.1
TOTAL WEALTH DISTRIBUTED AND RETAINED	3,066,909	100.0	3,865,397	100.0

**Exceptional items include impairment charges, reorganisation costs, cash flow hedges, loss on disposal of subsidiary and write off of project costs*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Sun Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Sun Limited's consolidated and separate financial statements set out on pages 98 to 167 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate statements of profit or loss for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Basis of preparation – impact of COVID-19 (see note 3.2 to the financial statements) The Directors have explained the rationale for adopting the going concern basis when preparing the Group's and the Company's financial statements. This judgement is based on an evaluation of the inherent risks to the Group and Company's business model that might affect the Group and Company's financial resources or ability to continue operations over a period of at least a year from the end of the financial period. Management has considered the impact of the COVID-19 virus on the operation of the Group and has performed sensitivity analysis over the Group's cash flow forecasts to factor in the impact of a decline in both the occupancy rates and the average room rates as a result of the ripples of COVID-19 on the global economy. Management's assessment of going concern is based on cash flow projection and the additional funding negotiated by the Group with the various banking institutions and the Mauritius Investment Corporation Ltd, each of which is dependent on significant management judgement and can be influenced by management bias. The risk for our audit was whether or not the COVID-19 pandemic and the measures to limit its transmission were such that they amounted to a material uncertainty that cast significant doubt about the ability of the Group and the Company to continue as a going concern.	We leveraged on the work that we have performed when assessing the impairment of non-financial assets of the Group (see page 4 of our audit report). We assessed the reasonableness of the cash flow projections over the forecast period considered by management to assess their ability to continue operations. We obtained evidence about the additional funding to be obtained by the Group for the upcoming year from various banking institutions and the Mauritius Investment Corporation Ltd. We have assessed the maturity profile of the Group's borrowings and considered the refinancing events occurring after the reporting period, focusing on management's plan to service the existing debts. We have obtained and reviewed the amended terms of the existing and new debt facilities of the Group and have critically assessed the ability of the Group and Company to continue to meet the financial covenants of these facilities and their financial obligations under reasonably foreseeable stressed scenarios that could erode liquidity headroom. Through inquiry and inspection of the latest banking arrangements and the changes to the terms of the facility, we considered the intent of the Group's lenders to continue to support the Group with existing facilities. Furthermore, we reviewed the adequacy and appropriateness of management's going concern disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of goodwill and non-current assets (see note 29 to the financial statements) The Group has non-current assets for which indicators of impairment exist as at 30 June 2020. The Group has impaired the carrying amount of assets by Rs 867 million in the year ended 30 June 2020. Management assessed the recoverable amount of assets for which indicators of impairment exist as at 30 June 2020 using a discounted cash flow model to determine the value in use of the cash generating unit (CGU) to which the assets relate to. This requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	As part of our planning procedures, we discussed with management the CGUs which were not performing as expected and analysed their financial performance for the year. We obtained management's assessment of the recoverable amounts of these CGUs. We assessed the validity of the assumptions used in the cash flow models by comparing these assumptions to our independently derived expectations. In order to address management bias in the forecasted cash flows, the budgeted figures of the CGUs that were used in the previous year were backtested to the actual experience. We also considered reasonably possible changes in key assumptions, including making allowance for the near term weaker trading from the impact of COVID-19. Terminal growth rates have been assessed for reasonableness based on market expected long-term growth rates. In order to determine the reasonableness of the discount rates, the rates used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us, with the support of our internal valuation specialists, based on the markets in which the CGU operate and taking into account the nature of the CGUs. We also verified the mathematical accuracy of the models. We assessed whether appropriate disclosures were made by management in the financial statements.
Adoption of IFRS 16 (see note 2.1 to the financial statements) The Group adopted IFRS 16 'Leases' with effect from 01 July 2019 and, as from that date, it recognises right-of-use assets and lease liabilities on its statement of financial position. We consider the application of the standard to be a key audit matter as the Group has many long-term land leases with the Government of Mauritius and the application of the standard requires significant management judgement and estimates with respect to the discount rate used to measure the lease liabilities and the lease term, in the light of termination or renewal options.	We assessed the Group's accounting policy in light of the adoption of IFRS 16 to assess if the transition adjustments were made correctly. We considered the completeness of the leases and lease data by performing a reconciliation of the Group's lease liability to the operating lease commitments disclosed in the 2019 financial statements as well as analysing the expenses booked in the lease rental account. We assessed the appropriateness of management's methodology to determine the discount rate for long-term leases and of their assessment of termination or renewal options, in the context of facts and circumstances that create an economic incentive for the exercise of the options. We verified the accuracy of the underlying lease data by agreeing a sample of leases to their contracts and recomputed the right of use asset and lease liabilities for each lease selected. We ensured that the disclosures made in the financial statements pertaining to leases including disclosures in relation to the transition to IFRS 16, were compliant with the requirements of IFRSs.

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

KEY AUDIT MATTER RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Management estimates of the useful lives and residual values of hotel buildings (see note 4.2 (vi) in to the financial statements) Management has applied a high residual value to the hotel buildings in order to determine their depreciable amount. Management determined the useful lives and residual values of the hotel buildings based on an independent valuer's assessment. This was an area of focus in light of the significance of hotel buildings and the level of judgement and estimation required in determining the useful lives of the hotel buildings and their residual values which impact the depreciation of hotel buildings recognised in profit or loss.	We reviewed the independent valuer's report issued to assess the factors that were taken into consideration when determining the residual value. We updated our understanding of management's approach to determine the depreciation of hotel buildings. Where management has reassessed the estimate of the useful lives and residual values based on their judgement, we have considered the appropriateness of their rationale to support the change.

KEY AUDIT MATTER RELATING TO THE SEPARATE FINANCIAL STATEMENTS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investments in subsidiaries (see note 9 to the financial statements) Investments in subsidiaries are carried at fair value in the separate financial statements. The fair values of the unlisted investments are determined by applying valuation methodologies which include discounted cash flow approach and net asset value approach. The Directors make significant judgement to determine the most appropriate valuation methodology and on the various assumptions used when a discounted cash flow approach is adopted. The valuation of the Company's investments in subsidiaries held at fair value was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management, particularly in the context of the economic uncertainty.	The reasonableness of the fair values assigned to the unlisted investments was assessed on a sample basis. The methodologies applied by management were assessed for appropriateness based on the nature of the investments and their activities. We used the work that we carried out for the purposes of testing the impairment of goodwill and non-current assets described earlier to independently determine the recoverable amount of the investments tested. Market multiples have been compared to those of similar entities operating in similar sectors to determine if the resulting values are reasonable. We assessed whether appropriate disclosures were made by management in the financial statements in the context of the inherent uncertainties involved.
Recoverability of receivables from related parties (see note 16 and 35 to the financial statements) The Company had receivables from related parties of Rs 3,394 million, net of impairment provisions of Rs 760 million as at 30 June 2020. We focused on this area since we consider the level of impairment provisions as significant matter given the depressed economic conditions prevailing in the hospitality industry.	We have assessed the reasonableness of the cash flow projections of operating companies to determine the ability and timing of estimated receipts of receivables from related parties. For non-operating companies, we have verified if these companies have sufficient assets that would enable them to repay their dues. We also discussed with management on their knowledge of future conditions that may affect expected receipts from these related companies.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and our auditor's report thereon. We have obtained prior to the date of this auditor's report the statement of compliance, the corporate governance report, the other statutory disclosures and the statement of directors' responsibilities in respect of the presentation of financial statements and the company secretary's certificate. All other information in the annual report will be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

When we read the other information which have not been made available to us prior to the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Financial Reporting Act 2004 requires us to report certain matters as described below.

Corporate Governance Report

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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 Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

(a) we have no relationship with or interests in the Company and some of its subsidiaries other than in our capacity as auditor and as tax and business advisor, and dealings in the ordinary course of business;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
PWC Centre,
Avenue de Telfair,
Telfair 80829, Moka.
Republic of Mauritius.

12 November 2020

Michael Ho Wan Kau,
licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	**16,563,067**	17,160,481	**15,890**	14,361
Right-of-use assets	6	**2,083,866**	-	**-**	-
Operating equipment	7	**22,294**	43,526	**-**	-
Intangible assets	8	**281,227**	295,370	**47,019**	53,905
Interest in subsidiaries	9	**-**	-	**14,966,975**	15,564,331
Interest in associate	10	**495,991**	702,445	**495,991**	702,445
Interest in joint venture	11	**51,103**	43,796	**-**	-
Deferred tax asset	20	**156,298**	-	**30,773**	4,597
Other investments	12	**158,900**	164,170	**5,550**	5,550
Leasehold rights and land & buildings prepayments	13	**-**	496,661	**-**	261,324
Other financial assets	14	**18,935**	18,935	**1,834,060**	2,246,920
		19,831,681	18,925,384	**17,396,258**	18,853,433
CURRENT ASSETS					
Inventories	15	**161,342**	206,979	**-**	-
Trade and other receivables	16	**695,408**	691,441	**1,800,185**	1,871,713
Cash and short-term deposits	33(ii)	**632,445**	627,661	**83,052**	41,083
		1,489,195	1,526,081	**1,883,237**	1,912,796
TOTAL ASSETS		**21,320,876**	20,451,465	**19,279,495**	20,766,229
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Stated capital	17	**1,945,451**	1,945,451	**1,945,451**	1,945,451
Share premium	17	**3,138,833**	3,138,833	**3,138,833**	3,138,833
Reserves	18	**3,522,330**	3,144,639	**4,412,146**	5,009,502
(Accumulated losses)/Retained profits		**(1,890,868)**	859,235	**3,003,056**	4,668,331
		6,715,746	9,088,158	**12,499,486**	14,762,117
Treasury shares	17	**(1,451,389)**	(1,451,389)	**(1,451,389)**	(1,451,389)
Equity attributable to owners of the Company		**5,264,357**	7,636,769	**11,048,097**	13,310,728
Non-controlling interests		**765,561**	812,512	**-**	-
TOTAL EQUITY		**6,029,918**	8,449,281	**11,048,097**	13,310,728
NON-CURRENT LIABILITIES					
Loans and other borrowings	19	**6,254,161**	7,453,991	**3,229,490**	5,515,381
Lease liabilities	6	**2,306,279**	406,677	**129,648**	-
Deferred tax liability	20	**1,068,276**	897,241	**-**	-
Provision	23	**60,298**	91,968	**29,580**	61,250
Contract liabilities	24	**95,163**	99,822	**-**	-
Employee benefit liability	21	**459,068**	364,353	**65,983**	17,246
		10,243,245	9,314,052	**3,454,701**	5,593,877
CURRENT LIABILITIES					
Loans and other borrowings	19	**3,156,689**	998,873	**2,756,818**	659,659
Lease liabilities	6	**125,901**	3,875	**93,940**	-
Dividend payable	40	**-**	130,820	**-**	130,820
Trade and other payables	22	**1,755,340**	1,507,185	**1,919,937**	1,064,477
Current tax liability	25	**9,783**	47,379	**6,002**	6,668
		5,047,713	2,688,132	**4,776,697**	1,861,624
TOTAL LIABILITIES		**15,290,958**	12,002,184	**8,231,398**	7,455,501
TOTAL EQUITY AND LIABILITIES		**21,320,876**	20,451,465	**19,279,495**	20,766,229

Approved by the Board of Directors and authorised for issue on 12 November 2020.

JEAN-PIERRE DALAIS
Chairman

M. G. DIDIER HAREL
Chairman of the Audit & Risk Committee

The notes set out on pages 103 to 167 form an integral part of the financial statements.
Auditors' report on page 92 to 97.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
Revenue	26	**5,057,677**	6,614,884	**274,904**	840,936
Other income	28	**350,695**	115,260	**113,604**	87,757
Operating expenses	27	**(4,379,426)**	(5,469,772)	**(190,696)**	(153,492)
- Operating lease rentals relating to right-of-use assets		**-**	(287,164)	**-**	-
- Other operating expenses		**(4,379,426)**	(5,182,608)	**(190,696)**	(153,492)
Earnings before interest, tax, depreciation and amortisation and exceptional items		**1,028,946**	1,260,372	**197,812**	775,201
Impairment of non-financial assets	29	**(759,631)**	(1,884,488)	**-**	-
Impairment of financial assets		**(76,422)**	-	**(759,746)**	(250,838)
Reorganisation costs	27(d)	**(33,151)**	-	**(7,366)**	-
Loss on derecognition of right-of-use assets	6(b)(i)	**-**	-	**(126,461)**	-
Loss on disposal of subsidiary		**-**	(5,262)	**-**	-
Write off of project costs	27(e)	**-**	(50,112)	**-**	-
Earnings/(loss) before interest, tax, depreciation and amortisation		**159,742**	(679,490)	**(695,761)**	524,363
Depreciation and amortisation		**(746,605)**	(568,498)	**(49,835)**	(21,880)
- Depreciation of right-of-use assets	6	**(74,248)**	-	**-**	-
- Other depreciation and amortisation		**(672,357)**	(568,498)	**(49,835)**	(21,880)
Operating (loss)/profit		**(586,863)**	(1,247,988)	**(745,596)**	502,483
Finance costs:	30	**(1,091,571)**	(454,767)	**(632,330)**	(308,377)
- Cash flow hedges		**(368,929)**	-	**-**	-
- Lease liabilities	6	**(166,469)**	-	**(13,847)**	-
- Other loans and borrowings		**(556,173)**	(454,767)	**(618,483)**	(308,377)
Finance income	31	**21,250**	18,392	**147,301**	139,543
Share of result of joint venture	11	**(275)**	300	**-**	-
Impairment of investment in associate	10(a)	**(107,044)**	-	**(206,454)**	-
(Loss)/profit before tax		**(1,764,503)**	(1,684,063)	**(1,437,079)**	333,649
Income tax (charge)/credit	25(b)	**(38,391)**	(201,538)	**17,643**	(10,119)
(Loss)/profit for the year		**(1,802,894)**	(1,885,601)	**(1,419,436)**	323,530
(Loss)/profit attributable to:					
Owners of the Company		**(1,789,421)**	(1,885,048)	**(1,419,436)**	323,530
Non-controlling interests		**(13,473)**	(553)	**-**	-
		(1,802,894)	(1,885,601)	**(1,419,436)**	323,530
Basic and diluted loss per share (Rs)	32	**(10.26)**	(10.81)		

The notes set out on pages 103 to 167 form an integral part of the financial statements.
Auditors' report on page 92 to 97.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	THE GROUP 2020 Rs'000	THE GROUP 2019 Rs'000	THE COMPANY 2020 Rs'000	THE COMPANY 2019 Rs'000
(Loss)/profit for the year		**(1,802,894)**	(1,885,601)	**(1,419,436)**	323,530
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Impairment of property, plant and equipment	29	**-**	(393,238)	**-**	-
Revaluation of buildings	5	**405,253**	(24,000)	**-**	-
Revaluation of interest in subsidiaries	9	**-**	-	**(597,356)**	(3,172,645)
Revaluation of other investments	12	**(5,270)**	(14,753)	**-**	-
Movement in retirement benefit obligations	21	**(181,779)**	(64,245)	**(50,192)**	(14,364)
Income tax relating to these items	20	**(25,509)**	70,165	**8,533**	2,442
		192,695	(426,071)	**(639,015)**	(3,184,567)
Items that may be reclassified subsequently to profit or loss:					
Differences arising on retranslation of foreign operations		**104,704**	11,194	**-**	-
Differences arising on retranslation of goodwill	8	**-**	34,816	**-**	-
Share of other comprehensive income of joint venture	11	**7,582**	-	**-**	-
Cash flow hedges		**(98,990)**	20,054	**-**	-
		13,296	66,064	**-**	-
Other comprehensive income for the year, net of tax		**205,991**	(360,007)	**(639,015)**	(3,184,567)
Total comprehensive income for the year		**(1,596,903)**	(2,245,608)	**(2,058,451)**	(2,861,037)
Total comprehensive income attributable to:					
Owners of the Company		**(1,557,766)**	(2,236,317)	**(2,058,451)**	(2,861,037)
Non-controlling interests		**(39,137)**	(9,291)	**-**	-
		(1,596,903)	(2,245,608)	**(2,058,451)**	(2,861,037)

