INTEGRATED REPORT

2020

CIM Financial Services Ltd

TRANSFORMATION THROUGH

TECHNOLOGY

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of CIM Financial Services Ltd for the year ended 30 September 2020.

This report was approved by the Board on 28 December 2020.

Aisha Timol
Independent Director and Chairperson

Mark van Beuningen
Executive Director and Group Chief Executive Officer

Report Structure

This second Integrated Report of CIM Financial Services Ltd ('CFSL') provides information relating to its strategy, business model, operating context, material risks and opportunities, governance and operational performance for the period 1 October 2019 to 30 September 2020. This report covers CFSL and its subsidiaries (the 'Cim Group') and provides a comprehensive overview of all matters that materially affect the Group.

Significant events after 30 September 2020 up to the date of approval of this report are also disclosed herein. The main theme of this year's integrated report is Digital Transformation, a subject matter which is in line with CFSL's strategy to adopt new technology while enabling innovation. We believe that this technology-driven strategy will benefit our customers, employees and stakeholders and improve business processes.

We have been guided by the principles and requirements contained in the IIRC's International <IR> Framework to produce this report and have used the six <IR> capitals that are relevant to our Group namely:

1. Financial
2. Human
3. Intellectual
4. Social & Natural (regrouped for the purposes of this report).
5. Manufactured
6. Relationship Capital

As we continue to embed integrated thinking in our business, we will work to improve the quality of the reporting delivered to our stakeholders.

Our Integrated Report is in compliance with International Financial Reporting Standards, the National Code of Corporate Governance 2016 and the Companies Act 2001.

Our approach to materiality

This report provides information that we believe is of a material nature to the ability of the Group to generate value over the short, medium and long term. In determining our materiality, we have considered our business models, our interactions with our relevant capitals, our operating context, the relevance to our key stakeholders and our business strategies.

Forward-Looking Statements

Certain statements contained in this report relating to the Group are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and are not a guarantee of future performance or developments. Actual results and events may differ materially from information contained in the forward-looking statements.

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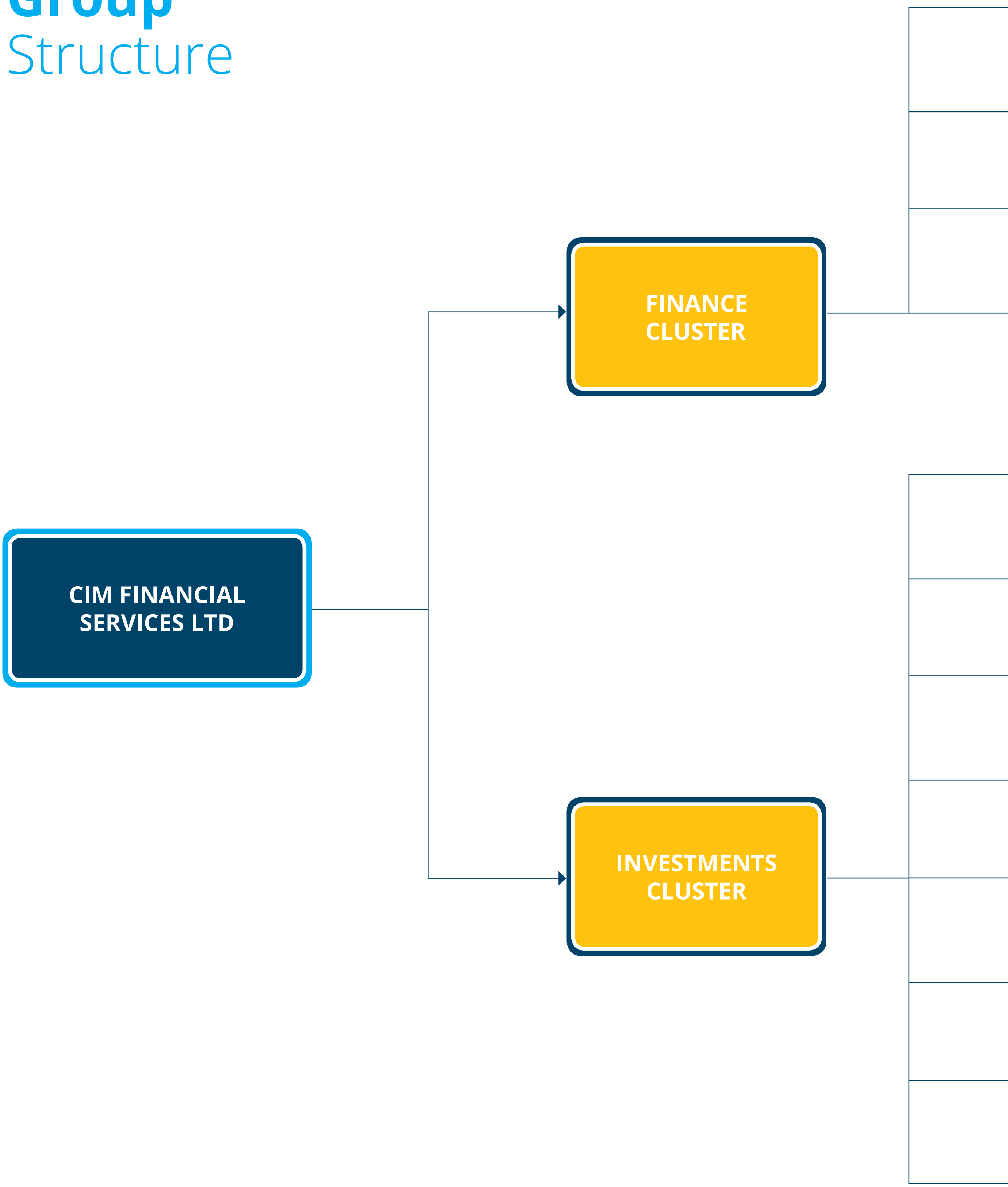
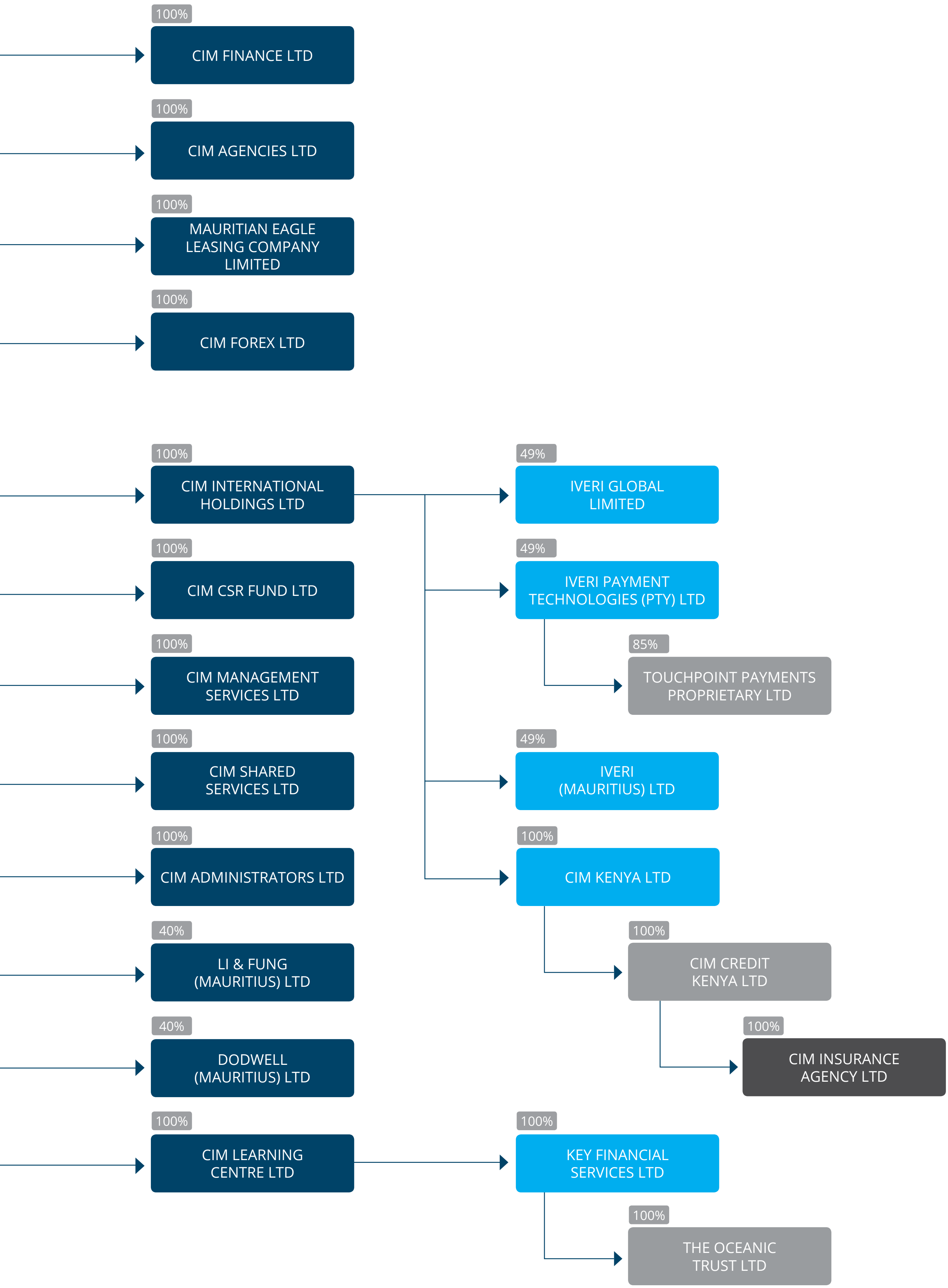
Group Structure



Note: Excluding companies under liquidation and dormant companies


100%
CIM FINANCE LTD
100%
CIM AGENCIES LTD
100%
MAURITIAN EAGLE LEASING COMPANY LIMITED
100%
CIM FOREX LTD
100%
CIM INTERNATIONAL HOLDINGS LTD
49%
IVERI GLOBAL LIMITED
100%
CIM CSR FUND LTD
49%
IVERI PAYMENT TECHNOLOGIES (PTY) LTD
100%
CIM MANAGEMENT SERVICES LTD
85%
TOUCHPOINT PAYMENTS PROPRIETARY LTD
100%
CIM SHARED SERVICES LTD
49%
IVERI (MAURITIUS) LTD
100%
CIM ADMINISTRATORS LTD
100%
CIM KENYA LTD
40%
LI & FUNG (MAURITIUS) LTD
100%
CIM CREDIT KENYA LTD
40%
DODWELL (MAURITIUS) LTD
100%
CIM INSURANCE AGENCY LTD
100%
CIM LEARNING CENTRE LTD
100%
KEY FINANCIAL SERVICES LTD
100%
THE OCEANIC TRUST LTD

Cim Group **at a glance**

EMPLOYEES

Over **800**

GENDER

77% FEMALE

23% MALE

AVERAGE AGES

34 FEMALE

38 MALE

COUNTERS

102

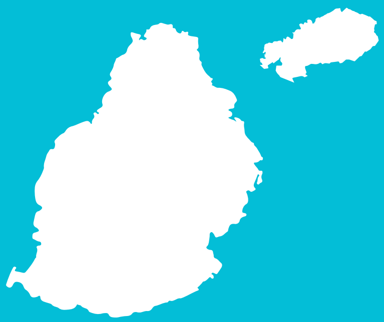
MERCHANTS

700+

CLIENTS

270,000

2 COUNTRIES OF OPERATION
(MAURITIUS & RODRIGUES AND KENYA)



OUR PURPOSE

We are a non-banking financial institution that develops innovative integrated consumer and business products and services, for less privileged communities and for small and medium businesses, which require flexible solutions to improve their quality of life and grow their activities. We believe in helping to uplift lives and build better futures.

OUR GUIDING PRINCIPLES

OUR PEOPLE

We nurture our people. We believe that they are our most valuable asset, the cornerstone of our existence and our growth drivers. We believe engagement thrives in an environment filled with energy, trust, challenge, personal growth and fairness.

INTEGRITY

We do the right thing. We conduct our business with utmost respect for the highest standards of professional behaviour and ethics.

INNOVATION

We are constantly evolving. We anticipate change and shape it to fit our objectives. We are committed to be at the forefront of a fast-moving environment, by always rethinking our products and services to anticipate our customers' needs.

COLLABORATION

We work as one. We believe in the power of working together as the only way to progress and evolve towards a better future.

CUSTOMER CENTRICITY

We see the world through our customers' eyes. We are dedicated to caring for our customers in a highly proactive way and we are committed to improving their lifestyle.

OUR SERVICES

Consumer Finance

Cim Finance offers a wide range of credit purchase facilities to individual clients through an extensive network of dedicated counters and a large chain of authorised merchants across Mauritius and Rodrigues.

Insurance Agent

In collaboration with Mauritius Union Assurance Co Ltd, Cim Finance offers credit protection plans for all credit purchases made through us.

Leasing

Cim Finance was a pioneer in the Mauritian leasing industry, with the launch of leasing activities in 1996 to finance vehicles and equipment. Cim Finance offers finance and operating leases to individuals, entrepreneurs, SMEs and large corporates.

Cards & Payments

Cim Finance offers acquiring services for Visa, MasterCard and Union Pay and issuing services for Visa and MasterCard. We were the first non-banking financial institution in Sub-Saharan Africa to be a principal member of Visa and MasterCard.

Factoring

Cim Finance launched its Factoring business in 2004, offering recourse factoring to its domestic customers; non-recourse factoring in 2006 and international factoring in 2019. Our specialised, professional and dynamic team has more than 10 years of experience in the factoring industry.

Main Events
of the Year

FEBRUARY 2020

Anielle Jia, Head of Factoring participated in FCI Regional Conference on Factoring and Receivables Finance in East Africa in Nairobi, Kenya.

MARCH 2020

Opening of our 7th sub-office at Mahebourg.

OCTOBER 2020

Leasing Car Dealers Annual Cocktail Party.

MAY 2020

Launch of Mo Finans,
Cim Finance's mobile app.

MAY 2020

Launch of Special SME Factoring Scheme.

Value Creation Model

INPUT

FINANCIAL CAPITAL

- Shareholders' fund
- Reinvestment
- Debt

HUMAN CAPITAL

- Diversified competent and engaged workforce
- Continuous development
- Strong leadership team

INTELLECTUAL CAPITAL

- Branding
- Innovation
- Values

RELATIONSHIP CAPITAL

- Wide network of merchants
- Visa and MasterCard Accreditation

MANUFACTURED CAPITAL

- Proprietary Scorecard
- Network of counters

SOCIAL & NATURAL CAPITAL

- Corporate Social Responsibility
- Responsible lender
- Partnership with Government for SMEs

STRATEGIC IMPERATIVES

- Sustainable Growth
- Digitalisation
- Operational Excellence
- Customer Centricity

OUR ACTIVITIES & OPERATIONS

- Credit facilities to individuals for the purchase of mobile phones, consumer electronic goods and furniture
- Personal unsecured loans to individuals to finance projects or personal requirements
- Credit protection plan to protect customers against unforeseen circumstances
- Cards and Payment Solutions
- Solutions for the acquisition of vehicles and equipment
- Help SMEs to meet their cashflow needs through our Factoring services

RISK MANAGEMENT FRAMEWORK

- **Risk Appetite**
- **Risk Response**
- **Main Risks**

OUTPUT

FINANCIAL CAPITAL

- Optimal funding mix
- Achieving targeted ROE

HUMAN CAPITAL

- Employer of choice
- Empowered employees
- Work/life balance

INTELLECTUAL CAPITAL

- New products
- Cim Culture
- Strong brand & reputation

RELATIONSHIP CAPITAL

- Helping our partners to grow their business

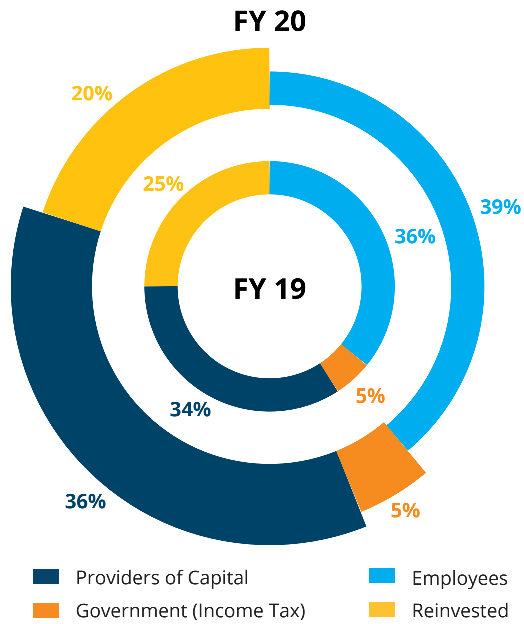
MANUFACTURED CAPITAL

- Accessibility
- Sound credit decisions
- Low impairment levels

SOCIAL & NATURAL CAPITAL

- Responsible lender
- Support to the community

CONSOLIDATED VALUE ADDED STATEMENT



	FY 20 MUR m	FY 19 MUR m
Income	**2,082**	1,810
Bought-in materials & services	**(561)**	(205)
Total value added	**1,521**	1,605
Applied as follows:		
EMPLOYEES	**600**	575
GOVERNMENT	**77**	86
Dividends paid to:		
Shareholders of CIM Financial Services	**109**	157
Banks & other lenders	**431**	388
PROVIDERS OF CAPITAL	**540**	545
Depreciation	**189**	146
Amortisation	**33**	27
Retained Profit	**82**	226
REINVESTED	**304**	399
	1,521	1,605

Financial **Highlights**

NET OPERATING INCOME
▲ **15%**
TO REACH MUR2,082 bn

GROUP PROFIT AFTER TAX FROM CONTINUING OPERATIONS
▼ **48%**
TO REACH MUR191m

DIVIDEND PER SHARE
MUR **0.16**
FINAL DIVIDEND FOR FY 2018/2019 PAID IN DECEMBER 2019

EARNINGS PER SHARE
0.28

DIVIDEND YIELD
2.6%

TOTAL ASSETS
▲ **7%**
TO REACH MUR15,908 m

NET ASSET VALUE PER SHARE
MUR **6.17**

RETURN ON EQUITY
4.6%

SHARE PRICE
MUR **6.06**
AS AT 30 SEPTEMBER 2020


Discover Mo Finans
the finance app that
makes your life easier

Chairperson's Message

Dear Shareholder,

I am honoured to present my first message to you as Chairperson of CIM Financial Services Ltd ('Cim') following my appointment in July 2020.

Supporting our clients

It is impossible to start this review without mentioning the COVID-19 crisis that has shaken the very foundations of the world as we used to know it. Cim, similar to other companies, has not been spared from the effects of this crisis. Our priority during the year under review has thus been to support our clients so that they can weather the storm.

Accordingly, we implemented several schemes such as a grace period so that clients would not be penalised for any payments missed during the lockdown period, a rescheduling scheme which offered clients the possibility to re-arrange their credit facilities where they have been impacted by the COVID-19 crisis, and more recently the Wakashio oil spill and we launched a revitalised version of the Cim SME Factoring Scheme.

More than ever, businesses cannot be impervious to the needs of the communities that they operate in. In this time of crisis and in addition to our ongoing CSR initiatives such as the Housing project at Cité Coeur Immaculée de Marie and the Get Connected Drug Prevention programme, Cim has launched a 'Job Support Programme' for the benefit of its clients who have lost their jobs due to the pandemic. In partnership with local recruitment agencies, we assist such clients to build and upload their profiles on the job recruitment platforms and help them prepare for interviews. We sincerely hope that this initiative will be of aid to our clients in finding new jobs as quickly as possible.