The notes set out on pages 103 to 167 form an integral part of the financial statements.
Auditors' report on page 92 to 97.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

THE GROUP

	Note	<--- Stated capital Rs'000	Share premium Rs'000	Property revaluation reserve Rs'000	Investment revaluation reserve Rs'000	Foreign Currency translation reserve Rs'000	Cash flow hedging reserve Rs'000	Retained profits Rs'000	Treasury shares Rs'000	Total Rs'000 ---> (Attributable to owners of the Company)	Non-controlling interests Rs'000	Total equity Rs'000
At 01 July 2018		1,945,451	3,138,833	3,094,993	31,858	404,036	(83,727)	2,923,851	(1,451,389)	10,003,906	822,302	10,826,208
Other comprehensive income for the year		-	-	(351,967)	(14,880)	46,010	18,316	(48,748)	-	(351,269)	(8,738)	(360,007)
Loss for the year		-	-	-	-	-	-	(1,885,048)	-	(1,885,048)	(553)	(1,885,601)
Total comprehensive income for the year		-	-	(351,967)	(14,880)	46,010	18,316	(1,933,796)	-	(2,236,317)	(9,291)	(2,245,608)
Dividends - 2019	40	-	-	-	-	-	-	(130,820)	-	(130,820)	(499)	(131,319)
Total transactions with owners of the Company		-	-	-	-	-	-	(130,820)	-	(130,820)	(499)	(131,319)
At 30 June 2019		**1,945,451**	**3,138,833**	**2,743,026**	**16,978**	**450,046**	**(65,411)**	**859,235**	**(1,451,389)**	**7,636,769**	**812,512**	**8,449,281**
- Effect of adoption of IFRS 16		-	-	-	-	-	-	(814,646)	-	(814,646)	(7,814)	(822,460)
At 01 July 2019		1,945,451	3,138,833	2,743,026	16,978	450,046	(65,411)	44,589	(1,451,389)	6,822,123	804,698	7,626,821
Other comprehensive income for the year		-	-	348,794	(5,317)	112,286	(78,072)	(146,036)	-	231,655	(25,664)	205,991
Loss for the year		-	-	-	-	-	-	(1,789,421)	-	(1,789,421)	(13,473)	(1,802,894)
Total comprehensive income for the year		-	-	348,794	(5,317)	112,286	(78,072)	(1,935,457)	-	(1,557,766)	(39,137)	(1,596,903)
At 30 June 2020		**1,945,451**	**3,138,833**	**3,091,820**	**11,661**	**562,332**	**(143,483)**	**(1,890,868)**	**(1,451,389)**	**5,264,357**	**765,561**	**6,029,918**

THE COMPANY

	Note	Stated capital Rs'000	Share premium Rs'000	Investment revaluation reserve Rs'000	Retained profits Rs'000	Treasury shares Rs'000	Total Rs'000
At 01 July 2018		1,945,451	3,138,833	8,182,147	4,487,543	(1,451,389)	16,302,585
Other comprehensive income for the year		-	-	(3,172,645)	(11,922)	-	(3,184,567)
Profit for the year		-	-	-	323,530	-	323,530
Total comprehensive income for the year		-	-	(3,172,645)	311,608	-	(2,861,037)
Dividends - 2019	40	-	-	-	(130,820)	-	(130,820)
Total transactions with owners of the Company		-	-	-	(130,820)	-	(130,820)
At 30 June 2019		**1,945,451**	**3,138,833**	**5,009,502**	**4,668,331**	**(1,451,389)**	**13,310,728**
- Effect of adoption of IFRS 16		-	-	-	(204,180)	-	(204,180)
At 01 July 2019		1,945,451	3,138,833	5,009,502	4,464,151	(1,451,389)	13,106,548
Other comprehensive income for the year		-	-	(597,356)	(41,659)	-	(639,015)
Loss for the year		-	-	-	(1,419,436)	-	(1,419,436)
Total comprehensive income for the year		-	-	(597,356)	(1,461,095)	-	(2,058,451)
At 30 June 2020		**1,945,451**	**3,138,833**	**4,412,146**	**3,003,056**	**(1,451,389)**	**11,048,097**

The notes set out on pages 103 to 167 form an integral part of the financial statements.
Auditors' report on page 92 to 97.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	THE GROUP		THE COMPANY	
		2020	2019	**2020**	2019
OPERATING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
(Loss)/profit before tax		**(1,764,503)**	(1,684,063)	**(1,437,079)**	333,649
Adjustment for:					
Depreciation and amortisation		**746,605**	568,498	**49,835**	21,880
Release of land and building prepayments	13	**-**	80,000	**-**	80,000
Write off of leasehold rights	13	**45,529**	-	**45,529**	-
Operating equipment usage	7	**13,476**	32,677	**-**	-
Finance costs	30	**1,091,571**	454,767	**632,330**	308,377
Finance income	31	**(21,250)**	(18,392)	**(147,301)**	(139,543)
Movement in provisions		**(31,670)**	-	**(31,670)**	-
Loss on disposal of property, plant and equipment		**1,296**	806	**107**	-
Share of results of joint venture	11	**275**	(300)	**-**	-
Impairment of non-financial assets	29	**759,631**	1,884,488	**-**	-
Impairment of financial assets		**76,422**	-	**759,746**	250,838
Impairment of investment in associate		**107,044**	-	**206,454**	-
Loss on derecognition of right-of-use assets	6(b)	**-**	-	**126,461**	-
Loss on disposal of subsidiary		**-**	5,262	**-**	-
Amortised cost on borrowings	33	**10,620**	8,501	**9,838**	8,501
Investment income		**-**	-	**(99,410)**	-
Unrealised exchange differences		**(133,474)**	(13,237)	**(2,708)**	(20,004)
Movement in employee benefit liability		**(87,064)**	28,859	**(1,455)**	(733)
		2,579,011	3,031,929	**1,547,756**	509,316
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		**814,508**	1,347,866	**110,677**	842,965
Movement in working capital	33(i)	**47,063**	145,452	**381,611**	(411,219)
CASH GENERATED FROM OPERATIONS		**861,571**	1,493,318	**492,288**	431,746
Income taxes paid	25	**(48,660)**	(35,211)	**(335)**	(4,254)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**812,911**	1,458,107	**491,953**	427,492
INVESTING ACTIVITIES					
Interest received	31	**21,250**	18,392	**10,701**	168
Purchase of property, plant and equipment		**(413,590)**	(399,292)	**(6,604)**	(983)
Proceeds from disposal of property, plant and equipment		**722**	1,432	**120**	-
Purchase of intangible assets	8	**(3,035)**	(4,057)	**(1,678)**	(1,767)
Advances in respect of leasehold transaction		**-**	(126,308)	**-**	(126,308)
Loan (granted)/repaid		**-**	(1,617)	**510,000**	-
Acquisition of subsidiary		**-**	(14,098)	**-**	-
Proceeds on disposal of subsidiary		**-**	(28,665)	**-**	-
Purchase of operating equipment	7	**(25,350)**	(631)	**-**	-
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		**(420,003)**	(554,844)	**512,539**	(128,890)
FINANCING ACTIVITIES					
Proceeds from borrowings	33	**1,847,689**	541,378	**612,689**	300,000
Repayment of borrowings	33	**(1,534,325)**	(755,156)	**(1,078,643)**	(246,474)
Lease payments	33	**(187,754)**	(3,609)	**-**	(171)
Dividend paid to non-controlling interests		**-**	(499)	**-**	-
Dividend paid to equity holders	41	**(130,820)**	(87,213)	**(130,820)**	(87,213)
Interest paid		**(376,426)**	(433,395)	**(320,893)**	(308,378)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(381,636)**	(738,494)	**(917,667)**	(342,236)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,272**	164,769	**86,825**	(43,634)
CASH AND CASH EQUIVALENTS AT 01 JULY		**575,769**	411,000	**(5,895)**	37,739
CASH AND CASH EQUIVALENTS AT 30 JUNE	33(ii)	**587,041**	575,769	**80,930**	(5,895)

The notes set out on pages 103 to 167 form an integral part of the financial statements.
Auditors' report on page 92 to 97.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

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

The Group's main activity is in the tourism sector of the leisure industry. It owns and/or operates six resorts in the Republic of Mauritius and one resort in the Republic of Maldives.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing 01 July 2019. The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in the current year, but did not have an impact on the financial statements of the Group. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
IFRS 16 Leases	01 January 2019

2.1 New Standards and Interpretations adopted by the Group

IFRS 16 Leases

The Group has adopted *IFRS 16 – Leases* using the modified retrospective approach and did not restate, as a consequence, the comparative amounts for the year 2019 in its consolidated financial statements. Consequently, the date of initial application is the first day of the annual reporting period in which the lessee first applies the requirements of the new lease standard. On adoption of IFRS 16, the Group has recognised lease liability in relation to leases which had previously been classified as 'operating leases' under the principles of *IAS 17 – Leases.* These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 01 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability varies between 5.35% to 7.05% for Mauritius and 11% for Maldives.

(a) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as at 01 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Measurement of right-of-use assets

The Group measured the right-of-use assets at the carrying amount as if the standard was applied since the commencement date, and discounted using the incremental borrowing rate at the date of initial application, that is 01 July 2019. The depreciation rate on the right- of-use assets is computed on straight line basis over the duration of the leases varying between 1 to 60 years. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. In instances where lease agreements contain lease and non-lease components, they are generally accounted for separately. For certain instances where it is impractical to separate the lease from the non-lease component, the Group accounted for them as a single lease component.

The Group has tested its right-of-use assets for impairment on the date of transition. It has concluded that there is indication that the right-of-use assets recognised for Ambre Resort Ltd are impaired and an impairment of Rs 367.1m has been recognised in retained earnings for the Group.

The carrying amount of the right-of-use assets and lease liabilities as at the transition date pertaining to leases previously classified as finance leases under IAS 17 remains unchanged. Such assets, except for assets for financial arrangements, which are "in substance" purchases have been reclassified from property, plant and equipment to right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

2.1 New Standards and Interpretations adopted by the Group (Cont'd)

IFRS 16 Leases (Cont'd)

(c) Impact on financial statements

The impact on the transition to *IFRS 16 Leases* is summarised below:

(i) Statements of financial position

	THE GROUP		
	Carrying amount at 30 June 2019	Reclassi-fication	IFRS 16 carrying amount at 01 July 2019
The Group	Rs'000	Rs'000	Rs'000
Right-of-use assets	-	1,480,212	1,480,212
Leasehold rights and land & buildings prepayments	496,661	(262,080)	234,581
Deferred tax liability	(897,241)	50,662	(846,579)
Lease liabilities	(410,552)	(2,091,254)	(2,501,806)
Retained earnings	(859,235)	814,646	(44,589)
Non-controlling interests	(812,512)	7,814	(804,698)
The Company			
Leasehold rights and land & buildings prepayments	341,324	(262,080)	79,244
Finance lease receivables	-	367,051	367,051
Lease liabilities	-	(309,151)	(309,151)
Retained earnings	(4,668,331)	204,180	(4,464,151)

(ii) Statements of profit or loss

	THE GROUP		THE COMPANY	
	2020	2020	2020	2020
	Adoption of IFRS 16	Under IAS 17	Adoption of IFRS 16	Under IAS 17
	Rs'000	Rs'000	Rs'000	Rs'000
• Loss on derecognition of right-of-use assets	-	-	(126,461)	-
• Recognition of depreciation of right-of-use assets	(74,248)	-	-	-
• Previous recognised operating leases	-	(287,164)	-	-
• Interest expense on lease liabilities recognised	(166,469)	-	(13,847)	-
• Tax effect of the above changes	40,922	48,818	23,852	-
	(199,795)	**(238,346)**	**(116,456)**	**-**

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

2.1 New Standards and Interpretations adopted by the Group (Cont'd)

IFRS 16 Leases (Cont'd)

(c) Impact on financial statements (Cont'd)

(iii) The following table shows the operating lease commitments disclosed applying IAS 17 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and these liabilities recognised in the statements of financial position at the date of initial recognition.

Impact on the financial position as at 01 July 2019	Rs'000
Operating lease commitments at 30 June 2019*	5,790,890
Discounted using the Group's incremental borrowing rate at the date of initial application (01 July 2019)	(3,709,077)
Add finance lease liabilities recognised as at 30 June 2019	410,552
Add contracts reassessed as lease contracts	309,151
Less short-term leases and low value assets recognised on a straight line basis as expense	(42,679)
Less adjustments as result of a different treatment of extension and termination options	(257,031)
Lease liabilities at 01 July 2019	**2,501,806**

**Balance has been restated to exclude future rate increases in lease payment*

There are no other standards that are effective and that had a material impact on the Group and Company in the current year or would be expected to have a material impact in future reporting periods and on foreseeable future transactions.

(iv) Statements of cash flows

Net cash from operating activities for the Group increased by Rs 284.5m and the combination of cash from investing and financing activities reduced by the same amount, representing repayments of the recognised lease liabilities.

2.2 New and revised Standards and Interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these new and amended standards and interpretations when they become mandatorily effective.

From 01 July 2020, the Group will also apply COVID-19-Related Rent Concessions (Amendment to IFRS 16).

These amendments and interpretation are not expected to have a material impact on the Group's reported financial performance or position.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements are prepared under the historical cost basis, as modified by the revaluation of freehold land and buildings and relevant financial assets and liabilities. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated. Where necessary, the comparative figures have been amended to conform with change in presentation in the current year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Going concern

In March 2020, the World Health Organisation declared COVID-19 outbreak a global pandemic. The Government has enacted preventative and protective measures to limit the impact of COVID-19, including the implementation of travel bans, self-imposed quarantine periods, social distancing and business shutdowns.

As from 20 March 2020, the Group suspended normal operations of all its resorts and business units with the ban on incoming tourists and the national lockdown imposed by the Government. These measures impacted significantly the Group's financial results and cash flows for the year ended 30 June 2020.

As a result, the following measures were implemented with immediate effect in order to improve the cash flow situation:

- close monitoring of debtors' collection and successful renegotiation with main suppliers to extend credit terms;
- temporarily reduce all operational expenses in the resorts with skeleton staff to maintain and securitise the property;
- set up of voluntary salary reduction of up to 50% for the management teams to reduce employee costs. The salary reductions will remain in effect until the Group begins to return to normalised operations.

The following external measures also benefitted the Group in sustaining the cash flow position:

- Wage assistance scheme obtained from the Government, net of taxes of Rs 174.9m for the year ended 30 June 2020;
- Moratorium of 6 months on repayment of principal and interests to lenders for existing loans;
- Low interest loans through the Bank of Mauritius line of credit.

The Group had accumulated losses of Rs 1.87 billion and net current liabilities of Rs 3.56 billion at 30 June 2020. In preparing the cash flow forecasts, the impact of the COVID-19 pandemic on the Group's operations and liquidity was considered. On 6 October 2020, the Group disclosed that it sought the support of the Mauritius Investment Corporation Ltd ("MIC"), to mitigate the negative financial impact of COVID-19. Two of its wholly owned subsidiaries, namely Anahita Hotel Limited (owning Four Seasons Resort Mauritius at Anahita) and Long Beach Resort Ltd (owning Long Beach Resort) signed a binding term sheet, pursuant to which MIC committed to subscribe to redeemable and convertible secured bonds, totalling Rs 3.1 billion.

All transaction agreements concerning the Long Beach Resort Ltd have been signed on 3 November 2020 for Rs 2 billion and those of Anahita Hotel Ltd are currently being finalised. In the meantime, the Group has successfully finalised its refinancing plan and repaid its existing bonds which came to maturity on 4 November 2020. The total financial plan secured by the Group is expected to cover working capital requirement for the period until June 21. The projections of the Group is based on a phased re-opening of the Mauritian borders which has been announced by the Government as from 1 October 2020 and expected bookings for this financial year which are expected to be low.

Based on cash flow forecast projections for the next 12 months and the funding secured so far, the Directors are of the view that the Group and the Company will be able to meet its financial obligations, borrowing covenants and fund operational losses that may result from the COVID-19 impact on the Group's and the Company's operations in the next financial year. Accordingly, they continue to adopt the going concern basis in preparing the Group's and the Company's Financial Statements.

3.3 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2020.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation (cont'd)

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess, of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Transactions with non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposal of subsidiaries, associates and joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entities or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.4 Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

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

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

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

The annual rates are as follows:-

Buildings	2% to 5%
Plant and Machinery	10% to 20%
Hotel furniture and soft furnishings	10% to 25%
Motor vehicles and boats	10% to 25%
Computers and telecommunication equipment	10% to 33%

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

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

3.5 Leases

Policy effective from 01 July 2019 – IFRS 16

(i) The Group as a lessee

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

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

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

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. For leases applying IFRS 16 Leases at 01 July 2019, the incremental borrowing rate at transition date was applied. All other variable lease payments are not included in the lease liability measurement and are charged to the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

Policy effective from 01 July 2019 – IFRS 16 (Cont'd)

(i) The Group as a lessee (Cont'd)

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

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

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

(ii) The Company as a sublessor

For subleases classified as finance lease, the Company derecognises the right-of-use asset and recognises a finance lease receivable (net investment in the lease). The non-current portion of the finance lease receivable is presented within "other financial assets" under note 14 and the current portion is presented under "Trade and other receivables" under note 16.

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

(iii) Sale and leaseback

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

Prior to adoption of IFRS 16 - Accounting for leases where Group is the lessee under IAS 17

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each minimum lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents are expensed in the period in which they are incurred within operating expenses.

Depreciation on the assets under finance leases is in accordance with the policy stated in 3.4 above and is charged to profit or loss.

Leasehold land upfront payments to acquire long-term leasehold interest in property are treated as prepayments and are amortised over the period of the leases.

Periodic payments made under operating leases are charged to profit or loss over a straight line basis over the lease term.

3.6 Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments

(a) Financial Assets

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

The Group's and the Company's financial assets include cash and cash equivalents, trade and other receivables, intercompany loans and investment in securities

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(a) Financial Assets (Cont'd)

Impairment of financial assets

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

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

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables is disclosed in note 16.

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Borrowings and finance lease obligations

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

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

Derecognition

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

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

3.8 Interest in subsidiaries

In the Company's separate financial statements, interest in subsidiaries are classified at fair value through other comprehensive income and are still carried at fair value. The valuation of a subsidiary on a discounted cash flow basis or latest transaction price is periodically updated to reflect fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Investment in associates

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

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

Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

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

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

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

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

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

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

3.10 Investment in joint ventures

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

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

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

3.11 Intangible assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Intangible assets (Cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

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

3.12 Inventories

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

3.13 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue from Contracts with Customers

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

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

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

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

The Group acts as an agent for hotel owners to the extent that it does not control the services rendered to members upon redemption. Accordingly, revenue is recognized net of the cost of reimbursing the hotel that is providing the service.

Hotel revenues

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

3.15 Foreign currency

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

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Foreign currency (Cont'd)

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

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

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

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

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

3.16 Employee benefits

(a) Career Average Revalued Earnings (CARE)

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

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee benefits (Cont'd)

(b) Other retirement benefits

The present value of other retirement benefits in respect of the Employments Rights Act 2008 is recognised in the statement of financial position as a non-current liability. Actuarial gains or losses are recognised using the same policy as described in note 21(a) above. For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a (qualified) actuary and provided for. The obligations arising under this item are not funded.

(c) State plan

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

(d) Share based payments

Share-based compensation benefits are provided to employees via the Company's Phantom Share Option Scheme. Information relating to this scheme is set out in note 22.

(e) Severance Commitment

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

3.17 Impairment of tangible and intangible assets excluding goodwill

At each financial year end, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.18 Provisions

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

3.19 Derivative financial instruments

The Group and the Company enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 37.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Derivative financial instruments (Cont'd)

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

3.20 Hedge accounting

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

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

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

A hedging relationship exists where:

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

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

Cash Flow Hedge

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised in profit or loss, when the profit arises. The grant is shown net of the COVID-19 Levy.

3.22 Cash and cash equivalents

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

3.23 Segmental reporting

The Group presents segmental information using business segments as its primary reporting format and geographical segments as its secondary reporting format. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

3.24 Operating equipment

Operating equipment is shown at cost less amounts written off for usage, breakages and losses. For all operational replacement, except for new renovation project, where the operating equipment is capitalised and amortised over a period of 3 to 5 years depending on the nature of assets.

3.25 Stated capital

(a) Ordinary shares

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

(b) Treasury shares

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

3.26 Non-current assets (or disposal Groups) held for sale

Non-current assets (or disposal Groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset (or disposal Group) is available for immediate sale in its present condition.

3.27 Earnings before interest, tax, depreciation and amortisation ("EBITDA") and exceptional items

Earnings before interest, tax, depreciation and amortisation and exceptional items is stated after adding to EBITDA significant items of a non-recurring nature such as impairment charges, and disposal of subsidiaries.

Due to the nature of the exceptional items, certain one-off and non-trading items are classified seperately in order to draw the attention of the users of the financial statements. In the judgement of the Directors, this presentation shows the underlying performance of the Group more accurately.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

Recognition of sale of Invest Hotel Scheme (''IHS'') rooms

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

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

(i) Employee benefit liability

The cost of defined benefit pension plans and related provisions, as disclosed in note 21 requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter alia, discount rate, expected returns on plan assets, future salary increases, mortality rate and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in the assumptions regarding the estimates will impact the carrying amount of the pension obligation. The net employee liability/(asset) at 2020 is Rs 459.1m for the Group (2019: Rs 364.4m) and Rs 66.0m for the Company (2019: Rs 17.2m). Further details are set out in note 21.

(ii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(iii) Revaluation of property, plant and equipment

The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 30 June 2020. The key assumptions used to determine the fair value of the land and buildings are further explained in note 5.

(iv) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market (subsidiaries and other investments) is determined using valuation techniques including earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(v) Impairment of goodwill and assets

Management has assessed the recoverable amounts, as at 30 June 2020 of cash generating units (CGUs) to which goodwill has been allocated and CGUs that have indicators for impairment. Note 8 sets out the CGUs to which goodwill has been allocated for impairment testing purposes.

The recoverable amount of CGUs are determined based on their value-in-use or their fair value less cost to disposal, if any. The future net cash flows have been estimated using the budget for the next 12 months as a starting point. Cash flow projections of 3 to 10 years have been considered and discounted at an appropriate discount rate and added to the estimated discounted terminal value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

4.2 Key sources of estimation uncertainty (Cont'd)

(v) Impairment of goodwill and assets (Cont'd)

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

The rate used to discount the cash flows is the weighted average cost of capital ("WACC") and reflects the risks specific to each GCU, taking into consideration the time value of money, individual risks of the underlying assets that have not been incorporated in the cash flow estimates, the specific circumstances of the CGU and the estimated evolution of the cost of debt and cost of equity. The discount rates used varied between 10% and 12% (2019: 9.49% and 11.11%).

The Group's cash flow projections and key assumptions have been revised to cater for the impact of COVID-19 and to reflect a protracted impact of the lockdown, the resultant suspension of operations and the decline in the booking patterns.

The terminal value has been computed by discounting the free cash flows prevailing at the end of the projection, using a perpetual growth rate of 3%.

Refer to Note 5 and Note 8 for impairment assessment of PPE and impairment of goodwill respectively.

(vi) Depreciation of hotel buildings

In determining the amount of depreciation of hotel buildings, management exercised their judgments on their useful lives and residual values. The Group has engaged valuation specialists to provide an independent view of the useful lives and residual values of hotel buildings. Changes to the length of the useful life and in the residual values could significantly affect the depreciation charged to profit or loss.

(vii) Provisions

As disclosed in Note 23, the Company has recognised a provision in respect of claims for additional duty on the sale of St Géran and the purchase of Anahita Four Seasons. The crystallisation of such claims is inherently uncertain and requires management to exercise judgment on the likelihood and timing of any outflow of economic benefits. The amount provided may differ from the final settlement amount.

(viii) Determining the lease term

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

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

(ix) Determining the incremental borrowing rate used to measure lease liabilities

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

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

4.2 Key sources of estimation uncertainty (Cont'd)

(x) Determining whether forecast sales are highly probable

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

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur, particularly in light of the decline in expected bookings patterns resulting from the COVID-19 pandemic and the related suspension of the operations of the Group. In making this assessment, the Group has considered the most recent budgets and plans, including the COVID-19 scenario.

(xi) Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Land and buildings, leasehold land and site improvements	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecom-munication equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2018	16,372,897	69,941	1,792,592	2,080,962	103,675	195,614	20,615,681
Additions	90,514	121,938	110,505	48,868	12,486	17,502	401,813
Acquisition through business combination	-	-	-	12,242	240	2,728	15,210
Transfers	(5,112)	(14,505)	14,680	4,907	-	30	-
Disposals	-	-	(1,538)	(1,181)	(8,940)	(130)	(11,789)
Disposal of subsidiary	-	-	(5,010)	(780)	-	(1,563)	(7,353)
Revaluation adjustment	(24,000)	-	-	-	-	-	(24,000)
Assets written off	(21,726)	-	-	-	-	-	(21,726)
Retranslation difference	31,605	900	5,321	4,705	317	205	43,053
At 30 June 2019	**16,444,178**	**178,274**	**1,916,550**	**2,149,723**	**107,778**	**214,386**	**21,010,889**
Additions	217,476	38,686	51,653	92,499	6,099	7,177	413,590
Reclassified to right-of-use assets (note 5(f))	(405,614)	-	-	-	(13,834)	-	(419,448)
Transfers	94,391	(138,723)	33,726	475	-	-	(10,131)
Disposals	-	-	(2,876)	(504)	(4,763)	(460)	(8,603)
Revaluation adjustment	184,941	-	-	-	-	-	184,941
Assets written off	-	-	-	(189)	-	(1,968)	(2,157)
Retranslation difference	299,716	4,144	33,408	29,004	2,370	1,828	370,470
At 30 June 2020	**16,835,088**	**82,381**	**2,032,461**	**2,271,008**	**97,650**	**220,963**	**21,539,551**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 01 July 2018	97,028	-	1,142,023	1,410,014	35,989	145,325	2,830,379
Charge for the year	248,505	-	132,103	118,796	14,441	22,543	536,388
Acquisition through business combination	-	-	-	10,787	151	2,099	13,037
Transfers	88	-	(42)	(35)	(4)	(7)	-
Disposals	-	-	-	(481)	(8,940)	(130)	(9,551)
Disposal of subsidiary	-	-	(4,559)	(685)	-	(1,257)	(6,501)
Impairment charges (note 29)	434,230	-	23,016	46,699	-	-	503,945
Assets written off	(21,726)	-	-	-	-	-	(21,726)
Retranslation difference	815	-	2,165	1,317	72	68	4,437
At 30 June 2019	**758,940**	**-**	**1,294,706**	**1,586,412**	**41,709**	**168,641**	**3,850,408**
Charge for the year	314,043	-	121,936	118,392	13,763	19,940	588,074
Reclassified to right-of-use assets (note 5(f))	(20,781)	-	-	-	(2,190)	-	(22,971)
Disposals	-	-	(2,153)	(442)	(3,639)	(351)	(6,585)
Revaluation adjustment	(220,312)	-	-	-	-	-	(220,312)
Impairment charges (note 29)	632,917	-	45,788	41,241	-	-	719,946
Assets written off	-	-	-	(189)	-	(1,968)	(2,157)
Retranslation difference	37,299	-	17,396	12,770	1,350	1,266	70,081
At 30 June 2020	**1,502,106**	**-**	**1,477,673**	**1,758,184**	**50,993**	**187,528**	**4,976,484**
NET BOOK VALUE							
At 30 June 2020	**15,332,982**	**82,381**	**554,788**	**512,824**	**46,657**	**33,435**	**16,563,067**
At 30 June 2019	15,685,238	178,274	621,844	563,311	66,069	45,745	17,160,481

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

(b) THE COMPANY

	Plant and machinery	Furniture and soft furnishings	Motor vehicles	Computers and telecommunica-tion equipment	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST OR VALUATION					
At 01 July 2018	13,648	34,873	9,042	17,304	74,867
Additions	283	340	-	360	983
Transfer from subsidiary company	90	38	1,689	821	2,638
At 30 June 2019	**14,021**	**35,251**	**10,731**	**18,485**	**78,488**
Additions	-	177	4,800	1,627	6,604
Disposals	-	-	(162)	(195)	(357)
At 30 June 2020	**14,021**	**35,428**	**15,369**	**19,917**	**84,735**
ACCUMULATED DEPRECIATION					
At 01 July 2018	9,597	31,680	1,448	15,823	58,548
Charge for the year	1,214	1,677	1,566	1,122	5,579
At 30 June 2019	**10,811**	**33,357**	**3,014**	**16,945**	**64,127**
Charge for the year	1,120	327	2,590	811	4,848
Disposals	-	-	(62)	(68)	(130)
At 30 June 2020	**11,931**	**33,684**	**5,542**	**17,688**	**68,845**
NET BOOK VALUE					
At 30 June 2020	**2,090**	**1,744**	**9,827**	**2,229**	**15,890**
At 30 June 2019	3,210	1,894	7,717	1,540	14,361

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Net book value	**11,365,667**	11,490,259	**-**	-

(d) The Group's policy is to revalue its freehold land and buildings at least every three years and preceding revaluation was conducted on 30 June 2018. A revaluation exercise was carried out on 30 June 2020 to be consistent with the revaluation date with that of its parent company, CIEL Limited. The Chartered Valuers, Elevante Property Services Ltd and Jones LaSalle ("JLL"), revalued the freehold land and buildings in Mauritius and Maldives respectively. Revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

Freehold land has been valued taking into consideration comparable sales evidences. Sales prices of comparable land in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. The basis of valuation in estimating the market value has been undertaken in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with Valuation for Financial Reporting and which is to be used in the context of International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB). The buildings, structures and site improvement have been valued on a depreciated replacement cost basis taking into consideration their replacement cost, with adjustments being made for age and condition.

(e) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2020 and details of assessment have been disclosed under note 29.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

(f) Hierarchy level

Details of the Group's and Company's freehold land and building and information about the fair value hierarchy are as follows:

	THE GROUP		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
2020			
Freehold land	-	2,900,550	-
Leasehold land improvement and buildings	-	-	11,805,284
Site improvements	-	-	627,148
	-	**2,900,550**	**12,432,432**
2019			
Freehold land	-	2,900,893	-
Leasehold land improvement and buildings	-	-	12,299,760
Site improvements	-	-	484,585
	-	2,900,893	12,784,345

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

(g) Bank borrowings are secured on fixed and floating charges on property, plant and equipment of the Group and the Company.

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

	Valuation technique and key inputs	Sensitivity used	Effect on fair value	
			2020	2019
			Rs'000	Rs'000
Leasehold land improvement and buildings	Depreciated replacement cost approach	1% increase in current cost of replacing property	**118,053**	122,998
		1% decrease in current cost of replacing property	**(118,053)**	(122,998)
Site improvements	Depreciated replacement cost approach	1% increase in current cost of replacing property	**6,271**	4,846
		1% decrease in current cost of replacing property	**(6,271)**	(4,846)

6. LEASES

(a) **THE GROUP**

This note provides information where the Group is a lessee.

Amounts recognised in the Statements of Financial Position

(i) *Right-of-use assets*	Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 30 June 2019	-	-	-
- Effect of adoption of IFRS 16 Leases	1,458,937	21,275	1,480,212
At 01 July 2019	**1,458,937**	**21,275**	**1,480,212**
Transfer from property, plant and equipment (note 5)	384,833	11,644	396,477
Transfer from leasehold rights and land and buildings prepayments (note 13)	235,331	-	235,331
Additions	2,498	5,592	8,090
Depreciation	(64,956)	(9,292)	(74,248)
Exchange differences	38,004	-	38,004
At 30 June 2020	**2,054,647**	**29,219**	**2,083,866**

6. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(i) *Right-of-use assets (Cont'd)*

Additions to finance leases for 2019 of Rs. 2.5m for the Group and Rs.Nil for the Company were accounted under property, plant and equipment.