Financial performance

Although the Group managed to keep its steer in these troubled times and achieve a PAT of MUR190.8 m, the Board is of the view that the full impact of COVID-19 on our business remains a challenge to quantify given the uncertainty surrounding the evolution of pandemic. We therefore felt it would be more prudent not to declare any dividends for the financial year 2019/2020. The Board will continue to monitor the situation very closely and will adapt its dividend pay out accordingly.

On a more positive note, I am pleased to report that the second bond programme initiated by Cim in June 2020 was a success and the Company was able to raise MUR3.0 bn of funding. This bond programme is in line with the strategic decision made two years ago to relinquish the deposit-taking licence and follows on the successful issue of a first medium-term notes programme of MUR2.0 bn. The bonds have been AA rated by CARE Ratings and were listed on the Official List of the Stock Exchange of Mauritius on 30 October 2020. We are comforted by the appetite and trust shown by the investors for the Cim bonds which will be used to support our lending activities and re-finance some of our existing loans.

Improving our governance structure

Another important milestone was achieved at the end of financial year 2019/2020 following the completion of the amalgamation of Cim Finance Ltd, Cim Agencies Ltd, Cim Shared Services Ltd, Cim Management Services Ltd and Mauritian Eagle Insurance Company Ltd with, and into, CIM Financial Services Ltd.

The amalgamation, effective as from the start of the financial year 2020/2021, has enabled us to significantly simplify our group structure and will help us to achieve an optimal governance framework through a unitary board. The existing Board of CIM Financial Services Ltd was further strengthened with the addition of Board members of Cim Finance Ltd, effective July 2020.

Digital transformation

In our Annual Report last year, we spoke about investing in our digital capabilities with the anticipated launch of our digital app. I am pleased to report that our app named 'Mo Finans' was launched in April 2020, during the lockdown period itself and this proved to be of great assistance to our clients in enabling them to effect payment of their monthly instalments in a contactless and safe manner.

As online transactions are now well established and set to grow even more in this new environment, we have also upgraded our systems to offer an online credit finance module, which integrates with our merchants' e-commerce websites. The comprehensive new system even allows the generation of contractual documents online, which the clients can sign digitally using Docusign.

Regional expansion

The greenfield hire purchase business that we set up in Kenya in April 2017 has also been exposed to the negative impact of COVID-19. We have re-adjusted our strategy in Kenya to generate better quality sales. As past experience has shown, investment in an overseas market is never an easy and pain-free exercise in 'normal' times, not to mention with the COVID-19 pandemic. However, the Board is of the view that our investment in Kenya is an important step in our medium- to long-term strategy to diversify our revenue streams from a geographical point of view.

Outlook

We believe that our focus and attention over the next couple of years will still strongly be on the domestic scene, in the context of the prevalent and persistent global uncertainty. This has been exemplified by the latest IMF report issued in October 2020, which highlights that 'the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks".

We will thus work to further consolidate our domestic business and comfort our strong position within the non-bank financial sector in Mauritius. The decision taken two years ago to relinquish our deposit-taking licence has been successfully followed through. This, coupled with the completion of the amalgamation, has allowed us to simplify our governance, organisational and administrative structures to create the optimal and most efficient management "go to market" team.

We have now embarked on our next journey. Indeed, at the board meeting of September 2020, we met to discuss and approve our new three-year strategic plan which will focus on two parallel areas of future growth and expansion, namely leveraging our strengths in the retail mass market and the SME market whilst adhering to the key themes of customer-centricity, simple focused offering and technological- and digital-driven differentiation.

The next few years are bound to be challenging for all of us, be it at a personal level or at the professional level. We shall strive to ensure that our business, our employees, our customers and our shareholders continue to benefit from our strong brand and time-tested values. We believe in strong partnerships with all our stakeholders, including Government and the regulatory authorities to whom we report and whilst we shall uphold our common interests, we shall do so within the broader interest of the community and the Nation. I seize this opportunity to thank all Cim employees for their unflinching support to the Company over the last year and, more particularly, during the unprecedented period of the lockdown and post-lockdown, which has allowed us to stand strong and united and emerge resilient and confident in the future in spite of all odds.

I also convey my deep-felt appreciation to the shareholders and the Board of Directors for the trust placed in me to be at the helm of this Company. I wish to acknowledge the contribution of the successive and able leaders and especially to Colin Taylor, the outgoing Chairman, who have, over the last 30 years, worked towards making Cim a household name in the Mauritian landscape.

AISHA TIMOL – G.O.S.K
Independent Director and Chairperson

Directors' Profiles

AISHA TIMOL – G.O.S.K
INDEPENDENT DIRECTOR AND CHAIRPERSON

Aisha Timol was appointed as Independent Director and Chairperson of CIM Financial Services Ltd ('CFSL') in July 2020. She also held the position of Chairperson of Cim Finance Ltd, a wholly owned subsidiary of CFSL for the past two years until its amalgamation with and into CFSL on 1 October 2020.

Aisha has had a long career in the public service as well as in the private sector and in academia, and has held directorship positions at the Budget Bureau and Economic Affairs Division of the Ministry of Finance and at the Ministry of Financial Services. She was previously the CEO of the Mauritius Bankers Association and a Senior Lecturer at the University of Mauritius.

She now serves on the Board of private sector companies and is a fellow member of the Mauritius Institute of Directors where she also acts as a Consultant on governance matters.

Aisha holds various academic qualifications, notably from the University of St Andrews, Scotland, Université d'Aix Marseille, France and the Institute of Social Studies of The Hague, Netherlands.

Aisha is also the Chairperson of the Board Investment Committee and a member of the Corporate Governance and Conduct Review Committee of CFSL.

Directorship in other listed companies: none

MARK VAN BEUNINGEN
EXECUTIVE DIRECTOR AND GROUP CEO

Mark van Beuningen is currently the Group CEO and Executive Director of CIM Financial Services Ltd ('CFSL'). He joined the Cim Group in January 2016 as the Managing Director of Cim Finance Ltd (a wholly owned subsidiary of CFSL which amalgamated with and into CFSL on 01 October 2020). In October 2017, he was appointed as the CEO of the Cim Group while occupying the functions of Acting Managing Director of Cim Finance Ltd at the same time.

Prior to joining Cim Group, Mark worked for the Boston Consulting Group (BCG) in Sydney for two years and then in Johannesburg for four years. Before that he worked in the Structured Products team at Macquarie Funds Group in Sydney and as Audit Manager for KPMG Financial Services Assurance in Cape Town.

Mark holds a Bachelor of Business Science (Hons) in Finance and Accounts from the University of Cape Town and an MBA from the Australian Graduate School of Management. Mark qualified as a Chartered Financial Analyst in 2007 and as a Chartered Accountant (SA) in 2005.

He is also a member of the Corporate Governance and Conduct Review Committee as well as a member of the Board Investment Committee of CFSL.

Directorship in other listed companies: none.

LOUIS AMÉDÉE DARGA
INDEPENDENT DIRECTOR

Louis Amédée Darga is a Fellow of the Royal Society of Arts (FRSA). He is the Chairperson of the Mauritius Africa Business Club, and is also the Managing Partner of StraConsult, a management and economic development consulting firm.

He was until December 2014 the Chairperson of Enterprise Mauritius. He is an Honorary Fellow of the Institute of Engineers in Mauritius as well as a Fellow of the Mauritius Institute of Directors. He is a former member of parliament in Mauritius, and a former Minister. He also served as Mayor of the town of Curepipe.

He is also Chairman of the Southern and Eastern African Trade and Information Network (SEATINI), a member of the African Association of Political Science since 1977 and a former executive member of the organisation. He served from 2005 to 2011 as a Member of the Bureau of the Committee on Human Development and Civil Society of the U.N Economic Commission for Africa.

Amédée is also the Chairman of the Audit and Compliance Committee and a member of the Board Investment Committee of CIM Financial Services Ltd.

Directorship in other listed companies: Alteo Limited.

FAREED JAUNBOCUS
INDEPENDENT DIRECTOR

Fareed Jaunbocus is a Certified Chartered Accountant and is currently the CEO of Strategos Ltd, a Mauritius-based Management Consulting firm.

As the Partner heading the Strategic Consulting Services of De Chazal Du Mee/Arthur Andersen/BDO (Chartered Accountants) where he worked for some thirty years, Fareed has developed a unique breadth of experience in Management and Project Consulting assignments and Capacity Building. He has a recognised track record of high delivery across various sectors and countries. He has carried out assignments in some fifty countries worldwide, from the USA to China, to Europe and South Africa. The nature of the diversity of projects and assignments undertaken by Fareed results in a pool of highly diversified skills and experiences that allows him to take a value-adding perspective in all assignments and organisations.

Over and above blue chip companies, the private and public sectors, as well as Governments, Fareed is also an accredited services provider to a host of commissioning agencies and international donors including: the African Development Bank, the PTA Bank, the World Bank group, the European Union, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (COI), the United States Agency for International Development, the UNDP and other UN agencies.

He has also been and is a Director on several Boards, including the United Nations Advisory Board in New York.

Fareed is also a member of the Audit and Compliance Committee as well as a member of the Risk Management Committee of CIM Financial Services Ltd.

Directorship in other listed companies: none.

Directors' Profiles

DAVID SOMEN
INDEPENDENT DIRECTOR

David Somen holds a Law Degree from Oxford University and an MBA from Harvard Business School.

He is the co-founder and Managing Director of Virtual IT Limited, a UK IT managed services provider and is also the co-founder and Chairman of Eldama Technologies Limited, one of Kenya's leading cloud and IT services providers and a co-founder and director of Serenity Spa, Kenya's leading spa, wellness and beauty organisation.

Prior to Eldama and Virtual IT, David was the co-founder and Executive Deputy Chairman of AccessKenya Group, Kenya's leading corporate Internet Services Provider which was listed on the Nairobi Stock Exchange and later sold to Dimension Data Group, and the co-founder and CEO of the LCR Telecom Group, which was sold to NASDAQ listed PRIMUS Telecommunications in 2000.

He also has several years' work experience in London and Hong Kong for McKinsey & Co. David is currently the Chairman of Cim Credit Kenya Ltd, Cim's Kenyan financial services business. He also serves on the board of Finserve Kenya, Equity Bank's Fintech subsidiary.

David is also the Chairman of the Corporate Governance and Conduct Review Committee of CIM Financial Services Ltd.

Directorship in other listed companies: none.

DENIS MOTET
INDEPENDENT DIRECTOR

Denis Motet was appointed as an Independent Director of CIM Financial Services Ltd ('CFSL') in July 2020. He was an Independent Director and held the position of Chairman of the Risk Management Committee of Cim Finance Ltd, a wholly owned subsidiary of CFSL for the past two years until its amalgamation with and into CFSL on 1 October 2020.

Until his early retirement at the end of 2015, he was the Chief Risk Officer of The Mauritius Commercial Bank Ltd where he was directly responsible for the Credit Management BU, Credit Risk BU, Information Risk Management BU, Market Risk BU, Operational Risk BU, Security BU and Recovery BU. Prior to this, he had worked in various divisions within the MCB namely International, Corporate and Credit Risk as well as in the MCB Group's overseas banking subsidiaries based in Mozambique and Seychelles.

Denis holds a 'BTS Action Commerciale' and 'Diplôme d'Enseignement Supérieur Commercial Administratif et Financier' (France).

He is also the Chairman of the Risk Management Committee of CIM Financial Services Ltd and a member of the Audit and Compliance Committee.

Directorship in other listed companies: none.

MATTHEW TAYLOR
NON-EXECUTIVE DIRECTOR

Matthew Taylor holds a BSc (Hons) in Retail Management from the University of Surrey.

He joined Rogers in 2000 as Project Manager in the Planning and Development Department. He was the Executive Director Retail of Scott & Co from 2007 to January 2013 and is currently the firm's CEO.

Matthew is also a member of the Audit and Compliance Committee of CIM Financial Services Ltd.

Directorship in other listed companies:
Lavastone Ltd.

PHILIP TAYLOR
NON-EXECUTIVE DIRECTOR

Philip Taylor graduated from the University of Surrey in 1989 after reading Hotel Management.

After completing an MBA in England in 1994, Philip moved back to the Rogers Group in Mauritius, and headed the Rogers Group's diversified international development. In 2004, Philip left Rogers to set up his own businesses with a focus on the Indian Ocean Islands and Africa.

His involvements over the past few years have been diverse, with a focus on the region's hospitality and tourism industry. He currently heads the development of a fast growing hospitality technology service "start-up" by the name of www.hospitality-plus.travel.

Philip is also the Honorary Consul of Finland in Mauritius, and is a member of the Corporate Governance and Conduct Review Committee of CIM Financial Services Ltd.

Directorship in other listed companies: none.

Directors' Profiles

COLIN TAYLOR
NON-EXECUTIVE DIRECTOR

Colin Taylor was appointed as a non-executive director of CIM Financial Services Ltd ('CFSL') in March 2010 and served as chairman of the Board of CFSL from January 2017 to July 2020.

He is currently the Chairman and CEO of Taylor Smith Investment – a diversified group of companies involved in Marine Services, Logistics and Distribution, Manufacturing, Services and Property.

Colin holds an MSc in Management from Imperial College, London and a BSc (Hons) in Engineering with Business Studies from Portsmouth Polytechnic.

He is also the Honorary Consul of Sweden in Mauritius.

Colin is also a member of the Risk Management Committee and of the Board Investment Committee of CFSL.

Directorship in other listed companies: Lavastone Ltd

TIM TAYLOR
NON-EXECUTIVE DIRECTOR

Tim Taylor holds a BA (Hons) in Industrial Economics from Nottingham University. He worked in the United Kingdom until 1972 when he returned to Mauritius and joined Rogers & Co.

He became Chief Executive of Rogers in 1999, retiring in December 2006. He was then Non-Executive Chairman of Rogers from 2007 to October 2012.

He is the Chairman of Scott & Co, one of Mauritius' oldest commercial concerns, and also the Chairman of The BrandHouse Ltd. He is a past Chairman of the National Committee on Corporate Governance and a former President of the Mauritius Chamber of Commerce and Industry, and is also the Honorary Consul of Norway in Mauritius. He has always had an interest in environmental and conservation issues and has been a member of the Council of the Mauritian Wildlife Foundation since 2006 and President since 2009.

Tim is also a member of the Corporate Governance and Conduct Review Committee as well as a member of the Board Investment Committee of CIM Financial Services Ltd.

Directorship in other listed companies: None

Group Review

Despite the challenging conditions, Cim Group has had a solid financial year. Group net operating income increased by 15% from MUR1.8 bn in financial year (FY) 2019 to MUR2.1 bn in FY 2020. However, Group profit after tax decreased by 50% from MUR382.7 m to MUR190.8 m over the same period mainly due to an increase in provisioning charges.

Cim Finance business review

Despite the lockdown and adverse conditions, the Finance cluster still managed to record top-line growth during financial year 2020 (FY20). Net operating income increased by MUR271 m (+15.8%) from MUR1.72 bn in FY19 to MUR1.99 bn in FY20. Profit after tax decreased by MUR126 m (-29%) from MUR432 m to MUR306 m, driven by an increase in provisioning charges to take into account the adverse market conditions. The Finance cluster had a very strong first six months of the financial year before lockdown, where it was ahead of targets compared to the previous year, which has contributed to an overall positive result despite the increase in provisioning charges.

Cim Finance's asset (loan) book increased by MUR839 m (+6%) during the financial year from MUR12.5 bn at 30 September 2019 to MUR13.5 Bn at 30 September 2020. The balance sheet growth was driven by a strong first half of the financial year before lockdown.

Helping our clients affected by the pandemic

COVID-19 has impacted many households in Mauritius and we have seen a lot of our customers come to us for assistance. As a responsible company, it is our duty to support our customers in this difficult period and to alleviate the financial stress that they are facing. We took a number of steps during the lockdown and subsequently to support our clients in these difficult economic times.

Financial assistance

We extended a grace period to all our retail clients during the lockdown to relieve them of the financial pressure of having to service their monthly instalments.

For those retail clients continuing to face financial difficulty, we enabled them to reschedule their monthly commitments to more affordable levels given their financial constraints. We also extended capital moratoriums, without external financial support, to our leasing clients who were facing financial difficulty. So far, 7,000 clients have benefitted from the reshecudling programme

The SME Factoring Scheme was launched during the confinement period with the aim of bringing Cim Finance's support to SMEs facing financial difficulties due to the impact of COVID-19. This Scheme has recently been extended to 31 December 2020, with a 2% annual interest rate.

In partnership with the ISP, we are also participating in the Leasing Equipment Modernisation Scheme (LEMS) to support our customers in the acquisition or modernisation of their equipment with an interest rate from 2.5% p.a.

Job Support Programme

In order to assist, but above all to empower our clients who have been going through difficult times for months, Cim Finance set up a Job Support Programme in collaboration with recruitment agencies in the country. The idea is to put these job seekers in touch with potential employers, and a team from Cim Finance will be fully dedicated to the programme.

Our team helps clients to create their profiles, upload their documents and apply on our recruitment partners' job portals. The team is also assisting customers in creating their CVs, and motivational letters, and will provide them with useful tips for upcoming job interviews.

Impact of COVID-19 and lockdown

The first priority during lockdown was to ensure the safety of our employees and business continuity of our key functions, to ensure continuity of operations and our ability to provide support to our clients. We put in place our business continuity plans and had over 200 staff set up to work from home.

Post lockdown, Personal Protection Equipment (PPE) was made available to all staff and requisite social distancing was implemented to ensure the safety and welfare of both our staff and clients.

We managed to obtain the requisite approvals to open our branch network two weeks before the end of lockdown, and post lockdown, our full focus for the first few weeks was on cash collections. A huge amount of focus and effort has gone into managing our collections and recovery process in the subsequent months and we have seen month-on-month improvement in the reduction of clients' arrears.

We have invested significantly in enhancing our credit application scorecards and process automation over the last few years, which enables the granting of retail credit facilities to our clients within a few minutes.

Given the increased level of uncertainty as well as likely increase in credit risk as a result of the impact of COVID-19, during the lockdown we performed a full analytical review of our scorecards with scenario analyses. We adjusted our scorecards to take into account the likely increase in risk. Although this has impacted the volume of loan disbursements somewhat, we have seen positive repayment performance from our clients that have been granted loans post lockdown that are in-line with historical repayment trends.

Funding our business

A key initiative last year was to review our funding strategy. The focus of the funding strategy was to ensure that we strengthened the liability side of Cim Finance's balance sheet, through better asset and liability duration matching; better aligning Cim Finance's funding to its predominantly fixed-rate asset book (approximately 90% fixed rate); and reducing our liquidity risk.

As stated in last year's review, we decided to embark on a structured sequence of Medium Term Note (MTN) programmes. CIM Financial Services Ltd launched its first MTN programme in November 2019 with an issuance size of MUR2.0 bn.

Given the importance of securing funding for our business in these uncertain times, during the lockdown we started preparations for a further unsecured and listed MTN programme of MUR3.0 bn. The MTN were assigned 'AA' rating by Care Ratings (Africa) Private Limited. There were positive responses during the investor presentations post the lockdown, with investors particularly impressed by how quickly we managed to resume operations during the partial lifting of the lockdown in May 2020 and by the loyalty shown by our clients for the repayment of their debts. We had a significant oversubscription for the programme that was allocated and completed at the end of July 2020.

Bank borrowings will continue to be a very important part of our funding mix, and as such, we will continue to work closely with our key banking partners.

Group amalgamation

Structure-wise, we completed the amalgamation of CIM Financial Services Ltd with five of its wholly-owned subsidiaries and we are now well poised to leverage the competencies of our team, which is now housed under one entity. The amalgamated Cim will leverage on the positive brand equity associated with the 'Cim Finance' brand, which will be maintained as its customer-facing brand.

Kenyan expansion

We completed our second full year of operations in Kenya during 2020, with our Kenyan business branded as Aspira. In this market, we have a fintech-enabled hire purchase (HP) business model, through an app that leverages Kenya's unique mobile digital ecosystem and high consumer awareness of mobile phone app-based lending platforms.