At 01 July 2019, buildings classified as sales and leaseback was reclassified to right-of-use assets.

(ii) *Lease liabilities*	Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 30 June 2019	400,969	9,583	410,552
- Effect of adoption of IFRS 16 Leases	2,066,259	24,995	2,091,254
At 01 July 2019	**2,467,228**	**34,578**	**2,501,806**
Additions	2,498	5,592	8,090
Interest expenses	164,396	2,073	166,469
Payments	(276,530)	(10,634)	(287,164)
Exchange differences	42,979	-	42,979
At 30 June 2020	**2,400,571**	**31,609**	**2,432,180**

	2020	2019
	Rs'000	Rs'000
Current liabilities	**125,901**	3,875
Non-current liabilities	**2,306,279**	406,677
	2,432,180	410,552

Lease liabilities relate to:

- The right-of-use of property, plant and equipment with an average duration varying between 4 and 5 years and for which the Group has the option to purchase the asset for a nominal amount at the expiry of the lease arrangements; and
- Leases of rooms under the Invest Hotel Scheme which run for a period between 52 and 59 years. At 01 July 2019, the lease liabilities of rooms under the Invest Hotel Scheme has been reclassified to lease liabilities on right-of-use assets.

The Group's leases are secured by the lessors' title to the leased assets.

The average interest rate on lease liabilities ranged from 5.35% to 7.05% (2019: 5%).

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

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**286,325**	24,121	**125,901**	3,875
After one year but before two years	**285,548**	24,121	**131,815**	4,153
After two years but before three years	**198,204**	24,121	**50,369**	4,392
After three years but before five years	**332,524**	46,031	**42,043**	7,236
After five years	**5,726,928**	985,235	**2,082,052**	390,896
	6,543,204	1,079,508	**2,306,279**	406,677
	6,829,529	1,103,629	**2,432,180**	410,552
Less: Future finance charges	**(4,397,349)**	(693,077)	**-**	-
	2,432,180	410,552	**2,432,180**	410,552

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

6. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(iii) The statement of profit or loss shows the following amounts relating to leases:	**2020**	2019
	Rs'000	Rs'000
Depreciation charge of right-of-use assets	**(74,248)**	-
Interest expense (included in finance costs)	**(166,469)**	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(26,913)**	-
Expense relating to variable lease payments not included in lease liability	**-**	-

(b) THE COMPANY

(i) Right-of-use assets

The lease agreement between Sun Limited and Armand Apavou & Co. Ltd for the lease of Ambre Resort has been initially recognised as a right-of-use asset at 01 July 2019. Sun Limited has subsequently subleased the Ambre Resort to it's subsidiary company, Ambre Resort Ltd up to September 2022, which resulted in a derecognition of the right-of-use asset and recognition of a finance lease receivables (refer to note 14). The loss on derecognition of this right-of use asset amounted to Rs 126.5m for the year ended 30 June 2020.

(ii) Lease liabilities	**Land and buildings**
	Rs'000
At 30 June 2019	-
- Effect of adoption of IFRS 16 Leases	309,151
At 01 July 2019	**309,151**
Interest expenses	13,847
Payments	(99,410)
At 30 June 2020	**223,588**

	2020	2019
	Rs'000	Rs'000
Current liabilities	**93,940**	85,563
Non-current liabilities	**129,648**	223,588
	223,588	309,151

(iii) The statement of profit or loss shows the following amounts relating to leases:	**2020**	2019
	Rs'000	Rs'000
Interest expense (included in finance costs)	**(13,847)**	-
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(2,285)**	-
Expense relating to variable lease payments not included in lease liability	**-**	-

7. OPERATING EQUIPMENT

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**43,526**	75,102	**-**	-
Additions	**25,350**	631	**-**	-
Transfers	**10,778**	-	**-**	-
Charge for the year	**(30,704)**	(18,341)	**-**	-
Impairment charges (note 29)	**(15,433)**	-	**-**	-
Usage	**(13,476)**	(14,336)	**-**	-
Retranslation difference	**2,253**	470	**-**	-
At 30 June	**22,294**	43,526	**-**	-

8. INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill	Computer software	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 01 July 2018	1,928,694	191,641	174	2,120,509
Additions	-	4,057	-	4,057
Transfers	-	171	(171)	-
Impairment charges (note 29)	(1,732,532)	-	-	(1,732,532)
Disposal of subsidiary	(5,962)	(7,006)	-	(12,968)
Retranslation difference	34,816	(393)	(3)	34,420
At 30 June 2019	**225,016**	**188,470**	**-**	**413,486**
Additions	-	3,035	-	3,035
Write off	-	(11,374)	-	(11,374)
Retranslation difference	-	652	-	652
At 30 June 2020	**225,016**	**180,783**	**-**	**405,799**
ACCUMULATED AMORTISATION				
At 01 July 2018	-	103,698	-	103,698
Charge for the year	-	19,648	-	19,648
Disposal of subsidiary	-	(4,969)	-	(4,969)
Retranslation difference	-	(261)	-	(261)
At 30 June 2019	**-**	**118,116**	**-**	**118,116**
Charge for the year	-	17,150	-	17,150
Write off	-	(11,374)	-	(11,374)
Retranslation difference	-	680	-	680
At 30 June 2020	**-**	**124,572**	**-**	**124,572**
NET BOOK VALUE				
At 30 June 2020	**225,016**	**56,211**	**-**	**281,227**
At 30 June 2019	225,016	70,354	-	295,370

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

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Hotel property CGU - Anahita Hotel Limited	**223,689**	223,689
Tour operator CGU	**1,327**	1,327
	225,016	225,016

(c) THE COMPANY

	Computer software	
	2020	2019
	Rs'000	Rs'000
COST		
At 01 July	**115,830**	54,201
Additions	**1,678**	1,767
Transfer from subsidiary company	**-**	59,862
At 30 June	**117,508**	115,830
ACCUMULATED AMORTISATION		
At 01 July	**61,925**	51,897
Charge for the year	**8,564**	10,028
At 30 June	**70,489**	61,925
NET BOOK VALUE		
At 30 June	**47,019**	53,905

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FOR THE YEAR ENDED 30 JUNE 2020

9. INTEREST IN SUBSIDIARIES

THE COMPANY	2020	2019
At valuation	Rs'000	Rs'000
At 01 July	15,564,331	18,736,976
Fair value adjustments	(597,356)	(3,172,643)
At 30 June	**14,966,975**	15,564,331

The interest in subsidiaries are measured at fair value and are classified under level 3 of the fair value hierarchy and there have been no transfers between level 1 and 2 during the year. Fair value is estimated using discounted cash flows approach for operating companies and net assets basis for non-operating companies. The discounted cash flows approach includes some assumptions that are not supportable by observable market prices or rates.

(a) Unquoted Investments, at valuation	Country of incorporation and operation	Business Activity	Period end	2020 Stated capital	Proportion of ownership interest and voting rights held – Direct – Ordinary shares	Direct – Preference shares	Indirect – Ordinary shares	Proportion of ownership interests held by non-controlling interests – Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mauritius) Limited	Mauritius	Resort	30 June	15,532	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	60,800	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd	BVI/Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	589,050	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd[1]	Mauritius	Non-trading	30 June	10	-	-	100.00	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun Hotel Investment Ltd	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited[1]	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited[1]	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun Resorts Hotel Management Ltd	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
GreenSun Management Ltd [1]	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

[1] These companies were non-trading as at 30 June 2018, 30 June 2019 and 30 June 2020.

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

9. INTEREST IN SUBSIDIARIES (CONT'D)

(a) Unquoted Investments, at valuation (cont'd)	Country of incorporation and operation	Business Activity	Period end	2019 Stated capital	Proportion of ownership interest and voting rights held – Direct – Ordinary shares	Direct – Preference shares	Indirect – Ordinary shares	Proportion of ownership interests held by non-controlling interests – Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mauritius) Limited	Mauritius	Resort	30 June	15,532	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant	30 June	60,800	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Property Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd [1]	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd	BVI/Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	589,050	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd[2]	Mauritius	Centralised services	30 June	10	-	-	100.00	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun Hotel Investment Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited[1]	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Real Estates Ltd[4]	Mauritius	Property	30 June	10	100.00	-	-	-	-
Sun Resorts (Seychelles) Limited[3]	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun Resorts Hotel Management Ltd	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Hotel	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
GreenSun Management Ltd[3]	Mauritius	Golf Management	30 June	10	100.00	-	-	-	-

[1] Sun Styled Boutiques Limited ("SSL"), a subsidiary of the Group, entered into a purchase agreement during August 2018 to acquire 100% of the ordinary shares of CTL Retail Ltd, from Floreal Knitwear Ltd, a wholly owned subsidiary of CIEL Textile Limited. The rationale behind such acquisition is to consolidate all retail operations under a single cluster of CIEL Group. The acquisition was effective on 01 August 2018 for a purchase consideration of Rs.7.5 million.

[2] Effective 01 July 2018, the assets and liabilities of Sun Centralised Services Ltd have been transferred to Sun Limited and the Company is non-trading as from that date.

[3] These companies were non-trading as at 30 June 2017, 30 June 2018 and 30 June 2019.

[4] These companies have been wound up during the year ended 30 June 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

9. INTEREST IN SUBSIDIARIES (CONT'D)

(b) Subsidiary with material non-controlling interests

Details for subsidiary that have non-controlling interests that are material to the entity:

Name	Principal place of business	Proportion of interest held by non-controlling interest	(Loss)/profit allocated to non-controlling interest during the year		Accumulated non-controlling interest at 30 June	
			2020	2019	**2020**	2019
			Rs'000	Rs'000	**Rs'000**	Rs'000
SRL Touessrok Hotel Ltd	Mauritius	26%	**(14,011)**	2,442	**763,312**	810,261

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

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

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	(Loss)/ profit from continuing operations	Other compre-hensive income for the year	Total compre-hensive income for the year	Dividend paid to non controlling interest
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2020	**145,031**	**4,517,526**	**441,360**	**1,285,381**	**879,777**	**(53,887)**	**(96,754)**	**(150,641)**	**-**
30 June 2019	153,392	4,274,438	376,800	934,640	1,128,659	9,390	(34,909)	(25,519)	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2020	**69,942**	**(10,596)**	**(110,643)**	**(51,297)**
30 June 2019	261,732	(26,296)	(174,773)	60,663

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

10. INTEREST IN ASSOCIATE

(a)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**702,445**	702,445	**702,445**	702,445
Dividend income	**(99,410)**	-	**-**	-
Impairment charges (note 10(e))	**(107,044**	-	**(206,454)**	-
At 30 June	**495,991**	702,445	**495,991**	702,445

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

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
2020 & 2019				**Direct**	**Indirect**
EastCoast Hotel Investment Ltd	31 December	Investment holding	Mauritius	30%	-

(i) The above associate is accounted for using the equity method.

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

(c) Summarised financial information

	EastCoast Hotel Investment Ltd	
	2020	2019
	Rs'000	Rs'000
Statement of financial position		
Total assets	**1,653,303**	2,341,483
Statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Dividends received during the year	**99,410**	-

(d) Reconciliation of summarised financial information

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

	EastCoast Hotel Investment Ltd	
	2020	2019
	Rs'000	Rs'000
Total assets at 01 July and 30 June	**1,653,303**	2,341,483
Ownership interest	**30%**	30%
Interest in associate	**495,991**	702,445

(e) Management carried out an impairment assessment at 30 June 2020 based on the present value of future dividend income from its associate. Based on this assessment, an impairment charge of Rs 107m was recognised for the Group and Rs 206m for the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

11. INTEREST IN JOINT VENTURE

(a)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**43,796**	-	**-**	-
Additions	**-**	43,496	**-**	-
Share of results after income tax	**(275)**	300	**-**	-
Share of other comprehensive income	**7,582**	-	**-**	-
At 30 June	**51,103**	43,796	**-**	-

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

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

(i) On 28 February 2019, the Group disposed 50% of its shareholding in Solea Vacances SA to a French travel agency, as part of a new strategic partnership to strengthen its distribution network on the French market. Accordingly, the remaining 50% stake in Solea Vacances SA have been accounted for as an investment in joint venture.

(ii) The above joint venture is accounted for using the equity method.
Solea Vacances SA is a private company and no quoted market price are available for its shares.

(c) Summarised financial information

	Solea Vacances SA	
	2020	2019
	Rs'000	Rs'000
Statement of financial position		
Current assets	**318,638**	161,391
Non-current assets	**2,351**	3,333
Current liabilities	**258,628**	109,512
Non-current liabilities	**-**	-
Statement of profit or loss and other comprehensive income		
Revenue	**1,102,704**	259,000
(Loss)/Profit for the year	**(550)**	600

(d) Reconciliation of summarised financial information

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

	Solea Vacances SA	
	2020	2019
	Rs'000	Rs'000
Net assets at 01 July and 30 June	**62,361**	55,212
Ownership interest	**50%**	50%
Interest in joint venture	**51,103**	43,796

12. OTHER INVESTMENTS

AT VALUATION	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Fair value through other comprehensive income (OCI)	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Listed equity investments				
At 30 June	**3**	3	**3**	3
Unlisted equity investments				
At 01 July	**164,167**	178,920	**5,547**	5,547
Fair value adjustments	**(5,270)**	(14,753)	**-**	-
At 30 June	**158,897**	164,167	**5,547**	5,547
Total	**158,900**	164,170	**5,550**	5,550

The fair value of listed ordinary shares, classified under Level 1 of the fair value hierarchy, is determined by reference to the published price on the Stock Exchange of Mauritius at the end of the reporting period.

Included in unlisted equity, is an amount of Rs 5.5m representing unquoted investments which the Directors have estimated to be worth their cost as the fair values cannot be reliably measured. All unquoted investments are classified under level 3 of the fair value hierarchy.

The investments are denominated in Mauritian Rupee.

There have been no changes in level 3 instruments during the period. The carrying amount of investments would be estimated to be Rs 15.9m (2019: Rs 16.4m) lower/higher where the fair value differ by 10% from management estimates.

(a) Below is the fair value measurement hierarchy for assets as at the end of the reporting period:

	THE GROUP		THE COMPANY	
	Level 1	**Level 3**	**Level 1**	**Level 3**
	Rs'000	Rs'000	**Rs'000**	Rs'000
2020				
Listed equity investments	3	-	3	-
Unlisted equity investments	-	158,897	-	5,547
	3	**158,897**	**3**	**5,547**
2019				
Listed equity investments	3	-	3	-
Unlisted equity investments	-	164,167	-	5,547
	3	**164,167**	**3**	**5,547**

(b) Level 3 reconciliation

The reconciliation is shown below:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**164,167**	178,920	**5,547**	5,547
Fair value movement	**(5,270)**	(14,753)	**-**	-
At 30 June	**158,897**	164,167	**5,547**	5,547

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FOR THE YEAR ENDED 30 JUNE 2020

13. LEASEHOLD RIGHTS AND LAND AND BUILDINGS PREPAYMENTS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
<u>COST</u>	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At 30 June	**825,634**	698,245	**505,235**	378,932
- Effect of adoption of IFRS 16 Leases	**(382,080)**	-	**(382,080)**	-
At 01 July	**443,554**	698,245	**123,155**	378,932
Transfer to right-of-use assets (note 6)	**(320,399)**	-	**-**	-
Additions	**-**	126,308	**-**	126,303
Write off	**(125,863)**	-	**(125,863)**	-
Retranslation difference	**2,708**	1,081	**2,708**	-
At 30 June	**-**	825,634	**-**	505,235
<u>ACCUMULATED AMORTISATION AND IMPAIRMENT</u>				
At 30 June	**248,973**	115,011	**163,911**	77,638
- Effect of adoption of IFRS 16 Leases	**(120,000)**	-	**(120,000)**	-
At 01 July	**128,973**	115,011	**43,911**	77,638
Transfer to right-of-use assets (note 6)	**(85,068)**	-	**-**	-
Charge for the year	**36,429**	12,462	**36,423**	6,273
Prepayments released to operating expenses	**-**	80,000	**-**	80,000
Impairment charges (note 29)	**-**	41,249	**-**	-
Write off	**(80,334)**	-	**(80,334)**	-
Retranslation difference	**-**	251	**-**	-
At 30 June	**-**	248,973	**-**	163,911
<u>NET BOOK VALUE</u>				
At 30 June	**-**	576,661	**-**	341,324
Included in the financial statements as:				
Non-current assets	**-**	496,661	**-**	261,324
Current assets (Note 16)	**-**	80,000	**-**	80,000
	-	576,661	**-**	341,324

In 2019, management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2020 and details of assessment have been disclosed under note 29.

Sun Limited has a lease agreement with Armand Apavou & Co Ltd under which the Company is leasing the Ambre Resort Ltd, a 297 room hotel, and sub-lease the land on which the hotel stands, for an initial period of 5 years, effective 01 October 2012. On 07 July 2015, the term of the lease agreement was renewed for another 5 years as from 01 October 2017 to 30 September 2022, at the option of the Company. Effective 01 July 2019, the leased asset with Armand Apavou & Co Ltd has been recognised under IFRS 16 Leases.

14. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loans under Executive Share Scheme	**16,920**	16,920	**16,920**	16,920
Finance lease receivables (note 14(b))	**-**	-	**97,140**	-
Loans to related parties (note 35(i))	**2,015**	2,015	**1,720,000**	2,230,000
	18,935	18,935	**1,834,060**	2,246,920

(a) <u>**Loans under Executive Share Scheme**</u>

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

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

The scheme has now been discontinued and replaced by the Phantom Share Option Scheme (see note 22).

14. OTHER FINANCIAL ASSETS (CONT'D)

(b) <u>**Finance lease receivables**</u>

Finance lease receivables for the Company relate to leasehold land subleased to Ambre Resort Ltd up to September 2022.

	THE COMPANY	
	2020	2019
<u>Receivable:</u>	**Rs'000**	Rs'000
Within one year	**80,640**	-
After one year but before two years	**80,640**	-
After two years but before three years	**20,160**	-
Total undiscounted cash flows	**181,440**	-
Effect of discounting	**(10,791)**	-
Total finance lease receivables	**170,649**	-
Included in the financial statements as:		
Non-current assets	**97,140**	-
Current assets (note 16)	**73,509**	-
Total finance lease receivables	**170,649**	-

(c) <u>**Loans to related parties**</u>

Other loans to related parties are unsecured with no fixed term of repayment and are interest bearing at 6.25% per annum (2019: 6.25%).

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food and beverages	**58,771**	66,439	**-**	-
Operating supplies	**28,910**	32,732	**-**	-
Spare parts	**11,421**	10,179	**-**	-
Fabric and linen	**14,374**	25,094	**-**	-
Retail products	**47,866**	72,535	**-**	-
	161,342	206,979	**-**	-

(a) All inventories have been pledged as security for the debts of the Company and its subsidiaries. Write downs of inventories for the current year amounts to Rs Nil (2019: Rs Nil).

(b) Cost of inventories expensed in food and beverages amounts to Rs 463.3m for the Group (2019: Rs 658.7m). Cost of inventories expensed in food and beverages for the Company amounts to Rs Nil (2019: Rs Nil).

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**383,385**	419,135	**-**	-
Less: provision for impairment	**(64,708)**	(5,223)	**-**	-
Trade receivables - net	**318,677**	413,912	**-**	-
Other receivables and prepayments	**286,021**	192,807	**44,429**	45,318
Lease prepayments (note 13)	**-**	80,000	**-**	80,000
Finance lease receivables (note 14)	**-**	-	**73,509**	-
Current tax assets (note 25)	**10,258**	1,111	**-**	-
Derivative financial asset	**9,370**	3,126	**7,746**	3,126
Amounts due by related parties (note 35(i))	**71,082**	485	**1,674,501**	1,743,269
	695,408	691,441	**1,800,185**	1,871,713

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

16. TRADE AND OTHER RECEIVABLES (CON'D)

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

(b) (i) The average credit period on sales of services is 30 days. The Group has fully provided for all receivables where recovery is expected to be remote.

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

(iii) Ageing of past due trade debtors

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within 31 - 60 days	**1,276**	102,014	**-**	-
Within 61 - 90 days	**849**	60,474	**-**	-
Over 90 days	**263,307**	24,147	**-**	-
Total	**265,432**	186,635	**-**	-

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

(c) Movement in provision for impairment

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**5,223**	11,716	**-**	-
Movement in impairment loss recognised on trade receivables:				
- Provision for receivable impairment	**76,422**	(6,012)	**-**	-
- Impairment loss reversed	**(2,121)**	(481)	**-**	-
Receivable written off during the year as uncollectible	**(14,816)**	-	**-**	-
At 30 June	**64,708**	5,223	**-**	-

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

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(d)

	THE GROUP				
		Trade receivables - days past due			
	Current	Within 31 - 60 days	Within 61 - 90 days	Over 90 days	Total
30 June 2020					
Expected credit loss rate (%)	0.2%	0.9%	23.7%	18.6%	
Gross carrying amount (Rs'000)	35,343	1,276	849	345,917	
Loss allowance (Rs'000)	70	11	201	64,426	**64,708**
30 June 2019					
Expected credit loss rate (%)	1.0%	1.0%	1.0%	11.0%	
Gross carrying amount (Rs'000)	191,982	102,014	60,474	24,147	
Loss allowance (Rs'000)	1,365	682	555	2,621	**5,223**

16. TRADE AND OTHER RECEIVABLES (CON'D)

	THE COMPANY				
		Trade receivables - days past due			
	Current	Within 31 - 60 days	Within 61 - 90 days	Over 90 days	Total
30 June 2020					
Expected credit loss rate (%)	0%	1%	24%	19%	
Gross carrying amount (Rs'000)	-	-	-	-	
Loss allowance (Rs'000)	-	-	-	-	-
30 June 2019					
Expected credit loss rate (%)	1%	1%	1%	11%	
Gross carrying amount (Rs'000)	-	-	-	-	
Loss allowance (Rs'000)	-	-	-	-	-

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are reviewed annually or when there is a significant increase in external factors, potentially impacting credit risk and are updated where management's expectations of credit losses change. As at 30 June 2020, management has assessed the expected credit loss for trade receivables. Due to the global uncertainty arising from COVID-19, management has increased the expected credit loss for trade receivables based on their judgement as to the impact on the trade receivables portfolio. In addition, management has adopted a conservative approach by fully providing for trade receivables that are due for more than 180 days.

17. STATED CAPITAL

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Issued and fully paid ordinary shares		Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2019 and at 30 June 2020	**194,545,072**	**1,945,451**	**3,138,833**	**(1,451,389)**	**3,632,895**

In the issued and fully paid ordinary shares above, the Company held 20,118,546 treasury shares (2019: 20,118,546), for which the Company has the right to reissue these shares at a later date. Fully paid up ordinary shares have a par value of Rs 10 each, carry one voting right and a right to dividend.

18. RESERVES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property revaluation (note (i))	**3,091,820**	2,743,026	**-**	-
Investment revaluation (note (ii))	**11,661**	16,978	**4,412,146**	5,009,502
Cash flow hedging reserve (note (iii))	**(143,483)**	(65,411)	**-**	-
Foreign currency translation (note (iv))	**562,332**	450,046	**-**	-
	3,522,330	3,144,639	**4,412,146**	5,009,502

(i) Property revaluation reserve

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

(ii) Investment revaluation reserve

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

(iii) Cash flow hedging reserve

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

(iv) Foreign currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

19. LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current liabilities				
Loans (note (a))	2,085,272	2,483,278	375,530	544,668
Bonds (note (b))	4,168,889	4,970,713	2,853,960	4,970,713
	6,254,161	7,453,991	3,229,490	5,515,381
Current liabilities				
Loans (note (a))	748,786	946,981	392,197	612,681
Bonds (note (b))	2,362,499	-	2,362,499	-
Bank overdrafts (note (c))	45,404	51,892	2,122	46,978
	3,156,689	998,873	2,756,818	659,659
Total loans and other borrowings	9,410,850	8,452,864	5,986,308	6,175,040

The maturity of the loans and other borrowings ranges between years 2019 - 2030.

(a) Loans

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	748,786	946,981	392,197	612,681
After one year but before two years	440,607	473,365	88,360	130,554
After two years but before three years	491,555	523,801	88,360	117,132
After three years but before five years	993,984	1,111,454	176,720	197,682
After five years	159,126	374,658	22,090	99,300
Non-current liabilities	2,085,272	2,483,278	375,530	544,668
Total	2,834,058	3,430,259	767,727	1,157,349

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Included in the above loans are:	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar loans	662,915	642,030		-
Euro loans	2,011,982	2,363,667	767,728	857,349
Great Britain Pound loans	123,041	122,877	-	-
Mauritian Rupee loans	36,120	301,685	-	300,000

(i) The loans are secured by fixed and floating charges over the assets of the Group.

(ii) The loans are arranged at floating interest rates and the average interest rate as at the end of the reporting period was as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Average interest rate	3.67%	4.03%	3.21%	3.13%

(b) Bonds

The bonds are secured by floating charges over the assets of the Group and are repayable in the year 2020 to 2030. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of reporting period was 4.5% per annum (2019: 5.3%).

19. LOANS AND OTHER BORROWINGS (CONT'D)

(b) Bonds (Cont'd)

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
Repayable:	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	2,362,499	-	2,362,499	-
After one year but before two years	1,559,660	2,120,201	1,559,660	2,120,201
After two years but before three years	350,208	1,557,762	-	1,557,762
After three years but before five years	1,667,033	1,292,750	1,294,300	1,292,750
After five years	591,988	-	-	-
Non-current liabilities	4,168,889	4,970,713	2,853,960	4,970,713
Total	6,531,388	4,970,713	5,216,459	4,970,713

(c) Bank overdrafts

The bank overdrafts are secured by floating charges on the assets of the Group. The average interest rate of bank overdrafts was as follows:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Average interest rate	4.10	5.75	4.10	5.75

(d) The carrying amounts of borrowings are not materially different from the fair value.

(e) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates, as well as the currency profile, have been detailed in note 37.

20. DEFERRED TAX

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	156,298	-	30,773	4,597
Deferred tax liabilities	(1,068,276)	(897,241)	-	-
	(911,978)	(897,241)	30,773	4,597

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred income tax assets not recognised was Rs 151.5m (2019: Rs 134.9m) for the Group due to uncertainty of future profit streams. The tax losses due to operation expire on a rolling basis over 5 years whereas capital allowances can be utilised indefinitely.

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June	897,241	831,535	(4,597)	(5,642)
- Effect of adoption of IFRS 16	(50,662)	-	-	-
At 01 July	846,579	831,535	(4,597)	(5,642)
Recognised in profit or loss (note 25(b))	36,005	142,229	(17,643)	4,234
Recognised in other comprehensive income	25,509	(70,165)	(8,533)	(2,442)
Exchange difference	3,885	(3,379)	-	-
Acquisition through business combination	-	(2,979)	-	-
Transfer from subsidiary company	-	-	-	(747)
At 30 June	911,978	897,241	(30,773)	(4,597)

NOTES TO THE FINANCIAL STATEMENTS

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20. DEFERRED TAX LIABILITY (CONT'D)

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

(i) THE GROUP

	At 30 June	Effect of adoption of IFRS 16	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	Exchange difference	Acquisition through business combination	At 30 June
2020	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Temporary differences:								
- Accelerated capital allowances	727,945	-	**727,945**	(6,523)	-	5,340	-	**726,762**
- Employee benefit liability	(61,942)	-	**(61,942)**	14,801	(30,902)	-	-	**(78,043)**
- Revaluation of property, plant and equipment	489,104	-	**489,104**	-	56,411	6,774	-	**552,289**
- Other provisions	(3,792)	-	**(3,792)**	(5,312)	-	258	-	**(8,846)**
- Contract liability	(10,971)	-	**(10,971)**	216	-	-	-	**(10,755)**
- Right-of-use assets	-	(50,662)	**(50,662)**	(5,977)	-	(580)	-	**(57,219)**
Unused tax losses and credits	(243,103)	-	**(243,103)**	38,800	-	(7,907)	-	**(212,210)**
	897,241	**(50,662)**	**846,579**	**36,005**	**25,509**	**3,885**	**-**	**911,978**
2019								
Temporary differences:								
- Accelerated capital allowances	707,663	-	**707,663**	21,948	-	1,023	(2,689)	727,945
- Employee benefit liability	(45,837)	-	**(45,837)**	(4,893)	(10,922)	-	(290)	(61,942)
- Revaluation of property, plant and equipment	549,859	-	**549,859**	(763)	(59,243)	(749)	-	489,104
- Other provisions	8,052	-	**8,052**	(16,096)	-	4,252	-	(3,792)
- Deferred revenue	(11,187)	-	**(11,187)**	216	-	-	-	(10,971)
Unused tax losses and credits	(377,015)	-	**(377,015)**	141,817	-	(7,905)	-	(243,103)
	831,535	**-**	**831,535**	**142,229**	**(70,165)**	**(3,379)**	**(2,979)**	**897,241**

(ii) THE COMPANY

	At 01 July	Recognised in profit or loss	Recognised in other comprehensive income	Transfer	At 30 June
2020	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Temporary differences:					
- Accelerated capital allowances	(1,666)	(15,137)	-	-	**(16,803)**
- Employee benefit liability	(2,184)	(500)	(8,533)	-	**(11,217)**
- Other provisions	(747)	747	-	-	**-**
Unused tax losses and credits	-	(2,753)	-	-	**(2,753)**
	(4,597)	**(17,643)**	**(8,533)**	**-**	**(30,773)**
2019					
Temporary differences:					
- Accelerated capital allowances	(5,775)	4,109	-	-	(1,666)
- Employee benefit liability	133	125	(2,442)	-	(2,184)
- Other provisions	-	-	-	(747)	(747)
	(5,642)	**4,234**	**(2,442)**	**(747)**	**(4,597)**

21. EMPLOYEE BENEFIT LIABILITY

Amounts recognised in the statements of financial position:

	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Pension plan (note (a))	**186,404**	40,422	**57,060**	11,175
Other retirement benefits (note (b))	**272,664**	323,931	**8,923**	6,071
	459,068	364,353	**65,983**	17,246

(a) Pension plan

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2020 by Hewitt LY Ltd. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Reconciliation of net defined benefit liability/(asset):

	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**40,422**	10,621	**11,175**	(2,204)
Amount recognised in profit or loss	**31,801**	27,005	**8,498**	6,217
Amount recognised in other comprehensive income	**146,176**	32,203	**46,032**	13,657
Transfer from subsidiary company	**-**	-	**-**	1,281
Contributions from employer	**(31,995)**	(29,407)	**(8,645)**	(7,776)
At 30 June	**186,404**	40,422	**57,060**	11,175

Amounts recognised in the statements of financial position:

	THE GROUP 2020	THE GROUP 2019	THE COMPANY 2020	THE COMPANY 2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**801,691**	629,242	**263,926**	215,411
Fair value of plan assets	**(615,287)**	(588,820)	**(206,866)**	(204,236)
At 30 June	**186,404**	40,422	**57,060**	11,175

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

21. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	629,242	583,972	215,411	157,937
Current service cost	30,464	27,445	8,443	6,561
Contributions from employees	5,848	5,144	1,457	1,424
Interest cost	36,533	36,587	12,160	12,321
Past service cost	-	-	(299)	-
Liability experience gains	(4,869)	(22,723)	(2,214)	(4,751)
Liability losses due to change in financial assumptions	144,577	27,871	46,213	9,216
Benefits paid	(40,104)	(29,054)	(9,446)	(9,730)
Transfer from subsidiary company	-	-	(7,799)	42,433
At 30 June	801,691	629,242	263,926	215,411

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	588,820	573,351	204,236	160,141
Interest income	35,196	37,027	11,806	12,665
Losses on plan assets excluding interest	(6,468)	(27,055)	(2,033)	(9,192)
Contributions from employer	31,995	29,407	8,645	7,776
Contributions from employees	5,848	5,144	1,457	1,424
Benefits paid	(40,104)	(29,054)	(9,446)	(9,730)
Transfer (to)/from subsidiary company	-	-	(7,799)	41,152
At 30 June	615,287	588,820	206,866	204,236

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	30,464	27,445	8,443	6,561
Past service cost	-	-	(299)	-
Net interest on net defined benefit asset	1,337	(440)	354	(344)
Total included in employee benefits	31,801	27,005	8,498	6,217

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Losses on plan assets excluding interest	6,468	27,055	2,033	9,192
Liability experience gains	(4,869)	(22,723)	(2,214)	(4,751)
Liability losses due to change in financial assumptions	144,577	27,871	46,213	9,216
Total	146,176	32,203	46,032	13,657

21. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Local quoted equity instruments	73,834	94,211	45,511	32,678
Overseas quoted equity instruments	276,880	158,981	70,334	55,144
Overseas quoted debt instruments	92,293	70,658	28,961	24,508
Local quoted debt instruments	86,140	170,758	33,099	59,228
Cash and others	86,140	94,212	28,961	32,678
Total	615,287	588,820	206,866	204,236

At 30 June 2020, approximately 2% (2019: 2%) of the fund was invested in the shares of Sun Limited.