Customers can download the Aspira app onto their phone, apply for an HP loan and be granted a credit decision within two minutes. They can then use their loan to purchase durable consumer goods at Aspira's electronic and furniture retail partners. Customers are then sent an in-app payment reminder each month and can settle their monthly instalment via an in-app link to M-Pesa (Kenya's digital money system).

Kenya has, of course, also been impacted negatively by COVID-19, which has had an impact on loan disbursements. We have collected a lot of data from the market and now have a well-developed credit scoring capability, as a result of which we are seeing good loan portfolio performance.

Building a new lending business in a new market is challenging, but we see a lot of scope for growth in our Kenyan business in the future.

Group Review

Digital transformation strategy

In continuation of our strategy to become a technology-driven organisation, a Technology Transformation Programme was initiated last year to revamp our technology infrastructure through a Core Lending Platform replacement, modernisation and the establishment of a strong digital eco-system, which will help Cim Finance to roll out new products that will be available on digital channels and through its branch and retail point of sale network across the island.

Investments in the technology transformation programme will enable Cim Finance to create journeys that will make the lives of customers, merchants and partners far easier by offering simple, easily accessible and transparent products in real time and at a lower cost.

The progress made to-date on our various digital transformation initiatives is set out on page 25.

HR strategy

Our strong people-focused culture, which is deeply rooted in our values, serves as a roadmap to guide our decisions. This year has been particularly unique in that the HR function was more than ever on the forefront, in helping the organisation navigate through the period of uncertainty. The primary focus was to maintain the wellbeing of our employees while keeping the momentum going on key strategic initiatives which were to be deployed. Our HR strategy is further detailed on page 26.

Looking ahead

2020 has been a very challenging year, however we feel we have navigated through it well given the circumstances. The outlook for 2021 both internationally and domestically remains uncertain, with real GDP in Mauritius unlikely to surpass 2019 levels until 2022 at the earliest, according to Fitch Ratings. Although GDP is expected to grow domestically, off a lower base in 2020, given the headwinds on Mauritius's tourism and export-oriented sectors in particular, 2021 looks set to be another very challenging year for the country.

Through the adjustments we have already made to our credit risk policies and credit scorecards we are ensuring that we are more cautious in the quality and quantity of credit that we are granting. We will continue to actively monitor the performance of our loan portfolio and make further adjustments to our credit risk policies and scorecards if conditions require it.

We have a very experienced Collections & Recovery team, whose capacity we have further strengthened during the course of the year to ensure that we are well prepared for any adverse future market conditions.

Through our Medium-Term Note programme we have more than sufficient balance sheet liquidity to continue to support our customers through the challenges that they face.

A lot of focus in the financial year 2021 will be on the execution of our digital strategy. We are committed to invest in the progressive build-up of our digital capability, which maintains a relentless focus on our customers. We will be focused on the implementation of a new Core Lending System and a secure robust digital eco-system which will enable Cim Finance to embrace new technologies and roll out differentiated products to enhance customer experiences across all channels.

We will look to build on the initiatives that we have embarked on through the SME Factoring Scheme and Leasing Equipment Modernisation Scheme to develop a comprehensive SME Strategy to support Mauritian SMEs. SMEs contribute significantly to the Mauritian economy and can be a strong base off which the economy recovers if given the requisite financial support.

In the 2021 financial year we are looking to strengthen our Kenyan business, and will continue to build out our brand in the Kenyan market.

I would like to thank Colin Taylor for his valuable support during his tenure as Cim Group Chairman. I look forward to working with Aisha Timol in her new role as Cim Group Chairperson, and thank her for all the support she has given to the team and I during her tenure as Chairperson of Cim Finance.

Importantly, I would like to thank our valued customers for placing their business with us, our Board and shareholders for their support and our staff for their skill and hard work to make Cim an attractive employer and valued partner to our customers.

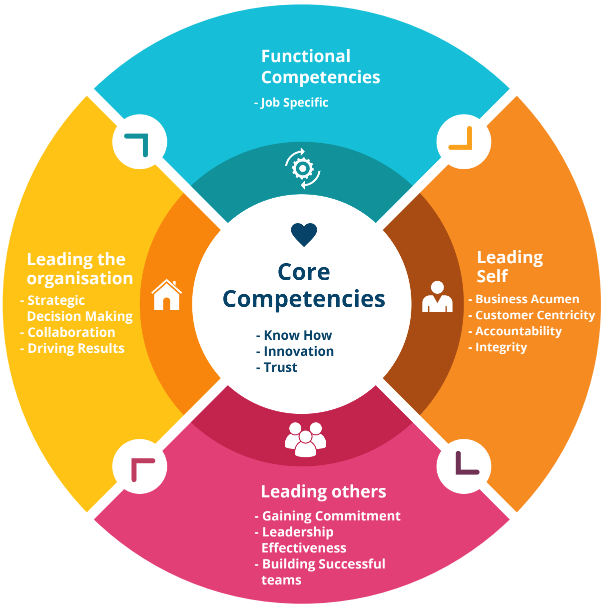
Mark van Beuningen
Executive Director and Group CEO

Digital Transformation Initiatives

Financial year 2020 marked Cim Finance's first steps in what is to be a challenging but highly rewarding journey to embrace digital business for the benefit of our customers, employees and shareholders. Our vision for the digital transformation included embedding new governance structures, people development and securing innovative implementation partners. The pandemic pushed us to re-calibrate our digital strategies and fast track some of our initiatives.

Data & Analytics for instant credit decisioning and data-backed decisions	This has enabled the majority of our retail clients to receive instant credit decision responses, while also refining the quality of those decisions.
Launch of our Consumer App	We fast tracked the launch of our Consumer App, Mo Finans, during the lockdown. This enables our customers to have visibility of their installment amounts payable and facilitates payment either by using cards, bank payment apps or online banking channels.
Launch of e-contracts	In order to provide our customers and partners the ability to sign contracts remotely, we have enabled accepting e-signature in a true digital way using a secure product wherein our customers can sign their contracts without visiting any of our offices.
IT Infrastructure modernisation	We embarked on a new network optimisation and modernisation programme across branches and in-store retail points of sale which will give us better speed, flexibility and management of network.
Business Continuity Plan	During the year more than 200 staff were connected remotely to the Data Centre through our Virtual Private Network (VPN) during the lock down period on account of the pandemic.
Data Protection and Cybersecurity	We implemented: • a software to protect against unauthorised access of cloud-based applications (i.e. the Cloud Access Security Broker); • a Security Incident and Event Management (SIEM) tool to monitor and take proactive actions against any incidents, events and threats through our new and Data Leakage Prevention and Mobile Device Management tools.

Human Capital



CIM Competency Framework ©

To deliver on our key strategic initiatives of 'Building a Learning Organisation' and 'Building a High Performance Culture', we have implemented an integrated cloud-based solution, which provides end-to-end service to drive performance and enable development. This solution also delivers on our Employer Value Proposition – cultivating professional and personal growth and taking ownership in advancing in one's career. Learning being a key element of our people strategy, our virtual learning platform laid the foundation for transforming our employees' learning experience. We have strived to provide a blended learning experience that is both engaging and personalised where employees are empowered to curate their own aspiring learning journey at every stage of their career.

We have access to a rich collection of resources (over 5,000 courses), videos, articles and podcasts which are mapped to the CIM Competency Framework©. The collections also support our digital transformation journey and acquiring the skills of future. Inbuilt with Artificial Intelligence (AI), the platform creates learner personas and provide targeted learning experiences. Several other platforms have been implemented to provide managers and employees self-service enablement to support their needs for information and reporting.

Diversity and Inclusion

Our workforce is multigenerational and having such a diversity offers broader perspective, helps innovation and business impact. We value diversity and inclusion, Cim being guided by the principle that everyone needs to feel inclusive. This goes a long way to ensure we have a blended and balanced approach to ensure all employees feel a sense of connection and share a strong bond.

In the same vein, despite the current challenging economic environment we were excited to welcome millennials within our midst. Our commitment is to develop the talent of tomorrow and build the pipeline of talent. We are proud to have been able to onboard students whom we sponsored and gave access to world-class education and those we attracted to prepare them for their future role.

They are involved in building digital fluency for the organisation through the mentoring mechanism of dedicated senior leaders.

Independence day celebrations

Employee well being

We place high importance on the physical and mental wellbeing of our employees. Cim considers health management to be an integral part for a sustainable business and rewarding work life and we aim to provide the appropriate protection and review our offerings to remain relevant. Our health care offerings have been revamped to provide for enhanced coverage. Employees benefit from health care as an essential element of being a Cim member. In this context, we also organise various preventive health campaign to create awareness through our wellness month. These initiatives are driven through our partnerships and are extended to the broader community as part of our commitment to the community.

We are also committed to take every reasonable measure to provide a safe and healthy working environment in accordance with legal requirements alongside additional programmes and measures to promote people's health and well-being in the workplace. During the health pandemic, more than ever, vigilance was doubled.

Organisation of a blood donation drive in collaboration with the Blood Donor's Association.

Free eye-check organised for the employees of Cim.

Coaching and Mentoring of leaders

COVID-19 requires more than ever strong leadership so that the organisation can weather through these troubled times. With that end in mind, we embarked on a journey to strengthen our leadership bench and emerging talent with our partners Gallup and Harvard. The programme is unique to each individual through the support of renowned global coaches of different backgrounds.

Coupled with the above, Cim leaders have access to the Skillsoft Leadership Development Programme (SLDP). We believe that each member is unique and that the global resources which are available are best-fit sources to handle our diverse needs and support us in building a truly inclusive workforce.

Senior Executive Team

NICK CHIN
CHIEF FINANCIAL OFFICER

Prior to joining Cim Group, Nick occupied the position of Head of Finance at ABC Banking Corporation Ltd for nearly 7 years and previously held senior roles at RBS Insurance, UK and Barclays Capital, UK.

Nick holds a BSc. First Class Honours in Actuarial Science and an MSc. in Applied Statistics (Oxon). He is a fellow of the Institute of Chartered Accountants (England & Wales) and has been the Chief Financial Officer of Cim Group since January 2019.

PRIYA MADHOW
GROUP HEAD OF HUMAN RESOURCES

Priya started with the Group in 2019 and has responsibility for Mauritius and Kenya. Prior to joining Cim Group, Priya worked for The Bank of N.T. Butterfield as Head of Human Resources and at Deutsche Bank as Country Head of Human Resources, where she contributed strategically to key global business initiatives and HR projects. She also held executive positions in Insurance and Healthcare institutions.

Priya Madhow has more than 20 years of work experience across several jurisdictions for leading International Corporate and Investment Banks, local conglomerates and luxury hotel brands.

Before joining the Financial Sector, Priya worked extensively in the hospitality industry in Mauritius and her experience in that sector extends to other jurisdictions including Dubai, Singapore, Seychelles and Scotland.

Priya is a Senior Certified Professional of the Society of Human Resources Management and studied at the Institute of Commercial Management for her Advanced Diploma in Human Resources Management and Development and the University of Salford for her MSc in HRMD. She is also affiliated with world-renowned universities like Harvard and Cornell.

She has also been awarded an Africa's Women Leadership award and is a keynote speaker for Asia Pacific – Women in Leadership.

AMBRISH MAHARAHAJE
CHIEF OPERATING OFFICER

Ambrish was appointed as Chief Operating Officer of Cim Group in December 2019. He joined Cim Group in 2014 as Company Secretary and was subsequently appointed as Head of Corporate Affairs in 2016, a function which comprises of Communications & Investor Relations and Company Secretarial services.

Prior to working for the Cim Group, Ambrish was successively Corporate Manager, Legal Compliance at Rogers and Company Limited and Executive Secretary at the Mauritius Institute of Directors. He is an Associate of The Chartered Governance Institute (previously the Institute of Chartered Secretaries and Administrators (UK) (ICSA)) and holds a BSc in Management from the University of Mauritius. Ambrish is the President of ICSA (Mauritius).

SUDHEER PRABHU
CHIEF TECHNOLOGY OFFICER

Sudheer Prabhu is an experienced technologist with more than 29 years' experience in banking and non-banking Technology and Operations, having worked with large international Banks like ABN AMRO and Royal Bank of Scotland, as well as working in the Public Sector, Private Sector and multinational corporation and banking environments in India.

He joined Cim Group in June 2019. His most recent experience has been with MauBank in Mauritius as its Chief Information & Digital Officer, where he played a key role in developing and executing MauBank's Digital Strategy where he established some market-first products like 'Chat Bots', 'Online Leasing Lending' etc. Before that, Sudheer worked in Fullerton India Credit Co., a non-banking finance company, as its Chief Information Officer.

Sudheer holds a Bachelor's degree in Commerce (First Class) from the Karnataka University, India, and a Diploma in Software Technology from NIIT. He is also a junior associate of the Indian Institute of Bankers and a Certified Information Systems Auditor (ISACA, Illinois, USA).

Management Team

ADRIAN ASHTON
HEAD OF MARKETING AND COMMUNICATIONS

Prior to joining Cim Finance Ltd ('CFL') in 2016. Adrian held various senior management positions in marketing and sales departments within companies and agencies in South Africa, Mauritius and Kenya, including Apollo Bramwell Hospital, Bramer Asset Management, Amway Global, HabariMedia agency and British American Tobacco. He moved to Cim Finance from Cim Global, where he was responsible for the creation and development of the marketing department.

With his 20 years of experience, Adrian has had exposure in specialist marketing functions covering Online Media, Brand Management, Operations, Business Development, Customer Relationship Management and Sales.

Adrian holds an MBA in Innovation & Leadership, a Diploma in Marketing Management and a Professional Diploma in Digital Marketing with the Digital Marketing Institute (DMI) and has been accredited as a Member of the Chartered Institute of Marketing in the UK.

PRAVESH BACORISEN
HEAD OF ANALYTICS

Pravesh joined Cim Finance Ltd ('CFL') in 2016 as Manager Risk and was promoted as Senior Manager Risk in 2018 and as Head of Analytics in 2020. He is responsible for leading the analytics function that guides the business through data-driven insights.

Pravesh has over 13 years of experience in the banking and financial services industry. Prior to joining CFL, he worked at State Bank of Mauritius for 5 years in the Risk Management and Strategic Planning and Research Departments and spent 3 years at the Bank of Mauritius.

Pravesh holds a PhD in Mathematics from Loughborough University (UK), an MBA in Financial Risk Management and a first class BSc (Hons) in Mathematics from University of Mauritius.

OUNISHKA CHUCKOWREE
HEAD OF LEASING

Ounishka joined Cim Finance Ltd ('CFL') in 2017 and is currently the Head of Leasing.

She has an accounting and finance background with over 12 years professional experience in the leasing and banking industry.

During her career, Ounishka has worked for leading financial institutions including MCB Finlease, State Bank of Mauritius, ABC Banking Corporation and La Prudence Leasing Company Ltd. She has in-depth and extensive knowledge of the leasing industry and other financial products.

VALERIE HOUBERT
HEAD OF COMPLIANCE

Valerie joined Cim Finance Ltd ('CFL') as Head of Compliance in 2018.

Prior to joining CFL, Valerie worked in the Banking industry for more than 12 years, with extensive experience as senior officer in the Compliance and Legal fields at Standard Chartered Bank Mauritius Limited and Banque des Mascareignes Ltée (now known as BCP Bank Mauritius Ltd).

During her career, Valerie acted as Chairperson of the Mauritius Bankers Association (MBA) Compliance Committee from August 2016 to May 2018.

Valerie has studied in France and received a Master's Degree in Law from the University of Aix-Marseille III. Her main areas of expertise are in Banking Law, Corporate Finance, Company Law and Commercial Law. Valerie is also a certified Compliance professional by the Financial Services Institute of Mauritius.

Management Team

STEPHAN VEE FOUNG HOW POO
HEAD OF IT

Stephan is the Head of IT. He initially joined Cim Finance Ltd ('CFL') as a software analyst programmer in 2000 and gradually climbed the corporate ladder until being promoted to his current position in 2008.

He ensures alignment of the IT strategy to the company's strategy, defines the roadmap for IT systems and infrastructure, and puts in place the disaster recovery systems and processes. He also participates in research, evaluation and recommendation of new technologies to improve processes and tap business opportunities.

Stephan holds a Master of Business Administration with specialisation in Finance and a Bachelor's Degree (Hons) in Computer Science and Engineering from the University of Mauritius.

ANIELLE JIA YOUNG CHING
HEAD OF FACTORING

Anielle has led the factoring activities of Cim Finance Ltd ('CFL') since 2017 when she joined CFL as Head of Factoring.

She is a seasoned factoring professional with over 16 years of experience in this activity having previously worked as marketing and sales executive at MCB Factors Ltd.

Under her leadership, CFL was admitted as an associate member of FCI, (Previously known as Factors Chain International) and has launched 'import and export' factoring services.

ROGER LI
HEAD OF CONSUMER FINANCE

Roger joined Cim Finance Ltd ('CFL') in 1989 and is currently the Head of Consumer Finance.

He is responsible for driving top-line revenue for Consumer Finance, ensuring that the strategic priorities of the commercial disciplines are aligned and designed to yield profitable sales, increased market share and enhanced competitiveness.

He brings to the position a successful track record of more than 25 years that includes managerial experience in the field of finance, operations, collections and recovery and sales.

Roger has hands-on experience of the counters' operations and has been fostering professional relationships with merchants to maintain a culture of trust, respect and open communication for continued sales growth. He has also been involved with the management of external partners and collaborates closely with several internal departments.

Roger has established and has overseen the adoption of departmental vision and values, which forms part of the work culture. He also plays a mentorship role to various positions within Consumer Finance department.

He holds a Diploma in Management Accounting.

STEEVE LOW
GENERAL MANAGER COLLECTION AND RECOVERY

Steeve joined Cim Finance Ltd ('CFL') in 1996 and has been the General Manager Collection and Recovery since November 2018.

He has been in charge of various departments, namely, leasing, finance, factoring, card and customer accounts and he was an Executive Director of Cim Finance Ltd from October 2014 to October 2017.

Steeve is a Fellow Member of the Association of Chartered Certified Accountants (UK).

Management Team

DIANE MAUREL
HEAD OF CREDIT UNDERWRITING

Diane joined Cim Group in January 2015 as a Senior Analyst for Cim Management Services Ltd and in February 2016, was appointed the Manager of Corporate Credit of Cim Finance Ltd ('CFL'). In 2018, Diane was then appointed as the Head of Corporate Credit and later in the same year, she was called upon to take over the retail credit underwriting department as Head of Credit Underwriting.

Prior to joining Cim Group, Diane worked for The Macquarie Bank, in the Macquarie Corporate Asset Finance Division in Melbourne for two years. Before that, she worked at Ford Credit Ltd in roles including Credit Risk and Recovery and Legal.

Diane holds a Bachelor of Business Commerce in Marketing and Economics from Melbourne University and an MBA from Melbourne University.

KWON LI PAK MAN
CHIEF RISK OFFICER

Kwon joined Cim Finance Ltd ('CFL') in 2019 as Chief Risk Officer.

He is currently responsible for leading the Risk Function within CFSL, defining and overseeing the financial services related risks – Credit, Market, Liquidity and Operational Risk, as well as risk related strategies, policies and processes. He is a seasoned risk professional with a deep understanding of risk disciplines.

Prior to joining CFL, Kwon was the Head of Risk at SBM Bank (Mauritius) Ltd, where he spent over 18 years and successfully built a robust risk management framework. He also held various senior roles at SBM, spanning from Treasury, Compliance to Risk Management.

Kwon holds an MSc in Business Finance from Brunel University London and the ACI Dealing Certificate.

PRADEEP RAWA
HEAD OF TREASURY

Pradeep joined Cim Finance Ltd ('CFL') in September 2009 as Treasurer where he had successfully set up the Treasury function. He was promoted to Manager, then Senior Manager before being appointed as Head of Treasury of CFL in 2018.

As the current Head of Treasury, Pradeep is responsible for leading Cim Group's relationships with its banking partners and investors in Mauritius.

Pradeep has more than 18 years of experience in the Banking and Financial Services sector. Prior to joining CFL, he worked at Deutsche Bank Mauritius for five years and before that, Pradeep worked at the State Bank of Mauritius Lease Ltd.

Pradeep holds a BSc (Hons) in Accounting & Finance from University of Mauritius and is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) (UK). He is also a member of MIPA.

ANTHONY SCEALES
HEAD OF CARDS & PAYMENTS AND INSURANCE DESIGNATED OFFICER

Anthony is currently Head of Cards & Payments and insurance agency designated officer of CFSL, having initially joined CIM Financial Services Ltd in June 2016 as Head of Insurance in Cim Agencies.

Anthony has diverse banking, insurance and consulting experience gained in South Africa, Singapore and across the Middle East.

Prior to joining Cim Group, Anthony was GM Strategy at Hollard Insurance in South Africa where he also supported distribution of life insurance, and his earlier career included three years of strategy consulting across various industries with Monitor Group in the Middle East & Africa, and five years, moving from Analyst to Senior Manager, at Nedbank Corporate and on the retail side with Capital One / American Express in South Africa.

Anthony holds an MBA with distinction from INSEAD (France), a BBusSci (Hons) in Finance from UCT (South Africa) and has completed CFA Level II.

Anthony is also a Director of iVeri Global Limited and iVeri Payment Technologies (Proprietary) Limited.

Management Team

MAAFOUZ SUMODHEE
HEAD OF INTERNAL AUDIT

Maafouz joined Cim Finance Ltd ('CFL') in July 2020 as Head of Internal Audit.

He has a well-rounded experience in Audit and Management Consulting on Assurance, Corporate Governance, Information Security, Risks and Controls. Prior to joining CFL, he worked as Department Manager – Internal Audit for ADNOC Distribution and he has held various positions within the Internal and IT Audit functions across the Middle East. He has also worked for PwC Mauritius on internal audit and consulting engagements both in Mauritius and abroad (mainly in the Indian Ocean Islands and Africa).

Maafouz is a Fellow Member of the Association of Chartered Certified Accountants (UK), Certified Internal Audit (CIA) USA, Certified Information System Auditor (CISA) and Certified Information Systems Security Professional (CISSP) (US). Maafouz holds a B.Eng (Hons) in Electrical and Electronic Engineering from University of Mauritius and an MBA from Oxford Brookes University (UK).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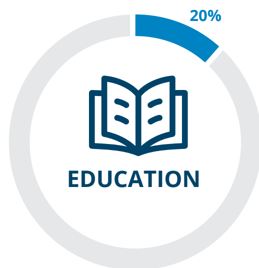
Corporate **Social Responsibility**

Cim Group, through its wholly owned subsidiary, Cim CSR Fund Ltd, aims to promote social wellbeing and empower those in need and focuses on three main pillars: namely Education, Environment and Engagement as set out below:

Engagement

1. Cité Coeur Immaculé de Marie (Cité CIM) (construction of houses)
2. Food donations Cité CIM

1. Cim Group started phase 2 of the construction and renovation of house for 5 beneficiaries at Cité Cim.
2. Food donations
   Cim continued to support the people of Cité CIM with food supplies during this difficult time.

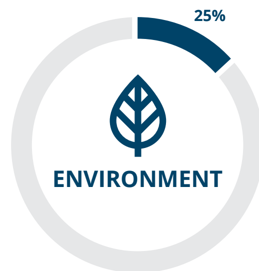


Education

1. École Renganaden Seeneevassen at Cassis.
2. Noyau Cité La Cure (Teen Hope)

1. Cim Group partnered with the school to make Christmas extra special for 116 vulnerable children.

   Cim Group staff also painted the school and helped prepare the Christmas party. Gifts were donated to all children, with Remise de Certificate being presented to teachers for the "Leader in Me" course.
2. We ensured that all the children attending the school receive a decent breakfast and a complete lunch to give them energy for their physical and mental development.



Environment

1. Mauritius Wildlife Foundation
2. Friends of the Environment – Western Cemetery in Cassis
3. Mission Verte

1. We maintained our donations to The Mauritian Wildlife Foundation (MWF) – the largest non-governmental organisation (NGO) in Mauritius, which is exclusively concerned with the conservation and preservation of the nation's endangered plant and animal species.

   Ile aux Aigrettes was also highly affected by the oil spill. Our staff participated in the Forestry Service project to re-establish plants on the islet post COVID-19.
2. Cim Group is involved in the preservation projects to restore and maintain the historic nature of this important site.
3. We continue to partner with this recycling NGO, who provide education to our staff for reducing, reusing and recycling waste products.

   Four recycle bins were placed in Cim office premises to encourage recycling.

Corporate Social Responsibility

Rebuilding Lives – Cim CSR Fund Ltd ('Cim CSR') CSR project at the Cité Coeur Immaculé de Marie.

After floods caused widespread destruction across Mauritius in 2016, many homes in the Cité Coeur Immaculé de Marie (Cité CIM) found in the district of Rivière du Rempart on the island's North East coast were severely damaged, leaving a number of families in dire straits. These families, many of whom are living in impoverished conditions, had little or no means to rebuild their residences and as part of its CSR commitments, Cim decided to step in and offer what assistance we could to help these families return to their normal lives.

Tim Taylor, Chairman of Cim CSR Ltd, elaborates: "We have 39 houses to build or renovate and are aiming to do at least five to six each year. This is quite a difficult and lengthy process, as these families require permits prior to construction. There is also a selection process that we adhere to, which depends on the family's needs. We have started with those families who are most impoverished and whose situations are most desperate."

Generally, a budget of around MUR700,000 is provided to the construction of a standard house. However, there is no fixed budget. Tim Taylor further emphasises that "we do have cases where more funds were allocated".

In terms of construction, Cim CSR's objective is to provide the core: the structure, electricity and plumbing, doors and windows. "The inside finish and plastering is the responsibility of the family. This is a way for them to participate and get involved in the construction," affirmed Rajeshri Moher, CSR Lead at Cim Finance.

ENN LAKAZ AVAN TOU POU CASIET LAPLI SOLEY

Géraldine Pierrot

Corporate Social Responsibility

MO TRAVAY LACAZ DIMUNN, PA GAGN BEL LAPEY. ZAMAI TI PU FINI RANGE SI PA TI GAGN SA LED LA.

Belinda Fanchin

Moreover, with the change in the contribution and less funds available at level of Cim CSR, the families are now required to take an interest free loan of MUR100,000 with Cim Finance. Beneficiaries are keen to participate financially in the construction of their home. This amount is repayable at a rate of MUR800 per month over 10 years.

Rajeshri Moher adds "Fortunately, we were also able to secure part of the funding from the National CSR Committee as this is a continuous project. This has allowed us to limit the contribution required from beneficiaries"

Since 2016, Cim's project has delivered five reconstructed houses to residents, and a further five houses are being rebuilt/renovated in Phase 2 of the project. In order to achieve this, Cim's CSR provides materials, labour and equipment and basic services.

"I am a widow with four children. Currently I am unemployed. Life is challenging. Since the heavy floods years ago, I lost most of my things. Cim has now provided me with an excellent house to live in and has helped me to train in cooking and growing vegetables."

Vanessa Momus

Corporate Social Responsibility

A holistic CSR approach

Cim CSR's involvement goes beyond just construction, as there is also the need to uplift the people of Cité CIM and this required further social interventions and a more holistic approach.

To that end, Cim CSR also implemented a Lifeskills and Literacy Programme. This includes an after-school project to provide academic support to children and youths, and a community bakery project to empower the women of the Cité.

Employees also participated through the celebration of Cim Fun Day in Cité CIM, which gives community members a chance to forget their cares and worries for a day, with activities like face-painting and carrom and domino tournaments. New shoes are also given to the children of the community at this annual event.

Helping the vulnerable during the pandemic

Although COVID-19 hindered the reconstruction side of the project and put this somewhat behind schedule, Cim continued to support the people of Cité CIM with food supplies during this difficult time.

"With each rainy season, our house became our biggest worry. Water was seeping through the roof. Then with the floods, the house was filled with water. Cim has helped to change our lives. There are other problems here in the community, but a house is a house."

Marie Fiorella Pierrot

TI ENA LESPWAR POU KAN MO BAN ZENFAN GRANDI, ASTER MO SAN TRAKA.

Vanessa Momus

"I am married with 3 children. I used to stay in a small house built with sheet metal with a soil floor. But water flooded the house. That's when Cim came to help. They are helping to build a proper house for me, and they helped to train me. My way of life has changed."

Jennifer Savry

Risk Management Report

RISK OVERVIEW

Risk Management is fundamental to Cim Group's strategy, profitability and to the day-to-day management of its risk-taking activities. The strategy is well-informed and shaped by an understanding of the risk landscape, including a range of significant risks and uncertainties in the external economic, competitive and regulatory environment.

Any identified inherent risks to the core business activities are managed through an integrated Enterprise Risk Management (ERM) framework with the objective of adopting a prudent and disciplined approach, whilst striking an appropriate balance between risk and return. The key risk types include credit risk, market risk, liquidity risk, funding risk, business risk, operational risk and reputational risk, and these are managed effectively through an internal governance process and the use of risk management tools and processes.

The Board is fully committed to establishing a sound system of risk oversight in relation to risk management, adherence to internal policies and compliance with the prudential regulatory and legal requirements.

STRATEGIC AND BUSINESS OBJECTIVES
(Stakeholders' expectations)

Risk Appetite Framework incorporating Board-approved top-down risk appetite statements

Our approach to identification and impact assessment aims to ensure that the Group mitigates the impact of these risks on its financial results, long-term strategic goals and reputation.

Credit Risk Management

Assesses the credit worthiness of our customer's ability to repay its contractual obligations

Market Risk Management

Assesses the risk that the future interest income deteriorates if market rates change

Funding & Liquidity Risk Management

Ensures the Group can finance its liquidity needs through diverse funding sources in accordance with its strategy

Non-financial Risks

Ensures we respond to the following non-financial risks in a timely and effective way and implement appropriate control measures to ensure business integrity and continuity

- Operational risk
- Cyber Security risk
- Compliance risk
- Legal risk

Reputational Risk :

Risk of negative impact on our books due to adverse publicity, public perception or uncontrollable events

Strategic Risk :

Risk of financial forfeiture arising due to unsuccessful business decisions or any unexpected loss

Model Risk :

Risk of loss arising from inaccurate predictions, resulting in inaccurate decisions

Business Continuity Risk :

Risk of loss due to disuption in normal business operations

Risk Management Report

A SNAPSHOT OF OUR CURRENT RISK PROFILE, WITH A FORWARD-LOOKING FOCUS FOR THE COMING YEAR

The COVID-19 pandemic continues to rapidly evolve and has adversely impacted many sectors of the economy. The economic uncertainty surrounding this crisis increases pressure on the asset quality of the Group and the degree of the impact remains highly dependent on the severity and duration of the pandemic.

We have enhanced our approach to the management of risk in this rapidly-changing environment and are closely monitoring the situation with regular assessment of potential scenarios. We increased our focus on the quality of the data used to take informed decisions, through measures such as early warning indicators, prudent risk management against our risk appetite including monitoring of the credit scorecard and policy rules used to grant credit, and ensuring regular reporting to the Risk Management Committee and the Board.

To meet the additional challenges, we have adapted our operational processes and provided support to our customers to ensure minimum service disruption. Whilst prioritising the health and safety of all our employees and stakeholders, Cim Group has been focusing efforts on minimising damage as well as maintaining the competitiveness of existing businesses and securing relationships with customers that have been built over many years.

The events of the past months have also been a catalyst in boosting digital initiatives for the benefit of our customers and harnessing the benefits of digital transformation. We have, in so doing, strengthened our risk and control functions in order to better manage the above emerging risks.

Key Initiatives and Achievements during the last financial year

Testing our business continuity and overall operational resiliency in response to COVID-19

2020 saw the review of current business continuity practices and expediting the preparation of a COVID-19 pandemic response framework and response plans. The Risk function was involved in every possible way to ensure maximum visibility over this uncertain period.

As part of the response, the Emergency & Crisis Committee was called upon to take timely decisions regarding the well-being of our employees whilst also ensuring business continuity amidst restrained resources. To this effect, a readiness framework encompassing the three dimensions i.e. people, operations, business and financial was successfully put forward to ensure business continuity took place in an orderly and smooth manner without any major disruptions.

This included various checkpoints identified by the Risk team to pave the recovery journey to the 'new normal'. In addition, a remote working guideline was rolled out to provide basic work-from-home orientation guidance to staff members during the lockdown, following which a flexible working arrangement concept was also introduced to allow staff with family constraints to fulfil their job duties in an optimum way.

Following the above experience, Cim Group has shown its resiliency to innovate during difficult times and is today strengthening its business continuity framework with lessons learnt during the lockdown.

Building a dynamic credit risk framework and policy interventions

Cim Finance has reviewed its credit risk framework to deal with the rapidly evolving situation. The Consumer Finance automated lending engine that relies on robust credit scorecards and a set of policy rules has been adjusted to reflect anticipated changes in risk emerging from both our own portfolio and the broader macroeconomic situation. Any change to the lending rules remains backed by analytical insights and the impact of those changes is closely tracked with focus on the use of new risk metrics. Manual credit underwriting focuses on exceptions and higher risk cases, where necessary, feeding back into the decisioning framework.

In parallel, a set of client support programmes have been developed. Consumer Finance clients were given a reasonable delay to pay their monthly instalments with no penalties during the lockdown, while in other cases support measures such as rescheduling and moratorium options have been granted to those customers and associated sectors affected by COVID-19.

Risk Management Report

Key Initiatives and Achievements during the last financial year (Cont'd)

Assessment of the economic impact on the existing portfolio

Cim Group has reviewed our credit portfolio, assessed the impact of the crisis on our portfolio, defined the collection strategy, refined our risk appetite as well as reviewed the tactical and long-term strategies to meet the changes in client demand.

Understanding the portfolio impacts has been a joint effort between the business and Risk team to identify stressed sectors and clients, through a combination of expert judgment, early warning signals and public data. The Risk team has conducted a variety of stress testing and scenario-based forecasting to project the expected credit losses under IFRS9 and to ensure we maintain adequate buffers in terms of capital adequacy as well as funding and liquidity ratios, thus preserving our financial soundness against any expected credit losses.

The business, together with Risk and Finance, has used the output of the analysis to refine near-term lending capacity and strategy in line with the risk appetite.

Strengthening our Cybersecurity Controls

The risk posed by cyber-attacks continues to grow locally and worldwide, especially in terms of the sophistication and complexity of these attacks. With an increase of our digital footprint, Cim Group has embarked on various cyber initiatives to reinforce the existing control mechanisms to respond to internal and external threats.

One of the key deployments performed was the implementation of a SIEM, allowing for ongoing monitoring of Cim Group's networks and systems to rapidly detect and respond to threats in a timely and accurate manner, thus fortifying our overall cybersecurity detection capabilities. This was complemented by the implementation of a phishing tool and Cloud Access Security Broker across the enterprise.

Cybersecurity awareness training is now a continuous and vital part of our business sustainability. Amongst other mandatory training and other regular awareness bulletins issued by the IT security team, all employees have to undergo a mandatory e-learning module on cybersecurity at least on an annual basis, and are required to undergo assessments to test their knowledge.

Further, testing and simulation exercises are also performed to assess employee reactions to potential cyber-attacks, following which relevant solutions are taken to address any issues identified.

Strengthened risk management approach

An Enterprise Risk Management Framework has been designed with the goal of improving the Group's risk management. The framework enables the Group to manage enterprise-wide risks within our risk appetite with the objective of maximising risk-adjusted returns. In 2019, the framework was approved by the Board with a comprehensive review of the principal risk types; and we have since then rolled out a process of self-risk assessments by the business owners and elevated the quality of the risk report to the Board Risk Management Committee.

Promoting an effective Compliance Programme

Some of the core elements of an effective Compliance Programme include having robust written policies and procedures; a designated Compliance Officer and Compliance Committee; effective lines of communication and training/education; internal monitoring and auditing; and prompt response to detected problems through corrective actions.

At Cim Group, we have taken several initiatives to establish and maintain an effective risk management culture and a strong control environment to foster compliance with internal policies and regulatory compliance requirements. We now have to move from the structured approach adopted to next level of embedding the compliance culture as an integral part of the company's culture and values.

Risk Management Report

Key Initiatives and Achievements during the last financial year (Cont'd)

Enhancing our fraud monitoring mechanisms

Fraud is a widespread risk amongst financial institutions, and as such, efforts to counteract it are a critical control. Cim Group has placed a lot of significance in implementing various preventive and detective fraud mechanisms across key steps throughout the client transactional journey with us.

Whilst this effort is an ongoing process, fraud monitoring is a key element on Cim Group's agenda. Improving the "soft controls" is also essential in building the right culture across the Company to detect and prevent fraud events. Management have implemented multiple initiatives focusing on soft controls to enhance the control environment within the group. During the year, the fraud management policy, whistleblowing policy and the disciplinary policy have been reviewed by the Board.

Maintaining existing businesses and relationships with customers and partners via digital tools

A digital payment platform was launched to provide more flexibility to clients to pay their monthly dues online without having the hassle to do so via traditional methods, thus limiting any contagion risks, as well as ensuring the continuity of our collection and recovery efforts. Cim Finance also flexed its credit approval process to online merchants without compromising existing controls.

FOCUS FOR 2020 AND BEYOND

The global impact of the COVID-19 outbreak continues to rapidly evolve and the full scale of the impact is not yet known. Unpredictable and uncontrollable outcomes may still have the potential to materially impact a number of our principal risks. Hence, it remains uncertain to gauge the longer-term impact of the crisis on our business. However, the magnitude of the crisis has provided valuable insights to the company's risk management framework and our business continuity arrangements.

The Group cannot fully eliminate the downside impacts of COVID-19, however the risks will continue to be closely monitored to ensure appropriate controls and mitigants are implemented to the fullest extent possible. Our focus for the year ahead will be to ensure Cim Group's long-term sustainability as we continue to adapt to the challenges and opportunities of the pandemic environment.

Furthermore, the Risk function cannot forget the different emerging and non-traditional threats that were arising on the agenda pre-COVID-19. Whether it is fraud, impact of digital technology, data protection or cybersecurity, the awareness and alertness level to a broad set of new threats shall be maintained.

A few planned initiatives include:
- To extend the deployment of tailored risk and control framework across specific business units and continue fraud monitoring efforts to identify early warning signals of potential fraud;
- To further strengthen our cyber-resilience due to greater digital adoption and staff mobility with better preventive and detective mechanisms through reliant and trustworthy systems, as well as continuous cyber education for employees;
- To strengthen our policy governance framework to ensure long-term business sustainability as well as compliance to evolving laws and regulations;
- To continue the ongoing efforts to review the internal policies, prudential limits, and set new key risk indicators in line with the changing and challenging business environment;
- To mature up business continuity practices in the light of existing events, ensuring contingency plans are updated and sufficiently tested;
- To prepare the business for future volatility by using advanced analytical capabilities and knowledge of risk.

Corporate Governance Report

1. COMPLIANCE STATEMENT

CIM Financial Services Ltd ("CFSL" or the "Company"), a company listed on the Official Market of The Stock Exchange of Mauritius ("SEM"), is classified as a public interest entity under the Financial Reporting Act 2004. In accordance with the National Code of Corporate Governance (2016) (the "Code"), CFSL is required to adopt and report on its corporate governance practices and this Corporate Governance Report thus sets out how the Code's principles have been applied throughout the Company.

2. GOVERNANCE STRUCTURE

2.1. The Board

According to the Constitution of the Company, the Board shall consist of a minimum of six and a maximum of twelve directors.