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets.

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

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	801,691	629,242	263,926	215,411
Fair value of plan assets	(615,287)	(588,820)	(206,866)	(204,236)
Deficit	186,404	40,422	57,060	11,175
Experience gains on plan liabilities	4,869	22,723	2,214	4,751
Experience losses on plan assets	(6,468)	(27,055)	(2,033)	(9,192)

(ix) Sensitivity analysis on defined benefit obligation:

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Decrease in defined benefit obligations due to 1% decrease in discount rate	68,438	82,209	43,824	31,909
Increase in defined benefit obligations due to 1% decrease in discount rate	55,216	100,748	35,009	26,389

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

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

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

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FOR THE YEAR ENDED 30 JUNE 2020

21. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(a) Pension plan (Cont'd)

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

(xi) Future Cashflows

- The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding policy is to pay contributions to an external legal entity as and when due.
- The Group expects to make a contribution of Rs 16m (2019: Rs 29.8m) and the Company of Rs 8.8m (2019: Rs 8m) to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 16.6 years (2019: 16 years) for the Group and 15 years (2019: 14 years) for the Company.

(b) Other retirement benefits

The Group has recognised a net defined benefit liability in respect of any additional residual retirement gratuities or full retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act (ERA) 2008.

(i) Reconciliation of other retirement benefits:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**323,931**	259,000	**6,071**	1,427
Amount recognised in profit or loss	**69,405**	38,689	**1,449**	826
Amount recognised in other comprehensive income	**35,603**	32,042	**4,160**	707
Benefits paid	**(156,275)**	(7,428)	**(2,757)**	-
Acquisition through business combination	**-**	1,628	**-**	-
Transfer from subsidiary company	**-**	-	**-**	3,111
As at 30 June	**272,664**	323,931	**8,923**	6,071

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**323,931**	259,000	**6,071**	1,427
Current service cost	**23,166**	21,984	**992**	525
Interest cost	**19,322**	16,468	**364**	288
Past service cost	**600**	237	**(180)**	13
Liability experience losses	**21,755**	38,888	**3,411**	1,029
Liability experience gain due to change in demographic assumptions	**(7,971)**	-	**-**	-
Liability losses/(gains) due to change in financial assumptions	**21,819**	(6,846)	**749**	(322)
Settlement gain	**26,317**	-	**273**	-
Benefits paid	**(156,275)**	(7,428)	**(2,757)**	-
Acquisition through business combination	**-**	1,628	**-**	-
Transfer from subsidiary company	**-**	-	**-**	3,111
At 30 June	**272,664**	323,931	**8,923**	6,071

21. EMPLOYEE BENEFIT LIABILITY (CONT'D)

(b) Other retirement benefits (Cont'd)

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**23,166**	21,984	**992**	525
Past service cost	**600**	237	**(180)**	13
Settlement gain	**26,317**	-	**273**	-
Interest on defined benefit liability	**19,322**	16,468	**364**	288
Total	**69,405**	38,689	**1,449**	826

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Liability experience losses	**35,603**	32,042	**4,160**	707

(v) Sensitivity analysis on defined benefit obligations:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Decrease in defined benefit obligations due to 1% increase in discount rate	**45,398**	33,651	**1,427**	910
Increase in defined benefit obligations due to 1% decrease in discount rate	**37,295**	39,724	**1,200**	777

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

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

The weighted average duration of the defined benefit obligation is 8.3 years (2019: 11 years) for the Group and 15 years (2019: 14 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Discount rate - %	**4.0**	6.0	**4.0**	6.0
Future salary increases - %	**2.0**	3.3	**2.0**	3.3
Future pension increases - %	**-**	0.5	**-**	0.5
Average retirement age (ARA) - Years	**60.0**	65.0	**60.0**	65.0
Average life expectancy for under the pension plan:				
Male at ARA - Years	**19.5**	19.5	**19.5**	19.5
Female at ARA - Years	**24.2**	24.2	**24.2**	24.2

(d) State pension plan

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
National Pension Scheme contributions expensed	**31,373**	36,945	**504**	597

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22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**388,385**	385,465	**9,504**	6,904
Capital creditors	**42,772**	33,333	**-**	-
Client advances	**265,115**	344,112	**-**	-
Other creditors and accruals	**1,031,010**	736,430	**199,683**	160,156
Contract liabilities (note 24)	**4,658**	4,658	**-**	-
Amounts due to related parties (note 36(i))	**23,400**	3,187	**1,710,750**	897,417
	1,755,340	1,507,185	**1,919,937**	1,064,477

(a) The average credit period on purchases of certain goods ranges from 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(b) **Share based payments**

Details of long term incentive plan

Included in other creditors and accruals are share based payments liabilities of Rs 1.2m (2019: Rs 2m) for the Group and Company relating to the Phantom Share Option Scheme for senior executives and senior employees of the Company and its subsidiaries. In accordance with the terms of the plan, senior executives are granted an option over a number of phantom shares at a base or option price which is equal to the market value of the share at the date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the difference between the market value of the phantom shares at exercise date and the option price.

Under the plan, participants are granted options which only vest if certain performance standards are met. The option is exercisable not before three years for a maximum of 70% of the Phantom Share option issued and four years for the remaining share options that have not been exercised.

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

The following cash settled share based payment arrangements were in existence:

2020	THE GROUP		THE COMPANY	
	Number of shares	Grant date fair value	**Number of shares**	Grant date fair value
Granted:				
As at 01 July 2019	**373,547**	34.25	**199,939**	34.25
Granted	**547,694**	49.02	**347,852**	49.02
Cancelled	**(399,194)**	40.43	**(349,818)**	40.43
At 30 June 2020	**522,047**		**197,973**	
Granted on	01 July 2017, 01 July 2018 and 01 July 2019			
Vested and exercisable at 30 June 2020	**Nil**		**Nil**	

2019	THE GROUP		THE COMPANY	
	Number of shares	Grant date fair value	**Number of shares**	Grant date fair value
Granted	**373,547**	34.25	**199,939**	34.25
Granted on	01 July 2016		01 July 2016	
Vested and exercisable at 30 June 2019	**Nil**		**Nil**	

22. TRADE AND OTHER PAYABLES (CONT'D)

(c) **Derivatives financial liabilities**

The Company utilises foreign currency forward and swap contracts in the management of its exchange rate exposures. The following table details the forward currency swap contracts outstanding fair values as at the end of the reporting period.

	THE GROUP			
	Notional principal amount		Fair Values assets/ (liabilities)	
	2020	2019	**2020**	2019
Outstanding forward contracts:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Sell USD	**-**	392,198	**-**	(569)
Sell EUR	**-**	1,759,128	**-**	(4,037)
Sell GBP	**-**	481,106	**-**	7,258
Sell ZAR	**-**	58,401	**-**	664

	THE COMPANY			
	Notional principal amount		Fair Values assets/ (liabilities)	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sell USD	**-**	392,198	**-**	(569)
Sell EUR	**-**	1,537,975	**-**	(3,624)
Sell GBP	**-**	395,290	**-**	6,261
Sell ZAR	**-**	58,401	**-**	664

Outstanding swap contracts:		THE GROUP			
	Maturity dates	Notional principal amount		Assets/ (liabilities)	
		2020	2019	**2020**	2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
EUR	July 2020	**(282,449)**	23,259	**7,792**	394
GBP	July 2020	**(68,338)**	-	**1,578**	-
TOTAL		**(350,787)**	23,259	**9,370**	394

		THE COMPANY			
	Maturity dates	Notional principal amount		Assets/ (liabilities)	
		2020	2019	**2020**	2019
		Rs'000	Rs'000	**Rs'000**	Rs'000
EUR	July 2020	**(242,439)**	23,259	**6,677**	394
GBP	July 2020	**(49,447)**	-	**1,069**	-
TOTAL		**(291,886)**	23,259	**7,746**	394

All the forward and swap contracts fall under the Level 3 of the Fair Value Hierarchy and there has been no transfers between Level 1 and 2 during the year.

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

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23. PROVISION

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Le St Geran Hotel (note (a))	**46,718**	46,718	**16,000**	16,000
Anahita Hotel Ltd (note (b))	**1,830**	33,500	**1,830**	33,500
Disputes with employees	**11,750**	11,750	**11,750**	11,750
	60,298	91,968	**29,580**	61,250

(a) It represents claim for additional duty in respect of the sale of Le St Geran Hotel by Sun Leisure Investments Ltd.

(b) During the year, the additional duty claim in respect of the purchase of Four Seasons Resort (Anahita Hotel Ltd) has been paid by Sun Limited under protest pending an appeal through the Assessment Review Committee.

24. CONTRACT LIABILITIES

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Invest Hotel Scheme (note (a))	**63,262**	64,534
Golf membership fees (note (b))	**36,559**	39,946
	99,821	104,480
Included in the financial statements as:		
Non-current liabilities	**95,163**	99,822
Current liabilities (note 22)	**4,658**	4,658
	99,821	104,480

(a) Invest Hotel Scheme

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At 01 July	**64,534**	65,806
Release to profit or loss	**(1,272)**	(1,272)
At 30 June	**63,262**	64,534
Included in the financial statements as:		
Non-current liabilities	**61,990**	63,262
Current liabilities	**1,272**	1,272
	63,262	64,534

In 2018, the remaining 14 rooms under the Long Beach Invest Hotel Scheme (IHS) were sold generating a revenue of Rs 134.8m. A net profit before tax of Rs 46.6m were realised on the transaction. The rooms were sold by Long Beach IHS to investors with a contract to lease back the rooms to Long Beach Resort Ltd as the operator of the resort, for a period until the end of the Government Lease (i.e) 2070.

The transactions take the form of a sale and lease back and were accounted as a finance lease in the Group Financial Statements. As such, excess sales proceeds over the carrying amount has been deferred in the Group Financial Statements over the period of the lease term.

(b) Golf Membership fees

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At 01 July	**39,946**	37,113
Receipts from new members	**-**	6,000
Release to profit or loss	**(3,387)**	(3,167)
At 30 June	**36,559**	39,946
Included in the financial statements as:		
Non-current liabilities	**33,173**	36,560
Current liabilities	**3,386**	3,386
	36,559	39,946

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

25. TAXATION

Income Tax

Income tax is calculated at the rate of 0% to 33% (2019: 0% to 33%) for the Group and 17% (2019: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) Current tax liability

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	**46,268**	22,194	**6,668**	(4,038)
Translation difference	**(138)**	(24)	**-**	-
(Payment)/receipt during the year	**(48,660)**	(30,947)	**(335)**	9,075
Underprovision in previous year	**267**	234	**-**	-
Tax deducted at source	**(331)**	(4,264)	**(331)**	(4,254)
Provision for the year	**2,119**	59,075	**-**	5,885
At 30 June	**(475)**	46,268	**6,002**	6,668
Analysed as follows:				
Current liabilities	**9,783**	47,379	**6,002**	6,668
Current tax assets (note 16)	**(10,258)**	(1,111)	**-**	-
At 30 June	**(475)**	46,268	**6,002**	6,668

(b) Tax charge/(Credit)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax:				
Provision for the year	**2,119**	59,075	**-**	5,885
Underprovision in previous year	**267**	234	**-**	-
Current income tax expense	**2,386**	59,309	**-**	5,885
Deferred tax movement (Note 20)	**36,005**	142,229	**(17,643)**	4,234
Income tax charge/(credit)	**38,391**	201,538	**(17,643)**	10,119

(c) Reconciliation of accounting profit to tax expense

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	%	%	**%**	%
Normal rate of taxation applicable to Mauritian companies	**17.00**	17.00	**17.00**	17.00
Tax effect of:				
- Expenses that are not deductible in determining taxable profit	**(7.30)**	(2.64)	**(6.41)**	16.05
- Underprovision in previous year	**(0.01)**	(0.01)	**-**	-
- Tax losses for which no deferred income tax asset was recognised	**(8.59)**	(8.90)	**-**	-
- Income not subject to tax	**1.16**	(0.15)	**1.18**	(48.89)
- Transfer of assets to subsidiary company	**-**	-	**-**	(1.02)
- Impairment of non-financial assets	**(1.93)**	(17.50)	**(2.44)**	-
- Impairment of financial assets	**(0.70)**	-	**(8.99)**	20.43
- Other adjustments	**(1.82)**	0.23	**0.89**	0.24
Effective rate of tax	**(2.19)**	(11.97)	**1.23**	3.81

NOTES TO THE FINANCIAL STATEMENTS

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26. REVENUE

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue from contracts with customers				
Rooms	2,904,980	3,769,563	-	-
Food and beverages	1,649,338	2,168,660	-	-
Others	503,359	676,661	175,494	77,436
Total revenue from contracts with customers	5,057,677	6,614,884	175,494	77,436
Investment income	-	-	99,410	763,500
Total revenue	5,057,677	6,614,884	274,904	840,936
Timing of revenue recognition				
Goods transferred at a point in time	1,649,338	2,168,660	-	-
Services transferred over time	3,408,339	4,446,224	175,494	77,436
Total revenue from contracts with customers	5,057,677	6,614,884	175,494	77,436

27. OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Operational period[1]				
- Direct costs	972,078	1,417,905	-	-
- Employee benefits	1,631,106	2,123,949	83,551	126,938
- Other expenses	1,254,583	1,927,918	29,884	26,554
	3,857,767	5,469,772	113,435	153,492
(b) Suspension of operations[1]				
- Direct costs	33,888	-	-	-
- Employee benefits	388,598	-	20,200	-
- Other expenses	99,173	-	57,061	-
	521,659	-	77,261	-
Operating expenses (note 27(c))	4,379,426	5,469,772	190,696	153,492

[1] Operational period relate to period from 01 July 2019 to 31 March 2020 and suspension of operations relate to period from 01 April 2020 to 30 June 2020.

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
(c) Analysis of expenses by nature:				
Direct costs	1,005,966	1,417,905	-	-
Wages and salaries	1,773,772	1,988,594	83,747	118,056
Social security costs	144,726	69,661	10,057	1,839
Pension costs	31,801	27,005	8,498	6,217
Other post-retirement benefits	69,405	38,689	1,449	826
Employee benefits	2,019,704	2,123,949	103,751	126,938
Rental and lease expenses	200,309	557,856	5,289	6,042
Logistics and utilities	268,769	342,828	404	612
Marketing expenses	215,668	219,454	-	-
Repairs and maintenance	98,646	162,689	413	465
Management fees and services	64,929	100,068	-	-
Office expenses	75,943	47,660	52,586	3,912
Travelling expenses	21,386	48,976	4,532	5,883
Others miscellaneous costs	408,106	448,387	23,721	9,640
Other expenses	1,353,756	1,927,918	86,945	26,554
Operating expenses	4,379,426	5,469,772	190,696	153,492

(d) Reorganisation costs relate mainly to voluntary early retirement costs of employees for the year ended 30 June 2020.