The Company was headed by a unitary Board and throughout most of the financial year, the Board was comprised of nine members under the chairmanship of Mr. Colin Taylor. In July 2020, in order to ensure a smooth transition as part of the imminent amalgamation of the Company with Cim Finance Ltd, Mrs Aisha Timol and Mr. Denis Motet, who served as independent directors of Cim Finance Ltd, were appointed as independent directors of the Company. Subsequently, Mrs Timol was appointed as Chairperson of the Board of the Company.

Following such changes, the Board is now composed of ten directors comprising of four non-executive directors, one executive director and five independent directors, including the Chairperson.

The Board assumes responsibility for leading and controlling the organisation, providing strategic guidance, reviewing financial plans and monitoring performance, ensuring that a robust risk management system is in place and providing accurate information to shareholders, the public and regulators. It also ensures that the Company adheres to all legal, regulatory requirements and applicable corporate governance practices.

The Risk Management and Audit Committee assisted the Board in fulfilling the responsibilities on risk management and audit-related issues.

The profiles and the full directorship lists of the members of the board are set out on pages 16 to 20 of the Annual Report. Except for Mr. David Somen, all the directors reside in Mauritius.

The Board is of the view that there is an adequate balance between independent, non-executive and executive directors on the board and that the board members have the necessary skills, expertise, experience and knowledge to discharge their respective duties and responsibilities effectively.

Although there is only one executive director on the Board, the Board is of view that the input of the Group Chief Financial Officer and the Group Chief Operating Officer who are in attendance at Board meetings provides an appropriate balance to Board deliberations.

In addition, the composition of the Board meets the requirements of the Code in terms of gender and the Board is considering appointing additional women directors to further improve its gender balance.

The Board has adopted an Equal Opportunity Policy pursuant to the requirements of the Equal Opportunity Act 2008. The Policy provides for the promotion of equal opportunity between persons, prohibits discrimination on the ground of status and by victimisation. The Policy sets out the Company's position on equal opportunity in each and every stage of the employment process and is applicable to all Board members and employees. The Company will regularly review its procedures and selection criteria to ensure that individuals are selected, promoted and treated according to their individual abilities and merits.

The skills set of the members of the board is set out in the chart below.

In accordance with the requirements of the Code, the following documents, as approved by the Board, are available for consultation purposes on the Company's website https://www.cim.mu/governance-cfsl.html:

i. Constitution of CFSL
ii. Board's Charter: It provides the terms of reference of the Board and describes how the Board operates
iii. Company's Code of Ethics: The Board will regularly monitor and evaluate compliance with the Code of Ethics
iv. Position statements of the Chairperson, the Chief Executive Officer, the Company Secretary, the Chairman of the Risk Management and Audit Committee, the Chairman of the Corporate Governance Committee and the Chairman of the Board Investment Committee which provide a clear definition of their respective roles and duties
v. Organisational Chart
vi. Statement of main accountabilities
vii. Nomination and appointment process for directors

To promote a culture of integrity, the Group has adopted a Whistleblowing policy which provides a channel of effective communication of concerns. Employees are encouraged to report any malpractice of which they become aware. The policy, which is available on the website of Cim Group, https://www.cimfinance.mu/en/whistleblowing, outlines the reporting mechanism and the defined process on how reported concerns will be handled and investigated.

The processes and frequency to review, monitor and approve the Board Charter, the organisation's Code of Ethics, the positions statements, the organisational chart and the statement of main accountabilities are determined by the Board and may be delegated to sub-committees, as appropriate.

2.2. Board committees

The Board of CFSL is assisted in its functions by three main sub-committees: (i) the Risk Management and Audit Committee, (ii) the Corporate Governance Committee, which also acts as a Remuneration and Nomination Committee, and (iii) a Board Investment Committee.

These subcommittees have been set up in line with the Code, to assist the Board in the effective discharge of its duties as well as to provide support and focus on particular matters. The minutes of proceedings of each committee are recorded and submitted to the Board for noting.

Corporate Governance Committee

The Corporate Governance Committee ('CGC') oversees all governance issues relating to the business activities of the Company and all its subsidiaries. The CGC is composed of two independent directors, namely Mr. David Somen (Chairman), Mrs Teresa Clarke (up to 10 July 2020) and Mrs Aisha Timol (from 12 October 2020), two non-executive directors, namely Mr. Tim Taylor and Mr. Philip Taylor, and one executive director, namely Mr. Mark van Beuningen.

"During the year under review, the CGC met 4 times. Besides looking at the general corporate governance and remuneration matters, the CGC worked on the structure of the Group post amalgamation as well as the committees to be set up and their membership. One of the key issues reviewed by the Committee was the proposed setting up of an Employee Share Option ('ESOS'). The ESOS has been approved in principle by the Board on the recommendation of the CGC and will be proposed for approval by the shareholders at the next meeting of shareholders." David Somen, Chairman

The Risk Management and Audit Committee

The RMAC oversees the risk and audit-related issues of the Group. It also monitors the implementation of the internal audit recommendations as well as the integrity of the annual report and the financial statements. The RMAC makes recommendations to the Board with regard to the appointment or removal of the external auditor. Moreover, it reports to the Board on significant financial reporting issues and judgements relating to financial statements. The RMAC is composed of two independent directors, namely Mr. Amédée Darga (Chairman) and Mr. Fareed Jaunbocus, and one non-executive director, namely Mr. Matthew Taylor.

All the members of the RMAC are financially literate, with Mr. Fareed Jaunbocus being a Chartered Accountant.

"During the year under review, the RMAC met 8 times. Following an invitation to tender for external audit services the members of the RMAC met twice in January to take note of and discuss the proposals received before recommending their choice to the Board for proposed appointment at the Annual Meeting of Shareholders. The RMAC received reports from the Head of Internal Audit on the various internal audit and investigations carried out by the internal audit team and approved the internal audit plan for the financial year. The Committee also reviewed on the audited accounts, the management letters as well as quarterly financial statements presented by the Group Chief Financial Officer. As part of its mandate, the RMAC discussed the risk appetite of the Group, the principal risks faced by the Group and the actions taken to mitigate such risks.

Corporate Governance Report

The Risk Management and Audit Committee (Cont'd)
During the meetings, significant emphasis was placed on improving the cybersecurity infrastructure of the Group and substantial progress has been made on this topic, especially with the increased digitalisation of the operations and services of the Group. Various measures have also been implemented to increase information security. Amédée Darga, Chairman RMAC.

The Board Investment Committee
The Board Investment Committee (BIC) assists the Board of CFSL in making investment and/or acquisition decisions within the mandate of the Committee or any other matter delegated to it by the Board. The BIC meets on adhoc basis as and when there are investment projects to be considered and was composed of two independent directors, namely Mrs. Aisha Timol (Chairperson) and Mr. Amédée Darga, two non-executive directors, namely Mr. Colin Taylor and Mr. Tim Taylor and one executive director, namely Mr. Mark van Beuningen. During the year under review, the BIC met to review a proposed investment and as well as the medium term notes programme issued by the Company.

IT sub committee
In light of the project initiated for the replacement of the core lending system of Cim Finance Ltd, the Board constituted an adhoc IT Sub Committee to support management on the evaluation and selection of a preferred vendor for the new core lending system. The IT subcommittee also provided valuable input in the finalisation of the project and contractual documents with selected vendor.

The IT subcommittee met 4 times and was comprised of Messrs Fareed Jaunbocus, Matthew Taylor, Denis Motet and Mrs Teresa Clarke with Mr Amédée Darga as Chairman.

When necessary, other committees are set up by the Board on adhoc basis to consider specific matters.

In accordance with the requirements of the Code, the following documents are available for consultation purposes on the Company's website:
i. Terms of Reference of the Corporate Governance Committee;
ii. Charter of the Risk Management and Audit Committee; and
iii. Terms of reference of the Board Investment Committee.

In order to ensure business continuity while observing safety precautions following the measures implemented by the Government to tackle the COVID-19 pandemic, the board and the committee meetings were conducted by means of video conference during the lockdown.

Following the amalgamation of CFSL and CFL on the 1st October 2020, the new board committees have been set up and the following documents are now accessible on the website:
i. Audit and Compliance Charter
ii. Charter of the Risk Management Committee;
iii. Corporate Governance and Conduct Review Charter; and
iv. Terms of reference of the Board Investment Committee.

The terms of reference of these committees are reviewed on an annual basis by each committee and any proposed amendments are submitted to the Board for approval.

2.3 Directors' remuneration and attendance

The remuneration of non-executive directors consists of a mix of attendance and retainer fees.

The executive director does not receive additional remuneration for serving on the Board of the Company or its committees. His remuneration package as an employee of the Company, including performance bonuses, is in accordance with market rates.

The remuneration of the executive and non-executive directors are reviewed and recommended for approval to Board on an annual basis by the Corporate Governance Committee. The non-executive directors are not paid any performance bonuses.

Directors' attendance at board and committee meetings as well as their remuneration including remuneration received from subsidiaries during the financial year ended 30 September 2020 were as set out in the table below.

	Attendance				Interests		Remuneration
	Board meetings	CGC	RMAC	BIC	Direct %	Indirect %	MUR
TIMOL, Aisha[1]	3/3	n/a	n/a	2/2	0.0012	nil	1,700,000
CLARKE, Teresa Hillary[2]	7/8	4/4	n/a	n/a	nil	nil	580,000
DARGA, Amédée	11/11	n/a	7/7	2/2	0.0013	nil	990,000
JAUNBOCUS Fareedooddeen	11/11	n/a	6/7	n/a	nil	nil	740,000
MOTET, Denis[3]	3/3	n/a	n/a	n/a	0.0013	nil	1,156,000
SOMEN, David	11/11	4/4	n/a	n/a	nil	nil	2,085,500
TAYLOR, Colin	11/11	n/a	n/a	2/2	0.0416	5.02	1,130,000
TAYLOR, Matthew	10/11	n/a	6/7	n/a	0.0059	1.20	730,000
TAYLOR, Philip	9/11	4/4	n/a	n/a	nil	5.02	670,000
TAYLOR, Timothy	11/11	4/4	n/a	2/2	0.4108	8.86	710,000
VAN BEUNINGEN, Mark[4]	11/11	4/4	n/a	2/2	nil	nil	19,151,106

[1] Mrs Aisha Timol was appointed as independent director on 10 July 2020 and as Chairperson on 13 July 2020
[2] Ms Teresa Clarke resigned as independent director on 10 July 2020
[3] Mr. Denis Motet was appointed as independent director on 10 July 2020
[4] Remuneration for Mr. Mark van Beuningen includes bonus for financial year 2018/2019 paid in December 2019

2.4 Appointment

The Board assumes the responsibilities for succession planning and for the appointment of new directors to the Board. The process for the appointment of directors, which is made in a transparent and formal manner, is available on the website of the company (https://www.cim.mu/governance-cfsl.html).

All directors will stand for re-election by way of separate resolutions at the Annual Meeting of Shareholders of the Company scheduled in February 2021.

2.5 Induction and Orientation

The Board is responsible for the induction of new directors to the Board, a process facilitated by the Company Secretary. The induction programme has been designed to make directors fully aware of their legal duties and to acquaint them with the Company's structure, strategies, mission and values.

2.6 Professional Development

The Board reviews the professional development needs of directors during the Board evaluation process and directors are encouraged to develop their skills and expertise continuously. They also receive regular updates on the latest trends and legislations affecting the business from management and/or other industry experts. During the year under review, the directors participated in a workshop on Digital Transformation facilitated by Mr. Marc Israel in collaboration with the Mauritius Institute of Directors.

Corporate Governance Report

2.7 Board access to information and advice

All directors have access to the Company Secretary to discuss issues or to obtain information on specific areas or items to be considered at Board meetings or any other area they consider appropriate.

Furthermore, directors have access to the Company's records and the right to request independent professional advice at the Company's expense.

2.8 Directors' duties and performance

The directors are aware of their legal duties and may seek independent professional or legal advice, at the expense of the Company, in respect of any aspect of their duties and responsibilities.

2.9 Interests of directors and conflicts of interest

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company as well as their interests in any transaction undertaken by the Company in accordance with the Companies Act 2001. They also follow the Model Code for Securities Transactions as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules whenever they deal in the shares of the Company. The interests' register of the Company is maintained by the Company Secretary and is available for consultation by shareholders upon written request to the Company Secretary.

In addition, the Group has adopted the Related Party Policy of its wholly-owned subsidiary, Cim Finance Ltd, which sets out the framework of risk management put in place with regard to the identification, monitoring and reporting of related party transactions. The Policy's underlying principles are derived from the Guidelines of the Bank of Mauritius on related party transactions.

The Code of Ethics of the Group also sets out instances which could lead to a conflict of interest and the procedure for dealing with such potential conflicts.

For the year under review, there were no dealings in the shares of the Company by the directors. The direct and indirect interests of directors in the shares of the Company are set out in the table on page 51.

2.10 Information, Information Technology (IT) and Information Security policy

The Board oversees information governance within the organisation and ensures that the performance of information and information technology (IT) systems lead to business benefits and create value.

The Group has adopted the IT policies of Cim Finance Ltd as most of the operational activities of the Group are concentrated in Cim Finance Ltd. A Firewall Policy was implemented to mitigate the risks associated with security threats while a Data Privacy Policy, which complies with the requirements of the Data Protection Act 2017, was set up to protect and ensure the confidentiality of personal or sensitive personal data. The Group has also adopted the Data Retention and Disposal Policy to minimise data storage amount and retention time. Matters of importance with regard to information security policies are also taken up by the Risk Management and Audit Committee and recommendations are submitted to the Board for approval.

The Board, through its committees, ensures that proper policies have been implemented for the protection of the Company's information assets. Policies have also been set up to protect the integrity, ensure the confidentiality and control the usage of and access to the information essential for the smooth running of the Company's business activities.

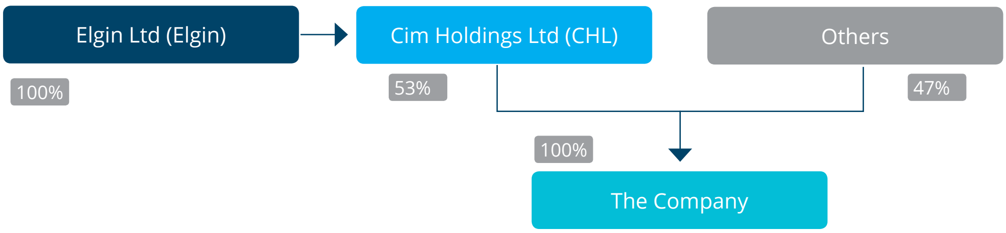
The Group Board approves material investments in information technology and security, as set out in the annual budget, according to the business needs of the Group.

2.11 Board performance review

Following recommendations made by the Corporate Governance Committee, the Board approved board evaluation framework that will allow the Company to transition in a smooth manner from an internally led board evaluation to an externally led exercise, over a 3 year period so that the Company complies with best practice in terms of board evaluation. The evaluation for this year was conducted internally by way of a questionnaire which has been circulated to each director to obtain their views on the effectiveness of the Board, to assess their contribution to the Board's performance and to identify areas of improvement. Once the results have been analysed by the Corporate Governance Committee, they will be reported at Board level and used to improve the Board's effectiveness. Next year's board evaluation would consist of a peer evaluation in addition to the questionnaire.

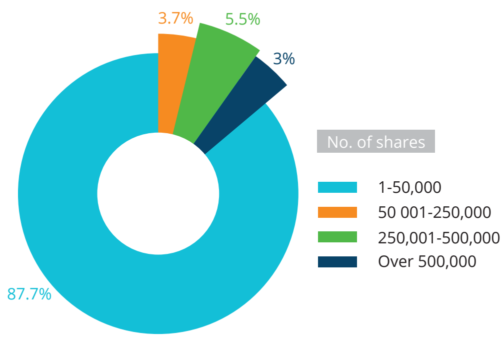
3. RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The shareholding structure of CFSL as at 30 September 2020 is as follows:

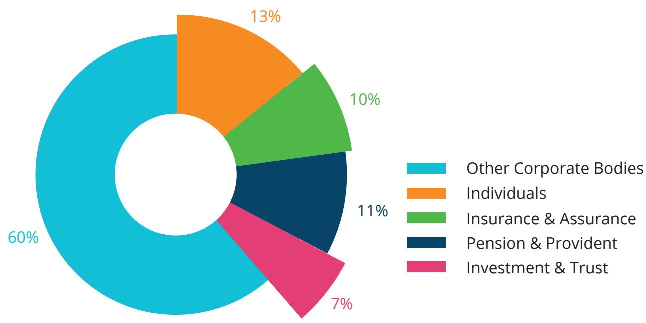


There is no shareholder's agreement which could affect the governance of the Company.

The share ownership analysis per holding percentage and categories of shareholders as at 30 September 2020 is as follows:



Ownership by size of shareholding



Ownership by category of shareholding

Communication with shareholders and stakeholders has been mainly through the Annual Report, Investors' Briefings, the published unaudited results, the Annual Meeting of Shareholders (AMS), dividends declarations, press communiqués and the website.

The Group interacts with its internal stakeholders namely its employees via Workplace, a collaborative platform run by Facebook where employees can communicate via groups to chat with colleagues, which offers the social network's features in a corporate environment.

The external stakeholders of the Group namely its customers, suppliers, shareholders and the public are reached via social media platforms such as Facebook and LinkedIn as well as via advertisements. Throughout the lockdown, the Group has ensured that a clear communication was provided to its customers and stakeholders on a regular basis. As and when required, focus groups are held with clients to assess their expectations from the Group. Regular channels of communication are also maintained with the regulators and the Government.

In addition, shareholders are invited annually to the Annual Meeting of Shareholders to approve the financial statements and vote on the re-appointment/appointment of directors and external auditors. The AMS for the year 2020 was held in July 2020 instead of March 2020 as initially scheduled due to the lockdown imposed by the Government following the COVID-19 pandemic. The next Annual Meeting of Shareholders of the Company is scheduled in February 2021 and shareholders will receive the notice of the AMS at least 21 days prior to the meeting in accordance with the law.

The annual report, which also includes the notice of annual meeting, is published in full on the Company's website. Shareholders also have the option to request a soft copy of the Annual Report.

Corporate Governance Report

4. INTERNAL AUDIT FUNCTION

Governance and structure

During the year under review. the Internal Audit Function of Cim Finance Ltd ("CFL"), performed audit engagements for Cim Financial Services Ltd (CFSL) in terms of the Service Level Agreement approved by the Audit Committee of CFL and the Risk Management and Audit Committee ("RMAC") of CFSL. The main role of the function is to provide an independent, objective assurance and consulting activity designed to add value and improve the company's operations.

The Internal Audit Function is independent of Executive Management and functionally reports to the RMAC and Audit Committee on a quarterly basis. The Head of Internal Audit presents audit reports to the RMAC and Audit Committee, and discusses key issues contained therein.

The Head of Internal Audit has a direct reporting line to the Chairperson of the Audit Committee and RMAC. He has regular meetings with the respective Chairperson thereby further establishing Internal Audit's independence.

The RMAC and the Audit Committee approve the Risk-Based Internal Audit combined plan, ensure adequate resources are available to deliver on the plan and evaluate the effectiveness of the Internal Audit Function. Moreover, in the performance of their duties, the Internal Audit Function has unrestricted access to all documents, key personnel and Management staff. There was no limitation of scope placed on the internal auditors in conducting the audits.

Internal audits are carried out in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). Internal audit staff also abide by the Code of Ethics established by the IIA and by Cim Finance Ltd.

In terms of structure, the Internal Audit Function was segregated into two units, namely Risk Based and Consulting units. The Risk Based unit performed assurance engagements in line with the definition of the IIA as well as IT audit engagements. The Consulting unit performed engagements that do not fall within the Risk Based unit scope such as Investigations, Independent reviews, etc. Both units use a risk based approach when building up the Internal Audit Plan for the year.The structure, organisation and qualifications of the key members of the Internal Audit team are listed on the Company's website.

During the year under review, the Internal Audit team carried out 1 internal audit assignment for CFSL. At the level of CFL, 23 audit assignments were completed and consisted of risk base, IT, consulting and investigation.

Independence and objectivity

The Internal Audit Function confirms that independence and objectivity were maintained throughout the year by ensuring the following:

- There was no interference by any element in the company, including matters of audit selection, scope, procedures, frequency, timing, or report content.
- Internal audit staff have no direct operational responsibility or authority over any of the activities audited and hence do not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair judgment.

Internal audit staff also refrained from reviewing specific operations for which they were previously responsible; made proper disclosures if independence or objectivity was impaired, or if there was any conflict of interest; have not accepted anything that may impair or be presumed to impair their professional judgment; and were aware of the threat of over-familiarity.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.

5. EXTERNAL AUDIT

The external auditors of the Company and the Group are BDO & Co ("BDO") who were appointed as external auditors in replacement of Ernst and Young at the Annual Meeting of Shareholders held on 10 July 2020.

The selection and appointment of BDO as auditors was carried out following a tender issued by the RMAC in November 2019. Following responses received, four external audit firms were shortlisted and presented their proposals before the RMAC, after which BDO was recommended for appointment as external auditors.

The RMAC discusses critical policies and external audit issues with BDO as and when necessary, and meets them at least once a year without management being present.

The RMAC assesses the effectiveness of the external audit process via feedback received from the management team and the chairmen of the other audit committees of the Group. Areas of improvement are thereafter discussed with the external auditor.

The Group has implemented a policy for the provision of non-audit service by the external auditor. The objectives of the policy are:

- To ensure that neither the nature of service nor the level of reliance placed on it by the Group could be perceived to impair the independence and objectivity of the external auditor's opinion on financial statements.

- To establish a straightforward and transparent process and reporting mechanism to enable the RMAC to monitor and control the independence of the external auditors and compliance with this policy.

- To avoid unnecessary restrictions on the purchase of services from the external auditors who are expected to provide a higher quality and a more cost effective service than other providers.

For the year under review, the fees paid to the external auditors for non-audit work are set out on page 56. To guarantee objectivity and independence, the Board ensures that the team providing non-audit services is different from the one providing audit services.

6. HUMAN RESOURCES

The human resource initiatives of the Group are set out on pages 26 to 27.

7. PROFILES OF SENIOR EXECUTIVE TEAM

The profiles of the senior executive team can be found on pages 28 to 29.

8. OTHER MATTERS

8.1 Related party transactions

Please refer to page 146 of the Annual Report.

8.2 Management agreements

The Company has no management contracts.

8.3 Dividend Policy

An interim dividend is usually declared in May and paid in June and a final dividend is declared in December and paid in January. The payment of dividends is subject to the net profits of the Company, its cash flow and its needs with regard to capital expenditure.

The Board had decided not to declare any interim dividend in May 2020, given the precarious environment and uncertainties that the Group was facing at that time. As these conditions continue to prevail and given the drop in PAT from continuing operations, the Board has resolved not to declare a final dividend for the year under review. The Board will continue to monitor the situation very closely and will adapt its dividend pay-out accordingly.

8.4 Donations

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

8.5 Corporate social responsibility (CSR) and environmental issues

Cim CSR Fund Ltd was set up on 12 April 2016 under the laws of Mauritius pursuant to the Companies Act 2001. Cim CSR Fund Ltd receives annual statutory contributions from all entities within the Group for the purposes of corporate social responsibility ("CSR").

The Group's CSR activities which reflect its commitment to creating sustainable value for the social, environmental and economic well-being of society are set out on pages 40 to 43.

Information on the major projects undertaken by Cim CSR Fund Ltd is available for consultation on https://www.cim.mu/corporate-engagement.html.

Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

28 December 2020

Other Statutory Disclosures

Directors' remuneration and benefits

			2020	2019
			MUR m	MUR m
Directors of Cim Financial Services				
1	Executive	(1 in 2019)	19.2	18.8
11	Non Executive	(8 in 2019)	6.8	6.2
Directors of Subsidiary companies				
5	Executive	(9 in 2019)	19.3	38.3
7	Non Executive	(10 in 2019)	3.8	4.6

Donations

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR m	MUR m	MUR m	MUR m
CSR	5.1	12.1	-	-
Donations (charitable)	-	-	-	-

Auditors' fees

	GROUP		COMPANY	
	2020	2019	2020	2019
	MUR m	MUR m	MUR m	MUR m
Audit fees paid to :				
BDO	2.3	1.0	0.7	-
Other	0.4	3.7	-	0.7
Fees paid for other services provided by :				
BDO	0.1	0.3	-	-
Other	0.5	0.7	0.3	0.2

Detailed description and nature of non audit services

The non-audit fees paid to other firm relate to the surrender of deposit taking of subsidiaries, quarterly review of consolidated figures per quarters and internal control services as per Bank of Mauritius.

Directors' Report

(a) Financial Statements

The directors of CIM Financial Services Ltd (the 'Company') are responsible for the integrity of the audited financial statements of the Group and the Company, and the objectivity of the other information presented in these statements.

The Board confirms that, in preparing the audited financial statements, it has:

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgements and estimates that are reasonable and prudent;

(iii) stated whether applicable accounting standards have been followed, subject to any material departures explained in the financial statements;

(iv) kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company;

(v) safeguarded the assets of the Company by maintaining internal accounting and administrative control systems and procedures; and

(vi) taken reasonable steps for the prevention and detection of fraud and other irregularities.

(b) Going Concern Statement

On the basis of current projections, we are confident that the Group and the Company have adequate resources to continue operating for the foreseeable future and consider that it is appropriate that the going concern basis in preparing the financial statements be adopted.

(c) Internal Control and Risk Management

The Board is responsible for the system of Internal Control and Risk Management for the Company and its subsidiaries. The Group is committed to continuously maintaining a sound system of risk management and adequate control procedures with a view to safeguarding the assets of the Group.

The Board believes that the Group's systems of internal control and risk management provide reasonable assurance that control and risk issues are identified, reported on and dealt with appropriately.

(d) Donations

The Company did not make any political contributions in this financial year. For details on the charitable donations made by the Company, please refer to page 56.

(e) Governance

The Board strives to apply the principles of good governance within the Company and its subsidiaries.

(f) Audited Financial Statements

The audited financial statements of the Group and the Company which appear on pages 62 to 155 were approved by the Board on 28 December 2020 and are signed on their behalf by:

A. Timol

Aisha Timol
Independent Director and Chairperson

Mark van Beuningen
Executive Director and Group Chief Executive Officer

Secretary's Certificate

In my capacity as Company Secretary of CIM Financial Services Ltd (the 'Company'), I hereby confirm that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies, for the financial year ended 30 September 2020, all such returns as are required of the Company under the Companies Act 2001.

Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

28 December 2020

Statement of Compliance

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

Name of PIE: CIM Financial Services Ltd

Reporting Period: FINANCIAL YEAR 2019-2020

CIM Financial Services Ltd is a public interest entity and is, as such, required to adopt corporate governance principles in accordance with the National Code of Corporate Governance (2016) (the 'Code').

Throughout the year ended 30 September 2020, to the best of the Board's knowledge, CIM Financial Services Ltd has complied with the principles of the Code. CIM Financial Services Ltd has applied all the principles set out in the Code and explained how these principles have been applied.

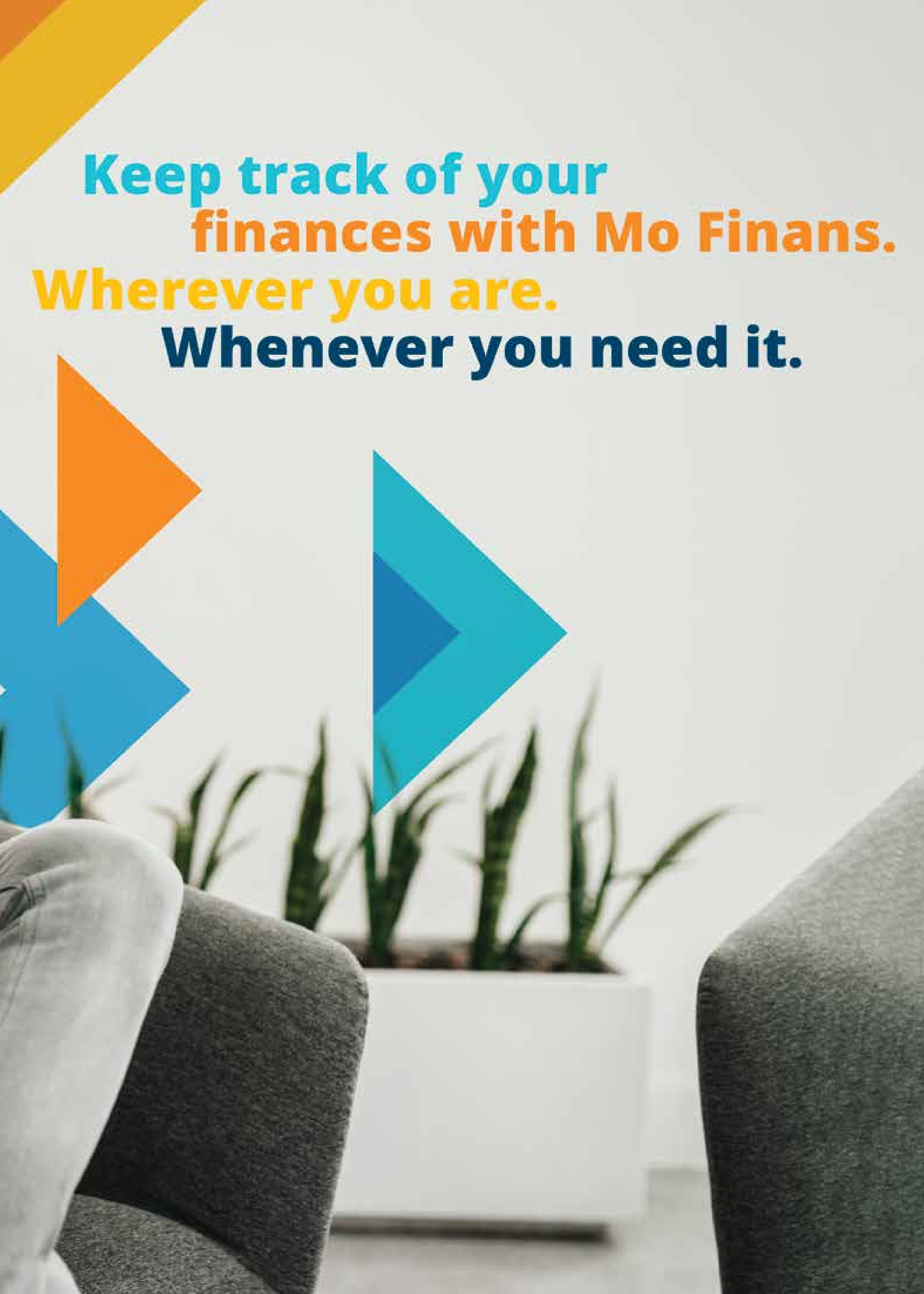
SIGNED BY:

Aisha Timol
Independent Director and Chairperson

28 December 2020

Mark van Beuningen
Executive Director and Group Chief Executive Officer

28 December 2020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Independent Auditor's Report

TO THE SHAREHOLDERS OF CIM FINANCIAL SERVICES LTD

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Cim Financial Services Ltd and its subsidiaries (the Group), and the Company's separate financial statements on pages 66 to 155 which comprise the statements of financial position as at 30 September 2020, and the statements of profit or loss, the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 66 to 155 give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and complying with the Companies Act 2001.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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

Impairment of net investment in leases and other credit agreements and loans and advances

At 30 September 2020, the Group has net investment in leases and other credit agreements, and loans and advances (collectively referred to as "Facilities") amounting to MUR13,477 m, representing 85% of the Group's total assets. These facilities are measured at amortised costs under IFRS 9, less an allowance for the expected credit loss, amounting to MUR980 m for impaired facilities and MUR149 m for non-impaired facilities.

IFRS 9 requires the Group to recognise expected credit losses (ECL) on financial instruments which involves significant judgement and estimates to be made by the Group. The determination of ECL on facilities which are not credit impaired involves the highest level of management judgement, thus requiring greater audit attention. Specific areas of judgement and estimation uncertainty include:

- Identification of significant increase in credit risk (SICR), and in particular the selection of criteria to identify a SICR. These criteria are highly judgemental and can materially impact the ECL recognised for certain portfolios where the life of the facilities is greater than 12 months;
- Complexity of the ECL model involving a number of critical assumptions in the determination of probabilities of default (PD), loss given default (LGD) and exposure at default (EAD).
- Use of forward-looking information to determine the likelihood of future losses being incurred.
- Qualitative adjustments made to model driven ECL results raised to address model limitations, emerging risks and trends in underlying portfolios which are inherently judgemental.

Facilities are considered to be credit impaired in accordance with IFRS 9 when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Failure to recognise adequate allowance for credit impairment can result in a potential overstatement of the net investment in leases and other credit agreements, loans and advances balance in the financial statements. Identification of credit-impaired facilities (i.e. those classified in Stage 3) and determination of the expected credit losses thereon involves significant judgement, estimates and assumptions regarding (i) determination of whether a facility is credit impaired and (ii) in estimating the forecasted cash flows the Group expects to receive from the obligors. This includes an estimate of what the Group can realise from the collaterals it holds as security on the impaired facilities.

Given the inherent risk associated, the management overlays used and the nature of the business and size of the facilities, we deemed the expected credit loss allowance a key audit matter.

Related Disclosures

Refer to note 15, 16 and note 2.7 (accounting policies), 3 (Significant accounting estimates and judgements) and note 4.1 (financial risks) of the accompanying financial statements.

Independent Auditor's Report

TO THE SHAREHOLDERS OF CIM FINANCIAL SERVICES LTD

Report on the audit of the Financial Statements (Cont'd)

Audit Response

We assessed and tested the design and operating effectiveness of key controls over facilities as well as the estimated expected credit loss allowance associated with non-performing loans (NPL). In relation to impairment, careful audit consideration was given to specific impairment calculations and collateral valuation. For non-credit impaired facilities, we assessed the appropriateness of the model used including the inputs and assumptions by reviewing the followings:

- The appropriateness of the level of segmentation used,
- The buckets used in the free floor rate analysis,
- The appropriateness of the data and assumptions used to determine the Loss Given Default (LGD),
- The criteria for staging of credit exposures and ensure these are in line with the requirements of IFRS 9 including any backstops used in the methodology, and
- The reasonableness of overlays applied by management to factor in the impact of the COVID-19 pandemic.

For stage 3 loans, we have tested the list of all credit impaired loans identified by management by performing the following procedures:

- We obtained and tested loan arrears reports and ensured all that arrears exceeding 90 days past due were included in the impaired portfolio category for specific impairment assessment.
- We evaluated whether facilities that are credit-impaired have been properly identified by management through identifying facilities meeting certain criteria such as financial difficulties of the borrower, restructured loans, insufficient collaterals and exposures to sectors in decline.
- Where exposures are collateralised, we evaluated the Group's legal right to the collateral, as well as the appropriateness of the valuations of the collateral in relation to ECL determination; and
- We ensured that management overlays used are appropriate and in line with the Group's risk management policies.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Financial Highlights, Chairperson's message, Group Review, Risk Management Report, Other Statutory Disclosures, Directors' Report, the Secretary's Certificate as required by the Companies Act 2001, and the Directors of Subsidiary Companies, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Corporate Governance Report

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

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

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

In preparing the financial statements, the Directors are responsible for assessing the Group 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 the Company or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report

TO THE SHAREHOLDERS OF CIM FINANCIAL SERVICES LTD

Report on the audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe 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.

Independent Auditor's Report

TO THE SHAREHOLDERS OF CIM FINANCIAL SERVICES LTD

Report on the audit of the Financial Statements (Cont'd)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

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

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

28 December 2020

Statements of Profit or Loss

30 SEPTEMBER 2020

		GROUP		COMPANY	
Continuing Operations	**Notes**	**Sep-20 MUR m**	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Interest income					
Interest income using EIR method	5(a)	**933.3**	549.8	**199.5**	87.8
Other interest income	5(a)	**781.4**	892.8	**0.3**	30.8
Interest expense	5(b)	**(431.4)**	(388.2)	**(138.8)**	(39.3)
Net interest income		**1,283.3**	1,054.4	**61.0**	79.3
Fee and commission income	6	**569.2**	541.1	**-**	-
Investment income		**-**	-	**140.0**	311.9
Other operating income	7	**229.5**	214.4	**-**	7.8
		798.7	755.5	**140.0**	319.7
Net operating income		**2,082.0**	1,809.9	**201.0**	399.0
Operating expenses					
Employee benefit expense	8	**(600.1)**	(574.6)	**(13.1)**	(11.4)
Depreciation	22/23	**(189.1)**	(146.2)	**-**	-
Amortisation	24	**(33.3)**	(26.8)	**(0.1)**	-
Other operating expenses	9	**(353.6)**	(400.4)	**(19.6)**	(25.6)
		(1,176.1)	(1,148.0)	**(32.8)**	(37.0)
Operating profit before impairment		**905.9**	661.9	**168.2**	362.0
Allowance for credit impairment	10	**(652.6)**	(180.9)	**(16.2)**	(5.8)
Impairment of investment	20/21	**-**	-	**(22.6)**	(55.7)
		(652.6)	(180.9)	**(38.8)**	(61.5)
Operating profit		**253.3**	481.0	**129.4**	300.5
Foreign exchange gain		**0.9**	4.4	**-**	3.9
Net gain on derecognition of subsidiaries	33	**13.5**	-	**-**	-
Net gain on share buy back of associate		**6.2**	-	**-**	-
Share of results of associates	21 (a)	**(5.7)**	(32.3)	**-**	-
Profit before tax from continuing operations		**268.2**	453.1	**129.4**	304.4
Income tax expense	11(a)	**(77.4)**	(86.2)	**(8.8)**	(2.7)
Profit for the year from continuing operations		**190.8**	366.9	**120.6**	301.7
Discontinued operations					
Profit after tax for the year from discontinued operations		**-**	15.8	**-**	-
Profit for the year		**190.8**	382.7	**120.6**	301.7
Basic and diluted earnings per share from continuing operations (MUR)	31	**0.28**	0.54	**0.18**	0.44
Basic and diluted earnings per share from discontinued operations (MUR)	31	**-**	0.02	**-**	-
Basic and diluted earnings per share (MUR)	31	**0.28**	0.56	**0.18**	0.44

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor's report on pages 62 to 65.

Statements of Comprehensive Income

30 SEPTEMBER 2020

	Notes	GROUP		COMPANY	
		Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Profit for the year		**190.8**	382.7	**120.6**	301.7
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Remeasurement of post employment benefit, net of tax	12	**(53.1)**	(9.2)	**(10.1)**	(0.3)
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translation of foreign entities	12	**11.1**	(1.6)	**-**	-
Movement in reserves of associates	21(a)	**2.9**	6.7	**-**	-
Other comprehensive loss for the year, net of tax		**(39.1)**	(4.1)	**(10.1)**	(0.3)
Total comprehensive income for the year, net of tax		**151.7**	378.6	**110.5**	301.4

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor’s report on pages 62 to 65.