27. OPERATING EXPENSES (CONT'D)

(e) Write off of project costs relates to a preliminary costs incurred on the development of the Group's site which was not materialised and was written off.

28. OTHER INCOME

	THE GROUP		THE COMPANY	
	2020	2019	2020	2019
	Rs'000	Rs'000	Rs'000	Rs'000
Proceed from insurance claims	-	13,560	-	-
Foreign exchange gains	140,879	101,700	112,646	87,757
Government support, net of taxes	174,896	-	958	-
Other revenue from COVID-19	31,461	-	-	-
Other income	3,459	-	-	-
	350,695	115,260	113,604	87,757

29. IMPAIRMENT OF NON-FINANCIAL ASSETS

(a) THE GROUP - 2020

During the year, the Group impaired non-financial assets by Rs 759.6m as a consequence of the downward medium-term trading expectations due to the current economic environment which has been exacerbated by the global COVID-19 pandemic.

Management has used judgements in its assumptions based on unprecedented set of circumstances from the COVID-19. These judgements are based on current market conditions as at date. The future impact of the pandemic are still uncertain and may further impact on the projection.

Impairment on non-financial assets	Cash generating unit/ Company	Reportable segment	Statements of Profit or loss
			Rs'000
Impairment charges:			
- Property, plant and equipment	Kanuhura Resort	Maldives	627,149
- Operating equipment	Kanuhura Resort	Maldives	15,433
- Property, plant and equipment	Ambre Resort Ltd	Mauritius	92,797
- Inventories	Retail operations	Mauritius	24,252
			759,631

** Above impairment charges exclude the taxation impact*

(i) Kanuhura

The recoverable amount has been determined by calculating the value in use using a discounted cash flow model ("DCF"). The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of USD 46.7m (Rs 2,263m). Based on this assessment, impairment losses allocated to property, plant and equipment and operating equipment were USD 15.7m (Rs 627.1m) and USD 0.4m (Rs 15.4m) respectively.

In order to reflect the cash flow impact of the collapse in demand caused by the COVID-19 pandemic, management assumed the following:

- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- A 31% reduction in revenue for the financial year 2021. Cash flow projections for the financial year 2022 reflect an ADR growth of 8% with an occupancy of 52%.
- Management assumed that in financial year 2022 the resort will be trading at similar occupancy levels achieved in the financial year 2019. The annual growth rate applied to the cash flow forecasts for the 2023 to 2025 financial years ranged between 3% and 8%.
- The weighted average cost of capital ("WACC") utilised in the valuation was 10%.
- The terminal growth rate applied is 3% for the Mauritian and Maldivian properties.

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29. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

(a) THE GROUP - 2020 (CONT'D)

(ii) Ambre Resort Ltd

During the year ended 30 June 2020, the assets of Ambre Resort Ltd was impaired by Rs 92.8m primarily due to downward projections of the resort's profitability over the remaining years of the lease. The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of Rs 140m at 30 June 2020.

The Group used a number of assumptions and judgements in determining the value in use of Ambre's operation, as follows:
- the expected future net cash flows for the remaining years of the lease have been discounted and added to the discounted estimated terminal value.
- management has assumed a 53% reduction in operating revenue for the financial year 2021 as compared to a normal activity level. For financial year 2022, a growth of 10% has been considered as compared to preceeding year.
- an occupancy rate of 40% has been considered in financial year 2021 to reach an average of 54% by financial year 2023.
- The expected opening of the resort is assumed to be in the second half of the financial year 2021.

(iii) Retail operations

An impairment of inventories of Rs 24.3m was accounted to write down the inventories to net realisable value following the suspension of operations resulting in a slow movement of inventories due to the COVID-19 pandemic.

(b) THE GROUP - 2019

At 30 June 2019, management assessed the recoverable amount of the Cash Generating Units ("CGUs") for which indicators of impairment exist, or to which goodwill has been allocated. The net impairment losses recognised are as follows:

Cash generating unit	Reportable segment	Statements of Profit or loss	Statements of comprehensive income	**Total impairment**
		Rs'000	Rs'000	**Rs'000**
Kanuhura:	**Maldives**			
Impairment on property, plant and equipment		73,600	210,759	284,359
Impairment on leasehold rights and land prepayments		41,249	-	41,249
Impairment of goodwill		1,732,532	-	1,732,532
		1,847,381	210,759	2,058,140
Long Beach Resort Ltd:	**Mauritius**			
Impairment on property, plant and equipment		37,107	137,519	174,626
Loisirs des Iles Ltée:	**Mauritius**			
Impairment on property, plant and equipment		-	44,960	44,960
Analysed as follows:				
Impairment of goodwill and other non-financial assets		1,884,488	-	1,884,488
Impairment of property, plant and equipment		-	393,238	393,238
Total impairment		1,884,488	393,238	2,277,726

** Above impairment charges and reversal of revaluation surplus exclude the taxation impact*

In determining the impairment of the carrying amount of assets for each cash generating unit (CGU), a value in use calculation was carried out.

(i) **Kanuhura**

During the financial year ended 30 June 2019, the goodwill and assets in relation to the Group's operations in Kanuhura were impaired primarily due to revised projections of the resort over the next five years with the increasing supply of rooms in the Maldives industry, leading to intense competition. The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of USD 70.3m. Based on this assessment, impairment losses allocated to goodwill and property, plant and equipment were USD 48.7m (Rs 1,733m) and USD 9.6m (Rs 325.6m) respectively.

29. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

(b) THE GROUP - 2019 (CONT'D)

(i) Kanuhura

The Group has used a number of assumptions and judgements in determining the value in use of the Maldives operations, as follows:
- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- the pre-tax adjusted discount rate used in the most recent value in use in the year ended 30 June 2019 calculation was 13.9% which was based on the specific circumstances of the CGU.
- the terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a perpetual growth rate of 3%.
- the ADR is expected to grow at a compounded annual growth rate (CAGR) of 3% per annum from USD 721 in financial year 2020.
- an occupancy rate of 60% has been considered in financial year 2020 to reach 75% by financial year 2024.
- these forecasts are based on past experience adjusted to incorporate the expected share of the tourists arrivals and room price increases.

(ii) Long Beach Resort Ltd

During the year ended 30 June 2019, the assets of Long Beach was impaired by Rs 174.6m primarily due to revised projections of the resort over the next five years under the current challenging conditions of the industry. The value in use calculation was determined based on the discounted cash flow model which resulted in an enterprise value of Rs 2,398m at 30 June 2019.

The Group used a number of assumptions and judgements in determining the value in use of the Long Beach's operation, as follows:
- the expected future net cash flows for five years have been discounted and added to the discounted estimated terminal value.
- the pre-tax adjusted discount rate used in the most recent value in use in the year ended 30 June 2019 calculation was 11.8% which was based on the specific circumstances of the CGU.
- the terminal value has been computed by capitalising the net income prevailing at the end of the cash flow projections, using a perpetual growth rate of 3%.
- the ADR is expected to grow at a compounded annual growth rate (CAGR) of 3.3% per annum from Rs 4,861 in financial year 2020.
- an occupancy rate of 81% has been considered in financial year 2020 to reach 83% by financial year 2024.
- these forecasts are based on past experience adjusted to incorporate the expected share of the tourists arrivals and room price increases.

(iii) Loisirs des Iles Ltée

Management's approach for impairment assessment was to state the assets at their fair value less cost to dispose which was higher than value in use.

The fair value was determined based on a valuation conducted by Broll Indian Ocean Limited, Chartered Valuer, in 2018 (Fair Value Hierarchy level 2). Management has considered a discount of 7% on the fair value of buildings to cater for registration duties and other selling costs. Based on this assessment, the fair value less cost to dispose was Rs 911m, which resulted in an impairment charge of Rs 44.96m on the buildings.

30. FINANCE COSTS

	THE GROUP		**THE COMPANY**	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Finance costs on:				
Cash flow hedges	**368,929**	-	**-**	-
Loans	**127,978**	160,652	**31,705**	41,607
Bank overdrafts	**3,767**	7,981	**2,146**	5,131
Swap	**-**	-	**-**	(4,751)
Bonds	**289,002**	266,391	**272,393**	266,390
Lease liabilities	**168,553**	19,743	**13,847**	-
Others	**7,942**	-	**3,872**	-
	966,171	454,767	**323,963**	308,377
Foreign exchange losses	**125,400**	-	**308,367**	-
	1,091,571	454,767	**632,330**	308,377

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31. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest received on:				
- Bank deposits	**21,250**	18,392	**10,701**	168
- Current accounts with subsidaries	**-**	-	**136,600**	139,375
	21,250	18,392	**147,301**	139,543

32. EARNINGS PER SHARE

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Basic and diluted earnings per share		
Loss attributable to equity holders of the Company	**(1,789,421)**	(1,885,048)
Weighted average number of ordinary shares (thousand)	**174,427**	174,427
Basic and diluted loss per share (Rs)	**(10.26)**	(10.81)

Basic and diluted earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, no ordinary shares (2019: nil ordinary shares) have been issued for cash; however, the earnings per share amount was not adjusted for such transaction occurring after the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the period.

33. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
(i) Movement in working capital	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Inventories	**10,607**	7,429	**-**	-
Trade and other receivables	**(151,573)**	10,740	**(488,499)**	1,697,460
Trade and other payables	**192,688**	125,721	**870,110**	(2,108,679)
Contract liabilities	**(4,659)**	1,562	**-**	-
Movement in working capital	**47,063**	145,452	**381,611**	(411,219)

(ii) Cash and cash equivalents

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and short-term deposits	**632,445**	627,661	**83,052**	41,083
Bank overdrafts (note 19)	**(45,404)**	(51,892)	**(2,122)**	(46,978)
	587,041	575,769	**80,930**	(5,895)

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

33. CASH FLOW INFORMATION (CONT'D)

(iii) Net debt reconciliation

THE GROUP	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt as at 01 July 2018	411,000	(8,620,440)	(411,639)	(8,621,079)
Cash inflows	164,769	213,778	3,609	382,156
Acquisition through business combination	-	(2,176)	-	(2,176)
Acquisitions under finance lease	-	-	(2,522)	(2,522)
Amortised cost on borrowings	-	8,501	-	8,501
Other non cash movement	-	(17,000)	-	(17,000)
Foreign exchange adjustments	-	16,365	-	16,365
Net debt as at 30 June 2019	**575,769**	**(8,400,972)**	**(410,552)**	**(8,235,755)**
- Effect of adoption of IFRS 16	-	-	(2,091,254)	(2,091,254)
Net debt as at 01 July 2019	**575,769**	**(8,400,972)**	**(2,501,806)**	**(10,327,009)**
Cash inflows/(outflows)	11,272	(313,364)	187,754	(114,338)
Amortised cost on borrowings	-	(10,620)	-	(10,620)
Other non cash movement	-	11,251	(75,149)	(63,898)
Foreign exchange adjustments	-	(651,741)	(42,979)	(694,720)
Net debt as at 30 June 2020	**587,041**	**(9,365,446)**	**(2,432,180)**	**(11,210,585)**

THE COMPANY	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Net debt as at 01 July 2018	37,739	(6,086,039)	(170)	(6,048,470)
Cash inflows/(outflows)	(43,634)	(53,526)	170	(96,990)
Amortised cost on borrowings	-	8,501	-	8,501
Other non-cash movements	-	(6,530)	-	(6,530)
Foreign exchange adjustments	-	9,532	-	9,532
Net debt as at 30 June 2019	**(5,895)**	**(6,128,062)**	**-**	**(6,133,957)**
- Effect of adoption of IFRS 16	-	-	(309,151)	(309,151)
Net debt as at 01 July 2019	**(5,895)**	**(6,128,062)**	**(309,151)**	**(6,443,108)**
Cash inflows	86,825	465,954	-	552,779
Amortised cost on borrowings	-	(9,838)	-	(9,838)
Other non-cash movements	-	-	85,563	85,563
Foreign exchange adjustments	-	(312,240)	-	(312,240)
Net debt as at 30 June 2020	**80,930**	**(5,984,186)**	**(223,588)**	**(6,126,844)**

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34. COMMITMENTS

(a) Capital commitments

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised and contracted for	**160,000**	293,158	**-**	-

The capital commitments relate to final phase renovation of Sugar Beach which will be completed in October 2020.

35. RELATED PARTY TRANSACTIONS

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
(a) Sales of goods and services	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Subsidiaries and associates of parent	**14,886**	30,507	**-**	-
Subsidiaries	**-**	-	**174,494**	71,163
	14,886	30,507	**174,494**	71,163
(b) Interest income				
Subsidiaries	**-**	-	**136,600**	139,375
(c) Rental income				
Subsidiaries	**-**	-	**-**	-
(d) Dividend income				
Subsidiaries	**-**	-	**99,410**	763,500
(e) Purchases of goods and services				
Subsidiaries and associates of parent	**24,347**	48,818	**8,528**	4,862
(f) Administrative and secretarial service fees				
Subsidiaries and associates of parent	**10,324**	12,514	**1,290**	3,707

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

(h) Compensation

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Key management personnel	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Short-term benefits	**39,396**	60,675	**26,781**	38,705
- Share based payments expense	**-**	2,000	**-**	1,070
- Termination benefits	**-**	4,520	**-**	4,520
- Post-employment benefits	**5,243**	5,223	**3,934**	3,604
	44,639	72,418	**30,715**	47,899

(i) Outstanding balances

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables from related parties: Non current				
Subsidiaries and associates of parent	**2,015**	2,015	**-**	-
Loan to subsidiaries	**-**	-	**1,720,000**	2,230,000
	2,015	2,015	**1,720,000**	2,230,000
Finance lease receivables:				
Subsidiary company	**-**	-	**97,140**	-

- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 6.25% (2019: 6.25%) per annum.

35. RELATED PARTY TRANSACTIONS (CONT'D)

(i) Outstanding balances (Cont'd)

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables from related parties - Current				
Subsidiaries and associates of parent	**71,082**	485	**1,302**	-
Subsidiaries	**-**	-	**1,673,199**	1,743,269
	71,082	485	**1,674,501**	1,743,269

- The current amounts receivable from related parties are unsecured, interest free and will be settled in cash. No guarantees have been given or received. No expense has been recognised as loss allowance in respect of amounts owed by related parties (current).

Provisions for impairment of receivables from related parties	**-**	-	**759,746**	250,838

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Payables to related parties - current				
Holding company	**-**	184	**-**	-
Subsidiaries and associates of parent	**23,400**	3,003	**7,909**	-
Subsidiaries	**-**	-	**1,702,841**	897,417
	23,400	3,187	**1,710,750**	897,417

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

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

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

Refer to note 14(a)

(k) Pension contributions to pension plan

Please refer to note 21.

36. CONTINGENT LIABILITIES

Bank guarantees were given to Anahita Hotel Ltd on behalf of Sun Limited with respect to long-term debts contracted by the latter arising in the ordinary course of business from which it is anticipated that no material losses will arise.

Except than those disclose above, the Group had no other contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business as at 30 June 2020.

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37. FINANCIAL INSTRUMENTS

37.1 Capital management

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

The capital structure of the Group consists of interest-bearing loans and borrowings net of cash and cash equivalents and equity attributable to equity owners of the parent, comprising retained earnings, stated capital and reserves as disclosed in notes 17 and 18 respectively.

Gearing ratio

The Group has a target gearing ratio up to a maximum of 50% determined as the proportion of net debt to capital employed. Exceptionally in this financial year, the significant impact of COVID-19 has resulted in a gearing above the Group's target. Management is looking at various options to ensure that in the medium term, the gearing ratio is brought back within the target figure.