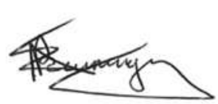
Statements of Financial Position

30 SEPTEMBER 2020

	Notes	GROUP Sep-20 MUR m	GROUP Sep-19 MUR m	COMPANY Sep-20 MUR m	COMPANY Sep-19 MUR m
ASSETS					
Cash and bank balances	13	**460.7**	444.5	**18.1**	12.6
Deposits with banks	14	**510.2**	507.0	**-**	-
Net investment in leases and other credit agreements	15	**8,374.1**	8,769.1	**-**	-
Loans and advances	16	**5,103.2**	3,708.7	**7,294.4**	2,991.9
Investments in financial assets	17	**28.9**	8.9	**20.8**	0.8
Other assets	18	**360.1**	435.3	**192.0**	200.4
Inventories	19	**2.0**	3.7	**-**	-
Investments in subsidiaries	20	**-**	-	**1,118.1**	1,130.3
Investments in associates	21	**24.9**	141.0	**-**	10.4
Equipment	22	**556.3**	638.9	**-**	-
Right-of-use assets	23(a)	**189.3**	-	**-**	-
Income tax assets	11(b)	**-**	18.3	**-**	-
Deferred tax assets	26	**188.8**	47.1	**-**	-
Intangible assets	24	**109.8**	88.3	**-**	0.1
Total assets		**15,908.3**	14,810.8	**8,643.4**	4,346.5
LIABILITIES					
Other borrowed funds	27	**9,836.6**	9,094.8	**5,487.2**	1,203.3
Other liabilities	28	**1,372.0**	1,438.7	**5.9**	3.8
Lease liabilities	23(b)	**209.3**	-	**-**	-
Income tax liabilities	11(b)	**115.6**	6.1	**4.6**	2.7
Deferred tax liabilities	26	**16.4**	1.3	**-**	-
Post employment benefit liabilities	25	**158.9**	94.4	**45.1**	37.7
Total liabilities		**11,708.8**	10,635.3	**5,542.8**	1,247.5
EQUITY					
Stated capital	30	**680.5**	680.5	**680.5**	680.5
Retained earnings	30	**3,053.7**	2,983.7	**2,434.3**	2,422.6
Other reserves	30	**465.3**	511.3	**(14.2)**	(4.1)
Total equity		**4,199.5**	4,175.5	**3,100.6**	3,099.0
Total equity and liabilities		**15,908.3**	14,810.8	**8,643.4**	4,346.5

These financial statements have been approved for issue by the Board of Directors on 28 December 2020.

Aisha Timol
Independent Director and Chairperson



Mark van Beuningen
Executive Director and Group Chief Executive Officer

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor's report on pages 62 to 65.

Statements of Changes in Equity

30 SEPTEMBER 2020

	Notes	Stated capital MUR m	Capital reserves MUR m	Revaluation reserves MUR m	Other reserves MUR m	Retained earnings MUR m	Actuarial reserves MUR m	Attributable to owners of the parent MUR m	Non controlling interests MUR m	Total equity MUR m
GROUP										
At 1 October 2019										
as previously stated		680.5	536.6	-	(2.4)	2,983.7	(22.9)	4,175.5	-	4,175.5
impact of adopting IFRS 16	43	-	-	-	-	(11.9)	-	(11.9)	-	(11.9)
as restated		680.5	536.6	-	(2.4)	2,971.8	(22.9)	4,163.6	-	4,163.6
Profit for the year		-	-	-	-	190.8	-	190.8	-	190.8
Other comprehensive income/(loss) for the year	12	-	-	-	14.0	-	(53.1)	(39.1)	-	(39.1)
Total comprehensive income/(loss) for the year		-	-	-	14.0	190.8	(53.1)	151.7	-	151.7
Dividends	29	-	-	-	-	(108.9)	-	(108.9)	-	(108.9)
Effect of share buy back of associate		-	-	-	(6.9)	-	-	(6.9)	-	(6.9)
Total transactions with owners of parent		-	-	-	(6.9)	(108.9)	-	(115.8)	-	(115.8)
At 30 September 2020		**680.5**	**536.6**	**-**	**4.7**	**3,053.7**	**(76.0)**	**4,199.5**	**-**	**4,199.5**

	Notes	Stated capital MUR m	Capital reserves MUR m	Revaluation reserves MUR m	Other reserves MUR m	Retained earnings MUR m	Actuarial reserves MUR m	Attributable to owners of the parent MUR m	Non controlling interests MUR m	Total equity MUR m
At 1 October 2018										
as previously stated		680.5	494.7	172.6	(7.5)	4,999.9	(13.7)	6,326.5	319.4	6,645.9
impact of adopting IFRS 9		-	-	-	-	2.8	-	2.8	-	2.8
as restated		680.5	494.7	172.6	(7.5)	5,002.7	(13.7)	6,329.3	319.4	6,648.7
Profit for the year		-	-	-	-	382.7	-	382.7	-	382.7
Other comprehensive income/(loss) for the year	12	-	-	-	5.1	-	(9.2)	(4.1)	-	(4.1)
Total comprehensive income/(loss) for the year		-	-	-	5.1	382.7	(9.2)	378.6	-	378.6
Dividends	29	-	-	-	-	(156.5)	-	(156.5)	-	(156.5)
Distribution of non cash assets to owners		-	-	(172.6)	-	(2,203.3)	-	(2,375.9)	(319.4)	(2,695.3)
Transfers		-	41.9	-	-	(41.9)	-	-	-	-
Total transactions with owners of parent		-	41.9	(172.6)	-	(2,401.7)	-	(2,532.4)	(319.4)	(2,851.8)
At 30 September 2019		**680.5**	**536.6**	**-**	**(2.4)**	**2,983.7**	**(22.9)**	**4,175.5**	**-**	**4,175.5**

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor's report on pages 62 to 65.

Statements of Changes in Equity

30 SEPTEMBER 2020

	Notes	Stated capital MUR m	Actuarial reserves MUR m	Retained earnings MUR m	Total equity MUR m
COMPANY					
At 1 October 2019		680.5	(4.1)	2,422.6	3,099.0
Profit for the year		-	-	120.6	120.6
Other comprehensive loss	12	-	(10.1)	-	(10.1)
Dividends	29	-	-	(108.9)	(108.9)
At 30 September 2020		**680.5**	**(14.2)**	**2,434.3**	**3,100.6**
At 1 October 2018					
as previously stated		680.5	(3.8)	4,003.8	4,680.5
impact of adopting IFRS9		-	-	(5.3)	(5.3)
as restated		680.5	(3.8)	3,998.5	4,675.2
Profit for the year		-	-	301.7	301.7
Other comprehensive loss	12	-	(0.3)	-	(0.3)
Distribution of non cash assets to owners		-	-	(1,721.1)	(1,721.1)
Dividends	29	-	-	(156.5)	(156.5)
At 30 September 2019		**680.5**	**(4.1)**	**2,422.6**	**3,099.0**

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor's report on pages 62 to 65.

Statements of Cash Flows

30 SEPTEMBER 2020

	Notes	GROUP Sep-20 MUR m	GROUP Sep-19 MUR m	COMPANY Sep-20 MUR m	COMPANY Sep-19 MUR m
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash (absorbed in)/generated from operations	32	**(686.8)**	(2,411.7)	**(4,256.3)**	226.0
Interest paid		**(322.4)**	(399.9)	**(77.6)**	(36.4)
Interest received		**603.0**	466.6	**122.9**	78.1
Income tax paid	11	**(44.1)**	(83.2)	**(6.4)**	-
Net cash flow (used in)/generated from operating activities		**(450.3)**	(2,428.2)	**(4,217.4)**	267.7
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		**-**	10.9	**140.0**	311.9
Proceeds from sale of financial assets		**-**	8.0	**-**	-
Purchase of financial assets		**(20.0)**	(8.1)	**-**	-
Purchase of equipment	22	**(115.4)**	(297.5)	**-**	-
Proceeds from sale of equipment		**43.2**	33.8	**-**	-
Purchase of intangible assets	24	**(54.2)**	(53.8)	**-**	-
Proceeds from share buy back of associate company	33	**118.4**	-	**-**	-
Derecognition of subsidiary, net of cash acquired	33	**(2.1)**	-	**-**	-
Investment in subsidiaries		**-**	-	**-**	(200.0)
Cash distributed from property segment		**-**	(269.9)	**-**	(170.0)
Net cash flow (used in)/generated from investing activities		**(30.1)**	(576.6)	**140.0**	(58.1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from other borrowed funds	27	**8,718.4**	17,177.9	**6,485.2**	993.0
Repayment of other borrowed funds	27	**(8,072.6)**	(13,912.1)	**(2,262.5)**	(1,189.9)
Principal paid on lease liabilities		**(13.1)**	-	**-**	-
Interest paid on lease liabilities	23	**(11.1)**	-	**-**	-
Dividends paid		**(108.9)**	(156.5)	**(108.9)**	(156.5)
Net cash flow generated from/(used in) financing activities		**512.7**	3,109.3	**4,113.8**	(353.4)
Net increase/(decrease) in cash and cash equivalents		**32.3**	104.5	**36.4**	(143.8)
Cash and cash equivalents - opening		**428.0**	322.7	**125.1**	268.9
Effect of exchange rate changes on cash and cash equivalents		**0.4**	0.8	**-**	-
Cash and cash equivalents - closing	13	**460.7**	428.0	**161.5**	125.1

The notes on pages 72 to 155 form an integral part of these financial statements.
Auditor's report on pages 62 to 65.

Explanatory Notes

30 SEPTEMBER 2020

1. GENERAL INFORMATION

CIM Financial Services Ltd is a public company limited by shares, incorporated on 15 July 2005 and domiciled in Mauritius. The principal activity of the Company is the holding of investments. The activities of the Group consist mainly of financing businesses. As at 30 September 2020, its holding company is Cim Holdings Ltd and its registered address is Taylor Smith House, Old Quay D Road, Port Louis. The Company's place of business is at cnr Edith Cavell & Mere Barthelemy Streets, Port-Louis. These financial statements have been prepared for the year ended 30 September 2020.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements include the consolidated financial statements of the parent company and its subsidiary companies (the "Group") and the separate financial statements of the parent company (the "Company"). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest one decimal place of million (MUR m), except when otherwise indicated. These policies have been consistently applied to all the years presented, unless otherwise stated and where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The financial statements are prepared under the historical cost convention except that:

- Relevant Financial assets and financial liabilities are stated at their fair value.
- Relevant Financial assets and financial liabilities are carried at amortised cost.

The Company and the Group present their statements of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 40 of the financial statements.

2.2 Impairment of investment in subsidiaries

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.3 Going Concern and COVID-19 outbreak

In 2020, with the outbreak of the highly contagious form of Corona virus ("COVID-19"), the world has experienced global disruptions in its economic and social activities. Locally, the authorities imposed an immediate lockdown on the 20 March 2020 as soon as the first cases of COVID-19 appeared. A few days later, a more stricter curfew was imposed to stop the transmission of the virus within the local population. The restriction was lifted on 30 May and by mid-June 2020, all businesses and activities were allowed to operate, albeit with all the appropriate sanitary precautionary measures in place. However, with international borders remaining closed, sectors of the economy such as hospitality and tourism are far from returning to pre-COVID era.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.3 Going Concern and COVID-19 outbreak (Cont'd)

To mitigate the socio-economic crisis of the pandemic, the Government of Mauritius implemented key measures, as follows, to support individuals, businesses and the local economy:

(i) The Wage Assistance Scheme ("WAS"): Funding partially the salary of those employees earning up to Rs50,000 during the lockdown period to assist employers and ensure employees are duly paid. Post lockdown, the Government continued to support sectors impacted by the closure of our borders through the WAS.

(ii) The Self-Employed Assistance Scheme ("SEAS"): Self-employed impacted by loss of revenue due to the pandemic have access to a financial support of Rs5,100 monthly.

(iii) COVID-19 Solidarity Fund : To assist those affected by the COVID-19, a special fund was set up.

(iv) Moratorium scheme : For Micro, Small and Medium Enterprises ("MSMEs"), a moratorium of 6 months on repayments with respect to their existing loans with commercial banks.

(v) Support to households: moratorium of 6 months on repayments of household loans from commercial banks to households with combined basic salary not exceeding Rs50,000.

(vi) Special Relief : The Bank of Mauritius ("BOM") introduced a Special Relief fund of Rs5 Billion through commercial banks to meet cash flow and working capital requirements of MSME's which are being directly impacted by COVID-19 at a lower funding rate.

(vii) Key Repo Rate ("KRR") : The benchmark KRR was reduced by 50 basis points to reach 2.85% in March 2020 and by a further 100 basis points to 1.85% a month later. Such measure aimed to stimulate and support the domestic economic activity.

(viii) Foreign currency swap and line of credit: To support import businesses, BOM introduced USD/MUR swaps and made available line of credit in foreign currency to the tune of USD500million with commercial banks.

(ix) Mauritius Investment Corporation ("MIC"): A special purpose entity set up by BOM to provide support to domestic systemic economic operators to navigate through this tumultuous period and to ensure that jobs are not lost.

In addition to the group internal measures implemented to mitigate the risk of the pandemic on the business, Management has factored in the various Government measures when assessing the impact of COVID-19 on the going concern of Cim Group.

(i) Credit Risk Framework review

Cim has reviewed its credit risk framework into a more dynamic one to deal with the rapidly evolving situation. The Consumer Finance automated scorecards were adjusted to reflect increase in risk emerging from the post-lockdown uncertain environment (scorecard tightening). Similarly, for the other lending products, a more conservative approach is being adopted by the credit underwriting team for approval of new facilities.

(ii) Existing portfolio assessment

The business and risk team collaborated to understand the potential impacts to the existing portfolio and identified stressed sectors and clients. Stress testing and scenario based forecasting to project the expected credit losses were conducted to ensure adequate buffers are maintained in terms of capital adequacy as well as funding and liquidity ratios, thus preserving the Group's financial soundness, against any expected credit losses.
The business, together with Risk, Finance and Recovery, has used the output of the analysis to refine near-term lending capacity and strategy in line with the risk appetite as well as to define the collection strategy.

(iii) Forecast review

With the COVID-19 implications in the background, management has worked out the forecast for the next twelve months with a prudent view on the level of disbursement across all its lending products as well as the provisioning for impairment. The projection factored in the tightening of credit scorecards that focuses on providing new facilities to those who have better repayment capacity and employment stability. The outcome of the forecast indicates that the Group will meet its financial obligations as they fall due and remains reasonably profitable.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.3 Going Concern and COVID-19 outbreak (Cont'd)

(iv) Capital Adequacy Ratio ("CAR") monitoring

The Group monitors its CAR on a regular basis and uses the latter as a key metric to assess its robustness to sustain economic shocks, particularly in a bearish environment. With a solid equity base of around MUR 4bn, the Group's CAR has remained above 20 in recent years.

Due to exceptionally high macroeconomic uncertainty, the Group increased the expected credit losses to cater for the heightened credit risk. Thus for the FY 2019/20 the Group has impairment charges to the tune of MUR 0.6bn on the Group's lending portfolio to reflect the inherent increase in credit risks on a forward looking basis. Despite this significant increase in the impairment charges, the CAR remained at a very reasonable level. This is a strong indication of the resilience of the Group amidst testing times.

Further, benchmarking the Group's CAR against the Basel III limits, it is noted that the Group has adequate buffer to sustain capital erosion under stressed scenarios and remains comfortable that its CAR level will remain above its minimum internal ratio and therefore will continue to operate as a going concern.

(v) Liquidity monitoring

The liquidity position of the Group is closely monitored and managed by the Treasury department on a daily basis. The Group maintains a deposit of MUR500 m and has cash balances hovering in the range of MUR500 m, translating into total liquid assets of approximately MUR1 bn. In addition to its banking facilities that consist of short-term to long-term instruments, the Group has raised funds in October 2019 and more recently, post lockdown, in July 20, to the tune of MUR 2 bn and MUR3 bn respectively through the Debt Capital Market, with both issues oversubscribed.

Indeed the Group felt that it was important to secure funding for the business during these uncertain times to continue to meet its working capital requirements and financial obligations as they fall due. The combination of the Group's banking facilities and corporate bonds funding will strengthen its liquidity position to mitigate against the negative impact of the pandemic and to continue to provide support to its client base by alleviating their immediate cash flow concerns.

(vi) Costs monitoring and Easing Collection

Following the outbreak of COVID-19, the group has doubled its effort in monitoring closely its expenses and where possible has deferred capital projects, thus alleviating any liquidity pressure.

During the lockdown period, the Group launched its first mobile application "Mo Finans", a user-friendly application that allows clients to check their accounts, view their monthly amount due and proceed with their payments. In parallel, the group also developed an online payment channel via its website. The repayment channels are fully operational and have generated a great interest from our clients who can now effect payment easily, from the comfort of their home, while ensuring secured access to their account and at the same time bringing customer experience to a completely new level. Such development has allowed Cim to receive payments even during the curfew.

(vii) Client relationship management

Managing the relationship with its clientele is a critical element of the success of Cim's business, more so during difficult times. Following the lifting of the curfew in June, the Cim team has been reaching out to its clients to understand their financial situation and offered options to assist them in meeting their obligations, with rescheduling and moratoriums of both capital and interest elements ranging from three to six months. The process is on-going and will help to mitigate the risk of default of Cim's loyal customers.

The full magnitude of the economic and financial impact of the pandemic are yet to be known and will depend on a number of factors such as the duration and severity of the virus spread across countries and extent of preventive measures as well as support measures by the government.

However, based on the group internal measures implemented to mitigate the downside risk caused by COVID-19 outbreak, management is satisfied that there is no material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.4 Statement of compliance

The financial statements of CIM Financial Services Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by The International Accounting Standard Board (IASB).

2.5 Changes in accounting policies and disclosures

(a) New and amended standards and interpretation

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 October 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below.

IFRS 16 – Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Group has adopted IFRS 16 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings. The Group has elected to apply the standard to contracts that were previously identified as leases applying IAS 17.

The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 October 2019. The new accounting policies are disclosed in note 23.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 5.3%.

IFRIC 23 – Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Group's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Group's financial statements.

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Group's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements, Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarifies that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies and disclosures (Cont'd)

(a) New and amended standards and interpretation (Cont'd)

- Recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.

- Separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to **IFRS 10** and **IAS 28**)
IFRS 17 Insurance Contracts
Definition of a Business (Amendments to **IFRS 3**)
Definition of Material (Amendments to **IAS 1** and **IAS 8**)
Interest Rate Benchmark Reform (Amendments to **IFRS 9**, **IAS 39** and **IFRS 7**)
Classification of Liabilities as Current or Non-current (Amendments to **IAS 1**)
Annual Improvements 2018–2020
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to **IAS 16**)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to **IAS 37**)
Reference to the Conceptual Framework (Amendments to **IFRS 3**)
COVID-19-Related Rent Concessions (Amendment to **IFRS 16**)
Amendments to **IFRS 17**
Extension of the Temporary Exemption from Applying **IFRS 9** (Amendments to **IFRS 4**)
Interest Rate Benchmark Reform - Phase 2 (Amendments to **IFRS 9**, **IAS 39**, **IFRS 7**, **IFRS 4** and **IFRS 16**)

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

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of CIM Financial Services Ltd and its subsidiaries as at 30 September 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.6 Basis of consolidation (Cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the cumulative translation differences, recorded in equity
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

2.7 Significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(b) Investments in subsidiaries

Subsidiaries are fully consolidated in the Group's financial statements from the date control is obtained by the Group until the date that control ceases.

Separate financial statements of the investor

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, net of any impairment.

Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

For basis of consolidation, refer to 2.6

(c) IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments was issued in July 2014 and has an effective date of 1 January 2019. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, introducing new requirements for the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions, and providing for a simplified approach to hedge accounting.