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (Note (i))	**11,843,030**	8,863,416	**6,209,896**	6,175,040
Cash and cash equivalents	**(632,445)**	(627,661)	**(83,052)**	(41,083)
Net debt	**11,210,585**	8,235,755	**6,126,844**	6,133,957
Capital employed ((Note (ii))	**17,240,503**	16,685,036	**17,174,941**	19,444,685
Net debt to capital employed ratio	**65.0%**	49.4%	**35.7%**	31.5%
Net debt excluding IFRS 16 Leases to capital employed ratio	**59.3%**	48.1%	**34.8%**	31.5%

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

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

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

Significant accounting policies

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

37.2 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Amortised Cost				
Cash and short term deposits	**632,445**	627,661	**83,052**	41,083
Trade and other receivables	**574,981**	568,523	**1,694,718**	1,750,781
Other financial assets	**18,935**	18,935	**1,834,060**	2,246,920
	1,226,361	1,215,119	**3,611,830**	4,038,784
Assets at Fair Value Through other Comprehensive Income				
Other investments	**158,900**	164,170	**5,550**	5,550
Interest in subsidiaries	**-**	-	**14,966,975**	15,564,331
	158,900	164,170	**14,972,525**	15,569,881
Financial liabilities				
Amortised Cost				
Loans and other borrowings	**9,410,850**	8,452,864	**5,986,308**	6,175,040
Lease liabilities	**2,432,180**	410,552	**223,588**	-
Trade and other payables	**1,587,284**	1,183,345	**1,919,939**	944,130
	13,430,314	10,046,761	**8,129,835**	7,119,170

Financial assets and liabilities exclude prepayments and accruals.

37.3 Financial risk management

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

37.4 Market risk

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

The Group enters into a variety of forwards contracts, swaps and cap to manage its exposure to interest rate and foreign currency risk. Details of contracts outstanding at the end of the reporting period are given in note 22.

37. FINANCIAL INSTRUMENTS (CONT'D)

37.5 Foreign currency risk management

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

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and employee benefit liability at 30 June 2020 and 30 June 2019, are as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
2020	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
US Dollar	**78,702**	**1,024,236**	**693,505**	**234,588**
Euro	**260,018**	**5,710,093**	**41,572**	**3,109,083**
South African Rand	**136,139**	**142,067**	**71**	**-**
UK Pound	**128,713**	**148,385**	**2,715**	**1,117**
Others	**810**	**13**	**221**	**13**
Total foreign currencies	**604,382**	**7,024,794**	**738,084**	**3,344,801**
Mauritian Rupee	**621,979**	**6,405,520**	**2,947,255**	**4,785,034**
Total	**1,226,361**	**13,430,314**	**3,685,339**	**8,129,835**
2019				
US Dollar	93,135	788,957	1,148,991	212,821
Euro	347,615	7,676,374	27,748	6,154,277
South African Rand	184,862	181,428	109	2
UK Pound	133,398	152,774	257	6,239
Others	14,922	22,931	309	-
Total foreign currencies	773,932	8,822,464	1,177,414	6,373,339
Mauritian Rupee	441,187	1,224,297	2,861,370	745,831
Total	1,215,119	10,046,761	4,038,784	7,119,170

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

The following table details the Group's sensitivity to a 1% increase and/or decrease in the Mauritian Rupee against the relevant foreign currencies.

	THE GROUP			
	2020		2019	
	Profit or loss	**Other equity**	Profit or loss	Other equity
	Rs'000	**Rs'000**	Rs'000	Rs'000
US Dollar	**(9,455)**	**959**	(6,958)	(6,297)
Euro	**(54,501)**	**(642)**	(73,288)	(45,094)
South African Rand	**(59)**	**(24)**	34	6
UK Pound	**(197)**	**(27)**	(194)	(1,191)
Others	**8**	**-**	(80)	-

	THE COMPANY			
	2020		2019	
	Profit or loss	**Other equity**	Profit or loss	Other equity
	Rs'000	**Rs'000**	Rs'000	Rs'000
US Dollar	**4,589**	**-**	9,362	-
Euro	**(30,675)**	**-**	(61,265)	-
South African Rand	**1**	**-**	1	-
UK Pound	**16**	**-**	(60)	-

The above is mainly attributable to:

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

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

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37. FINANCIAL INSTRUMENTS (CONT'D)

37.6 Interest rate risk management

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

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

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

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

Financial assets

	Balances with banks Interest rate 2020 %	Balances with banks Interest rate 2019 %
South African Rand	**3.00 - 7.53**	3.00 - 7.53
Mauritian Rupee	**0.25**	1.90

Financial liabilities

	Loans		Lease Liabilities		Bank overdrafts		Bonds	
	Fixed interest rate %	*Floating interest rate %*	*Fixed interest rate %*	*Floating interest rate %*	*Fixed interest rate %*	*Floating interest rate %*	*Fixed interest rate %*	*Floating interest rate %*
2020								
Mauritian Rupee	**1.50**	**4.10**	**5.06 - 7.83**	**N/A**	**N/A**	**4.10 - 4.80**	**6.00 - 6.50**	**3.15 - 3.55**
US Dollar	**N/A**	**2.37 - 5.36**	**11.00**	**N/A**	**N/A**	**4.66**	**N/A**	**N/A**
Euro	**N/A**	**1.82 - 3.93**	**5.00**	**N/A**	**N/A**	**N/A**	**1.70 - 4.50**	**3.50 - 4.00**
GBP	**N/A**	**4.54**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
2019								
Mauritian Rupee	N/A	3.25 - 5.75	6.25	N/A	N/A	5.75 - 6.00	6.00 - 6.5	4.80 - 5.20
US Dollar	N/A	4.37 - 7.33	N/A	N/A	N/A	6.87	N/A	N/A
Euro	3.25	2.15 - 3.88	5.00	N/A	N/A	N/A	4.5	4
GBP	N/A	511.00	N/A	N/A	N/A	N/A	N/A	N/A

Interest rate sensitivity analysis

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

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

	THE GROUP		THE COMPANY	
	2020	2019	**2020**	2019
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	**(48,643)**	(42,723)	**(22,605)**	(19,993)
Other equity	**-**	-	**-**	-

37. FINANCIAL INSTRUMENTS (CONT'D)

37.7 Other price risks

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

Equity price sensitivity analysis

If equity prices had been 1% higher/lower:

- Profit for the year ended 2020 and 2019 would have been unaffected as the equity investments are classified at fair value through other comprehensive income.
- Other equity reserves would increase/decrease by Rs 1.59m (2019: Rs 1.64m) for the Group and Rs 0.06m (2019: Rs 0.06m) for the Company respectively as a result of the changes in equity investments classified at fair value through other comprehensive income.

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

37.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. Following the COVID-19 pandemic, the liquidity of the Group is impacted as it is influenced by the booking pattern of customers which saw a decline. Further details are disclosed in note 3.

Sun Limited shall ensure that it has adequate though not excessive cash resources, borrowing arrangements, overdraft facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business objectives based on the measures put in place as disclosed in note 3. Cash and debt management is centralised through corporate finance and receipts from the centralised debtors' collection department are monitored on a monthly basis to match the payments of creditors and other commitments. Any temporary gap in cash is covered by the overdraft and short-term borrowing facilities in place.

Liquidity and interest risk tables

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

<u>Non derivative financial instruments</u>

	THE GROUP						
	Weighted average effective interest rate	**At call**	**1-3 months**	**3 months to 1 year**	**1-5 years**	**5+ years**	**Total**
	%	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2020							
Non-interest bearing		**77,720**	**659,265**	**778,207**	**72,092**	**-**	**1,587,284**
Variable interest rate instruments	**3.7%**	**-**	**192,698**	**1,438,661**	**2,807,890**	**425,021**	**4,864,270**
Fixed interest rate instruments	**4.8% - 7.05%**	**-**	**14,786**	**2,140,816**	**4,102,148**	**6,126,116**	**12,383,866**
		77,720	**866,749**	**4,357,684**	**6,982,130**	**6,551,137**	**18,835,420**
2019							
Non-interest bearing		-	578,737	578,737	-	-	1,157,474
Variable interest rate instruments	4.5%	-	520,982	580,533	4,119,157	393,951	5,614,623
Fixed interest rate instruments	4.8% - 5.63%	-	17,262	230,314	3,815,808	985,235	5,048,619
		-	1,116,981	1,389,584	7,934,965	1,379,186	11,820,716

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FOR THE YEAR ENDED 30 JUNE 2020

37. FINANCIAL INSTRUMENTS (CONT'D)

37.8 Liquidity risk management (Cont'd)

Non derivative financial instruments

	THE COMPANY						
	Weighted average effective interest rate	At call	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2020							
Non-interest bearing		7,895	25,046	112,060	72,092	-	217,093
Variable interest rate instruments	3.5%	-	154,397	1,007,581	1,076,195	22,288	2,260,461
Fixed interest rate instruments	5.5%	-	-	1,830,260	2,437,539	-	4,267,799
		7,895	179,443	2,949,901	3,585,826	22,288	6,745,353
2019							
Non-interest bearing		-	23,357	23,357	-	-	46,714
Variable interest rate instruments	4.6%	-	487,087	184,280	2,238,885	101,909	3,012,161
Fixed interest rate instruments	4.8%	-	11,232	212,223	3,721,535	-	3,944,990
		-	521,676	419,860	5,960,420	101,909	7,003,865

37.9 Credit risk management

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

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

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

37.10 Fair value of financial instruments

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

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

37.10 Fair value of financial instruments (Cont'd)

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

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

	THE GROUP AND THE COMPANY			
	Level 1	Level 2	Level 3	Total
FVTPL financial assets:	Rs'000	Rs'000	Rs'000	Rs'000
Listed equities				
2020	3	-	-	3
2019	3	-	-	3

The table above only includes financial assets.

38. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

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

As a result of the uncertainty in expected foreign currency revenue resulting from the COVID-19 pandemic and the related suspension of its operations, the Group has reviewed the hedging portfolio to confirm whether the underlying transactions remain "highly probable".

At the time of reporting, management has identified:

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

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

(a) The Group's cash flow hedge reserve disclosed in the consolidated statement of changes in equity relates to the following:

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
At 01 July	**(65,411)**	(83,727)
Revaluation (loss)/gain on loan recognised in other comprehensive income	**(447,000)**	12,369
Cash flow hedge reserve released to P&L on repayment of loan included in finance cost	**26,718**	5,947
Ineffective portion of cash hedge reserve	**342,210**	-
At 30 June	**(143,483)**	(65,411)

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FOR THE YEAR ENDED 30 JUNE 2020

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

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

THE GROUP

2020	Within 1 year Rs'000	1 to 3 years Rs'000	3 to 5 years Rs'000	More than 5 years Rs'000
Cash inflows	-	1,002,307	879,809	4,668,871
Cash outflows	(3,055,407)	(1,002,307)	(879,809)	(4,668,871)
Net cash outflows	(3,055,407)	-	-	-

2019	Within 1 year Rs'000	1 to 3 years Rs'000	3 to 5 years Rs'000	More than 5 years Rs'000
Cash inflows	971,102	4,723,371	2,450,235	1,359,893
Cash outflows	(971,102)	(4,723,371)	(2,450,235)	(1,359,893)
Net cash outflows	-	-	-	-

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

The final repayment of the bank borrowings and bonds identified as the hedge instrument range from 31 December 2025 to 31 December 2029 for the Group and range from 31 December 2021 to 30 September 2025 for the Company.

The foreign exchange loss on translation of the borrowings was recognised in other comprehensive income during the year:

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
Foreign exchange loss	153,646	8,782	-	-

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

	THE GROUP		THE COMPANY	
	2020 Rs'000	2019 Rs'000	2020 Rs'000	2019 Rs'000
As at 30 June	7,002,947	8,400,972	3,621,687	6,128,062

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

39. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has two reportable segments, as follows:
- Hotel operations which relate to operating and/or managing six resorts in Mauritius and one in Maldives
- Others which relates to hospitality management services

	THE GROUP	
	2020 Rs'000	2019 Rs'000
GEOGRAPHICAL		
Geographical revenue:		
Mauritius	4,434,530	5,682,111
Maldives	422,808	519,200
Others	200,339	413,573
Total revenue	5,057,677	6,614,884
Geographical results:		
Mauritius	(972,141)	(1,557,288)
Maldives	(836,172)	(343,325)
Others	5,419	15,012
Loss for the year	(1,802,894)	(1,885,601)
Segment revenue:		
Hotel operations - External sales	4,857,338	6,201,311
Hotel operations - Inter-segment sales	143,164	284,378
	5,000,502	6,485,689
Others - External sales	200,339	413,573
Elimination of inter-segment sales	(143,164)	(284,378)
Total revenue	5,057,677	6,614,884
Segment results:		
Hotel operations	(1,808,313)	(1,900,613)
Others	5,419	15,012
Loss for the year	(1,802,894)	(1,885,601)
Depreciation and amortisation		
Mauritius	631,508	478,219
Maldives	113,046	86,485
Hotel operations	744,554	564,704
Others	2,051	3,794
	746,605	568,498
Finance costs		
Mauritius	1,003,243	410,714
Maldives	86,597	44,053
Others	1,731	-
Hotels operations	1,091,571	454,767
Finance income		
Mauritius	13,644	10,064
Others	7,606	8,328
	21,250	18,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

39. SEGMENT INFORMATION (CONT'D)

	THE GROUP	
	2020	2019
	Rs'000	Rs'000
Income tax (charge) /credit		
Mauritius	**(25,034)**	96,340
Maldives	**(10,880)**	100,474
Hotels operations	**(35,914)**	196,814
Others	**(2,477)**	4,724
	(38,391)	201,538
Assets		
Non-current		
Mauritius	**16,877,466**	15,663,118
Maldives	**2,402,768**	2,510,300
Hotel operations	**19,280,234**	18,173,418
Others	**4,353**	5,725
	19,284,587	18,179,143
Unallocated:		
Interest in associates	**495,991**	702,445
Interest in joint venture	**51,103**	43,796
	19,831,681	18,925,384
Current		
Mauritius	**1,222,157**	1,234,882
Maldives	**106,621**	92,588
Hotel operations	**1,328,778**	1,327,470
Others	**160,417**	198,611
	1,489,195	1,526,081
Liabilities		
Non-current		
Mauritius	**9,450,066**	8,884,412
Maldives	**793,179**	417,890
Hotel operations	**10,243,245**	9,302,302
Current		
Mauritius	**4,630,406**	2,248,957
Maldives	**239,711**	222,884
Hotel operations	**4,870,117**	2,471,841
Others	**177,596**	228,042
	5,047,713	2,699,883
Additions to non-current assets		
Mauritius	**403,687**	381,351
Maldives	**-**	19,213
Hotel operations	**403,687**	400,564
Others	**9,903**	1,249
	413,590	401,813
Investment in associates		
Mauritius	**495,991**	702,445
Investment in joint venture		
France	**51,103**	43,796

40. DIVIDENDS PER SHARE

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

	THE GROUP AND THE COMPANY	
	2020	2019
	Rs'000	Rs'000
Amount recognised as distributions to equity holders in the year:		
Final dividend payable for year ended 30 June 2020 of Nil cents per share (2019: 75 cents per share)	**-**	130,820

41. EVENTS AFTER THE REPORTING PERIOD

On 06 October 2020, the Group signed a binding term sheet with the Mauritius Investment Co Ltd, a subsidiary of the Bank of Mauritius, to subscribe to Rs 3.1 billion of redeamable convertible secured bonds in two of its wholly owned subsidiaries, Anahita Hotel Ltd and Long Beach Resort Ltd. These funds were made available by the Authorities to support the hotel industry which has been heavily impacted by the COVID-19 pandemic and will enable the Group to meet its financial commitments and working capital in the foreseeable future. On 04 November 2020, the Company repaid its existing bonds falling due within one year of EUR 54 million after having finalised a refinancing plan with its bankers and the MIC support. Furthermore, the Prime Minister announced in September 2020, the partial reopening of the borders on 01 October 2020 for commercial activities with very restrictive health and sanitary protocols for all tourists and incoming passengers. Thus, the Group expects to start reopening gradually its resorts in Mauritius from October 2020 depending on the forward bookings and pick up trends observed.

42. PARENT AND ULTIMATE COMPANY

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

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