Financial Assets

The Group classifies its financial assets into one of the categories discussed below depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- Debts investments that do not qualify for measurement at either amortised cost or FVOCI

(ii) Amortised cost

These assets arose principally from the provision of goods and services to customers but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(c) IFRS 9 - Financial Instruments (Cont'd)

(ii) Amortised cost (Cont'd)

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

(iii) Fair value through other comprehensive income ("FVOCI")

The Group has debt instruments whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive reserve, Upon disposal any balance within fair value through other comprehensive income reserve is classified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income and accumulated in fair value reserve.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging, the Group's accounting policy for each category is as follows:

(i) Fair value through profit or loss

This category comprise only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

(ii) Other financial liabilities

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

Other financial liabilities include the following items:

- Trade payables and other short term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(d) Investments in associates

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.

(i) Separate financial statements of the investor

In the separate financial statements of the investor, investments in associates are carried at cost (which includes transaction costs). Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Consolidated financial statements

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates.

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of associates is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of result of associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(e) Recognition of income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

(i) Fee and commission income

The Group earns fee and commission income from the financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Group's revenue contracts do not typically include multiple performance obligations.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(e) Recognition of income (Cont'd)

(ii) Fees relating to card activities

The Group provides its customers with credit card processing services (i.e., authorisation and settlement of transactions) where it is entitled to a fee for each transaction. These services represent a single performance obligation comprised of a series of distinct daily services that are substantially the same and have the same pattern of transfer over the contract period. The fees vary based on the number of transactions processed and are structured as either a fixed rate per transaction processed or at a fixed percentage of the underlying cardholder transaction. The variable fees are allocated to each distinct day, based on the number and value of transactions processed that day, and the allocated revenue is recognised as the entity performs. Revenue from these fees are recognised over time.

(iii) Factoring fees

The Group provides factoring services to its customers and receives fees at a percentage for each transaction agreed with the counterparties. The performance obligation is satisfied at the acceptance of the invoice for which it provides the factoring service and the revenue is recognised at this point.

(iv) Interest and similar income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Fees that the Group considers to be an integral part of these financial instruments are recognised in the EIR.

Earnings from finance leases are recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Commissions or discounts received from merchants on financing of credit agreements are initially recognised and presented in other liabilities in the statement of financial position. The release to profit or loss is recognised in fee and commission income in the statement of profit or loss.

(v) Rental income

Rental income is recognised in accordance with the substance of the relevant agreement. Rental income from operating leases net of value added taxes is recognised on a straight line basis over the lease term.

(vi) Penalty and late payment fees

Penalty and late payment fees on card activities are recognised over the period to which they accrue.

(vii) Dividend Income

Dividend Income is recognised when the Group's right to receive the payment is established.

(viii) Management and administration fees

Revenue from management and administration services are recognised over time as the services are received and consumed simultaneously.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(f) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Mauritian Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated and separate financial statements are presented in Mauritian Rupees, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Mauritian Rupees using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(iii) Group companies

The results and financial position of the Group entities that have a functional currency different from Mauritian Rupee are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates;
- all resulting exchange differences are recognised in other comprehensive income;
- 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 at the closing rate.
- On disposal of foreign entities, such translation differences are recognised in the profit or loss as part of the gain or loss.

(g) Inventories

Inventories consisting of consumable card and stamps are valued at lower of cost and net realisable value.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(h) Leases

Accounting for leases - where Company is the lessor

Lease income from leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

Accounting for leases - where Company is the lessee

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was 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 were charged to profit or loss.

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(h) Leases (Cont'd)

From 1 October 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability, refer to note 43 – Changes in accounting policies, except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

a) There is an identified asset;
b) The Group obtains substantially all the economic benefits from use of the asset; and
c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(h) Leases (Cont'd)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(i) Equipment

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

An item of equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts previously included in revaluation reserves are transferred to retained earnings.

Items of equipment costing less than MUR 30,000 are recognised as expense in profit or loss in the year of acquisition.

The assets' residual values, useful lives and depreciation method are reviewed and adjusted prospectively, if appropriate, at the end of each reporting period.

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(j) Intangible assets (Cont'd)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

The amortisation rates on computer software vary from 12% to 50% per annum.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

(k) Current and deferred income tax

(i) Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred Income Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax asset and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in profit or loss except for tax related to items recognised in equity or other comprehensive income which are recognised in correlation to the underlying transaction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Corporate Social Responsible (CSR) Tax

Entities in the Group are required to set up a Corporate Social Responsibility (CSR) Fund of 2.0 percent of its taxable profit of the preceding year. If the amount spent on CSR activities is less than the amount provided under the Fund, the difference is payable to the tax authorities as a tax ("CSR tax"). The CSR tax is included in income tax expense and the net amount of CSR fund payable is included in other liabilities in the statements of financial position.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(k) Current and deferred income tax (Cont'd)

(iv) Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset of as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of value added tax included.
- The net amount of value added taxes recoverable from or payable to the taxation authority is included as part of receivable or payables in the statements of financial position.

(l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

(m) Post-employment benefits

(i) State plan and defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the National Pension Scheme and the Group's defined contribution pension plan are expensed to profit or loss in the period in which they fall due.

(ii) Defined benefit pension plans and other retirement benefits

The following pension benefits are also in place:

- The Group contributes to a pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit plan.
- The Group recognises a net liability for employees whose benefits under the current pension plan are not expected to fully offset the retirement gratuity obligations under the Workers Rights Act 2019.
- The Group recognises a liability in respect of employees who are not members of any supplementary pension plan and are entitled to retirement gratuities under the Workers Rights Act 2019.
- The Group recognises a liability in respect of pensions paid out of the Group's cash flow for some former employees.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined liability during the period as a result of contributions and benefit payments. Net interest expense is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

For employees who are not covered or who are insufficiently covered by the current pension plan, the net present value of gratuity on retirement payable under the Employment Rights Act 2008 (as amended) is calculated by an actuary and provided for. The obligations arising under this item are not funded.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(m) Post employment benefits (Cont'd)

(iii) Gratuity on retirement

The net present value of gratuity on retirement payable under the Employment Rights Act 2008 (as amended) has been provided for in respect of those employees who are not covered or who are insufficiently covered by the above retirement benefit plan. The obligations arising under this item are not funded. The Employment Rights Act stipulates that the gratuity paid on retirement should be based on the remuneration (which is inclusive of payment for extra work, productivity bonus, attendance bonus, commission in return for services and any other regular payment) of the employee instead of the earnings. The amount due per year of service is 15 days remuneration based on a month of 26 days (15/26).

(n) Financial instruments – Initial recognition and subsequent measurement

(i) Date of recognition

Financial assets and liabilities, with the exception of other borrowed funds, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Other borrowed funds are recognised when funds reach the Group's account.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. All financial instruments are measured initially at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

(iii) Day 1 profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique with the variables including only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a Day 1 profit or loss) in profit or loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI);
- Fair value through profit or loss (FVTPL).

The Group does not hold any financial assets measured at FVTOCI. The measurement of amortised cost is explained in note (n)(v) and fair value through profit of loss is explained in note (n)(ix).

The Group's Financial liabilities are measured at amortised cost except for derivatives which are classified as financial assets as fair value through profit or loss.

(v) Deposits with banks, loans and advances, and receivables.

Deposits with banks and loans, advances to customers and receivables consisted of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, amounts due from these financial assets are subsequently measured at amortised cost using the EIR methodology, less allowances for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of EIR. Therefore, the Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(n) Financial instruments – Initial recognition and subsequent measurement (Cont'd)

(v) Deposits with banks, loans and advances, and receivables (Cont'd)

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in profit or loss.

The Group only measures deposits with banks, loans and advances to customers, receivables and financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(vi) Effective interest rate

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'interest income' for financial assets and 'interest expense' for financial liabilities.

(vii) Business model assessment

An assessment of the objective of a business model in which an asset is held at a portfolio level is made because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the stated objective for managing the financial assets is achieved and how cash flows are realised.

(vii) Business model assessment

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(viii) Solely Payments of Principal and Interest (SPPI) test

Assessment of whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Explanatory Notes

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2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(n) Financial instruments – Initial recognition and subsequent measurement (Cont'd)

(ix) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented as other operating income in the Statement of Profit or Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(x) Deposit from customers and other borrowed funds

Financial instruments issued by the Group that are not held for trading or designated at FVTPL, are classified as liabilities as other borrowed funds, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other borrowed funds are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Financial instruments – Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Group also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition. The Group has transferred the asset if, and only if, either it has transferred its contractual rights to receive cash flows from the asset or it retains the rights to the cash flow.

It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- the Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates
- the Group cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows
- the Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

A transfer only qualifies for derecognition if:

- The Group has transferred substantially all the risks and rewards of the asset.
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(o) Financial instruments – Derecognition of financial assets and financial liabilities (Cont'd)

(i) Financial assets (Cont'd)

In relation to the above, the Group considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in it. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference, i.e. difference between the original loan's carrying amount and the new loan's carrying amount (present value), recognised as impairment in the profit or loss.

(ii) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(p) Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.

Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable inputs that are significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, unquoted available for sale financial assets and derivatives, and for non-recurring measurement, such as assets acquired and liabilities assumed in a business combination.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(p) Determination of fair value (Cont'd)

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is determined annually management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed according to the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

(q) Impairment of financial assets

(i) Overview of ECL principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. The Group's has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and as well as lease receivables and hire purchase and other credit agreements, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk.

The 12 mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12 mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company's groups its loans into Stage 1, Stage 2, Stage 3 as described below:

Stage 1	When loans are first recognised, the Company's recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Company's records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	Loans considered credit-impaired. The Company's records an allowance for the LTECLs.

(ii) The calculation of ECLs

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Expected Credit losses are computed to measure the expected cash shortfalls, discounted at the original EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 4.1 (d).

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(q) Impairment of financial assets (Cont'd)

(ii) The calculation of ECLs (Cont'd)

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 4.1 (d).

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 4.1 (d).

Expected Credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking. It also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The Company considered various methodologies including pooling, statistical, structural and reduced form. Taking into consideration, the large quantum of data, statistical regression model has been adopted for determining how the characteristic of an obligor affects its estimated PD. It also allows the analysis of macro-economic variable on the PD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

Provisions for ECLs for undrawn lease commitments are assessed as have been included within lease receivable.

The mechanics of the ECL method are summarised below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
undrawn commitments	When estimating LTECLs for undrawn commitments, the Company estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the facility is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(q) Impairment of financial assets (Cont'd)

(iii) Credit card and other revolving facilities

For factoring debtors and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms. For revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan.

(iv) Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(v) Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, guarantees, real estate, receivables, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and when the Group determines there is a requirement to do so.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by independent surveyors.

(vi) Write-offs

The Company's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(q) Impairment of financial assets (Cont'd)

(vi) Write-offs (Cont'd)

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

The Group's impairment loss provision is established to recognise incurred impairment losses either on specific assets or within a portfolio of financial assets. Individually impaired financial assets are those against which individual impairment provisions have been raised. Portfolio impairment provision covers the inherent losses in the portfolio that exist at the reporting date, but have not been individually identified.

(r) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

(s) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, bank overdrafts and loans at call. Cash and cash equivalents were classified as loans and receivables under IAS39 and as financial assets at amortised cost under IFRS9.

Bank overdrafts are shown within borrowings in the statement of financial position and loans at call are included in other assets when receivable and in other liabilities when payable.

Explanatory Notes

30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONT'D)

2.7 Significant accounting policies (Cont'd)

(t) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of taxes, from proceeds. Where any Group 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 Group's equity holders until the shares are cancelled or reissued. When such shares are subsequently reissued, any net consideration received is included in equity attributable to the Company's equity holders.

(u) Segment reporting

Segment information presented relates to operating segments that engage in business activities for which revenues are earned and expenses incurred.

(v) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements and deducted from equity in the period in which the dividends are declared.

(w) Non-current assets and disposal group held for sale or distribution and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale or distribution if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use or the Group is committed to distribute the asset of disposal group to the shareholders. Non-current assets and disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification 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. In order to be classified a held for distribution, the asset or disposal group must be available for immediate distribution in its present condition and the distribution must be highly probable. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale expected to be completed within one year from the date of the classification.

Equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale or distribution, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Explanatory Notes

30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below;

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. The going concern assessment is described in note 2.3.

Fair value estimation

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the Company's base rate and other fee income/expense that are integral parts of the instrument.

Impairment of non-financial assets

Assets are considered for impairment if there is a reason to believe that impairment may be necessary. Future cash flows expected to be generated by an asset or cash-generating assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Pension Benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these. Any changes in these assumptions will impact the carrying amount of pension obligations.

Explanatory Notes

30 SEPTEMBER 2020

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences to the extent that it is probable that future taxable profit will be available which these temporary differences can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

Asset lives and residual values

Equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Classification of lease

The extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee determined the classification of the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The major considerations that the Group takes into account in determining the classification of a lease as a finance lease include:

- the transfer of ownership to the lessee at the end of the lease,
- the option to purchase the asset at a price significantly lower than the fair value,
- the present value of minimum lease payment is almost the fair value of the leased asset,
- and the lease term covers the major part of the economic life of the asset.

The Group distinguishes other credit agreement from finance lease based on the nature of the underlying asset being financed, the terms of the financing arrangements and the timing of transfer of title of the asset.

Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is correlation between the assumptions and other factors. It should be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT

Whilst risk is inherent in normal activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non–trading risks. It is also subject to country risk and various operating and business risks.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

A description of the significant financial risk factors is given below together with the risk management policies applicable.

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, which consist of market risk, credit risk and liquidity risk. Market risk includes foreign currency risk, interest rate risk and equity price risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Written principles have been established throughout the Group for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to certain major currencies. Entities in the Group use forward contracts to mitigate their exposure to foreign currency risk. Each subsidiary is responsible for managing the net position in each currency by using the relevant strategy, under advice from the Group's Treasury.

The Group holds foreign currency forwards and swaps. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Foreign exchange risk (Cont'd)

The currency profile of the Group's and the Company's financial assets and financial liabilities is set out below:

	Equivalent in MUR m						
	GROUP				COMPANY		
	EURO	USD	MUR & others	Total	USD	MUR & others	Total
30 September 2020							
Financial assets							
Cash and bank balances	56.2	153.1	251.4	460.7	5.1	13.0	18.1
Deposits with banks	-	-	510.2	510.2	-	-	-
Net investment in leases and other credit agreements	4.4	0.9	8,368.8	8,374.1	-	-	-
Loans and advances	0.1	1.7	5,101.4	5,103.2	-	7,294.4	7,294.4
Investments in financial assets	-	-	28.9	28.9	-	20.8	20.8
Other assets	-	0.2	313.0	313.2	-	190.2	190.2
	60.7	155.9	14,573.7	14,790.3	5.1	7,518.4	7,523.5
Financial liabilities							
Other borrowed funds	4.8	0.6	9,831.2	9,836.6	-	5,487.2	5,487.2
Other liabilities	3.0	3.8	1,172.8	1,179.6	-	5.9	5.9
	7.8	4.4	11,004.0	11,016.2	-	5,493.1	5,493.1
Net exposure	**52.9**	**151.5**	**3,569.7**	**3,774.1**	**5.1**	**2,025.3**	**2,030.4**
30 September 2019							
Financial assets							
Cash and bank balances	38.3	28.5	377.7	444.5	5.0	7.6	12.6
Deposits with banks	-	-	507.0	507.0	-	-	-
Net investment in leases and other credit agreements	32.0	8.7	8,728.4	8,769.1	-	-	-
Loans and advances	1.1	4.2	3,703.4	3,708.7	-	2,991.9	2,991.9
Investments in financial assets	-	-	8.9	8.9	-	0.8	0.8
Other assets	-	3.6	393.0	396.6	-	200.4	200.4
	71.4	45.0	13,718.4	13,834.8	5.0	3,200.7	3,205.7
Financial liabilities							
Other borrowed funds	8.7	0.8	9,085.3	9,094.8	-	1,203.3	1,203.3
Other liabilities	7.8	15.7	1,233.0	1,256.5	-	3.8	3.8
	16.5	16.5	10,318.3	10,351.3	-	1,207.1	1,207.1
Net exposure	**54.9**	**28.5**	**3,400.1**	**3,483.5**	**5.0**	**1,993.6**	**1,998.6**

Other assets and other liabilities includes foreign currency derivatives

MUR and others consists of financial assets and liabilities denominated in the functional currency of the respective entities of the Group

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Foreign exchange risk (Cont'd)

The sensitivity of the profit before tax with regards to the Group's financial assets and liabilities and the USD to Mauritian Rupee and EURO to Mauritian Rupee exchange rate is shown below.

If Mauritian Rupee had weakened/strengthened by 3% against USD and EURO respectively, the financial impact would be as follows:

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Effect on profit before tax	**6.1**	2.5	**0.1**	0.2

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. The Group's exposure to interest rate risk relates primarily to its borrowings and lendings with floating interest rates.

The Group mitigates its interest rate risk by having a mixed portfolio of fixed and variable interest bearing lendings and borrowings.

For those lendings and borrowings with floating interest rates, the Group ensures that the losses that may be created or reduced following interest margins change are not significant by setting limits on the level of mismatch in interest rate repricing that may be undertaken.

The sensitivity of the profit before tax to a reasonably possible change in interest rate of + or - 50 basis points (2019: +/- 50 basis points), with all other variables held constant is shown below. The sensitivity has been based on the net exposure of financial assets and liabilities at the reporting date. These changes are considered to be reasonably possible based on observations of current market conditions.

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Effect on profit before tax and equity	**18.3**	16.4	**5.9**	1.4

(c) Equity price risk

Equity price risk is the risk that the fair value of equity securities fluctuates as a result of the changes in the prices of those securities. The Group is not exposed to significant equity price risks as it does not have any significant equity financial assets.

(d) Credit risk

Credit risk is defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Credit risk in the Group arises mainly from various forms of lending from all its core activities covering all the credit portfolios; credit facilities, money lending, credit cards, factoring, and leasing as well as deposits and balances held with banks. The effective management of credit risk is a critical component of risk management and essential to the long-term success of the organisation. The Risk Management Committee has oversight of the management of the credit risk framework.

The objective of the Group's credit risk management framework is to ensure all material credit risks to which the organisation is exposed are identified, measured, managed, monitored, mitigated and reported on a consistent basis.

This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment. The Group's credit processes are designed with the aim of combining an appropriate level of authority in its credit approval processes with timely and responsible decision-making and customer services. Within the powers to act granted by the Board of Directors, credits are approved by decision making authorities at different levels in the organisation depending on the riskiness and the credit exposure of the customer.

The Group's credit risk management framework incorporates governing principles that are defined in a series of credit-related policies and standards, which are further applied to more specific operating procedures.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Credit risk (Cont'd)

The Group's policies and procedures include the setting of limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations, by monitoring exposures in relation to such limits. The Group maintains a credit risk grading to categorise exposures according to their risk of default. Large credit risk exposures are subject to regular monitoring through the Debtors Monitoring Committee on a monthly basis for closer attention and action to be taken, when appropriate.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and counterparties. The proportion of leases of the Group contracted with Corporates is 61% and 39% are with individuals.

Leases and other credit agreements granted are also effectively secured as the rights to the leased assets revert to the lessor in the event of default. The majority of the assets financed under lease are motor vehicles with the remaining being various types of equipment. The period normally varies between 3 to 7 years for leases and between 1 to 4 years for other credit agreements; and the interest is principally at fixed rates.

The Group has reviewed its credit risk framework into a more dynamic one to deal with the rapidly evolving situation. The Consumer Finance automated scorecards were adjusted to reflect increase in risk emerging from the post-lockdown uncertain environment (scorecard tightening). Similarly, for the other lending products, a more conservative approach is being adopted by the credit underwriting team for approval of new facilities.

Impairment assessment

Definition of default and cure

The Group considers default of a financial asset for the purpose of determining expected credit losses, that is credit impaired assets classified in stage 3, when:

- Instalments of principal and/or interest are due from an obligor and remain unpaid for 90 days or more; and/or
- The Group considers that the obligor is 'unlikely to pay' its credit obligations in full, without recourse to actions such as realising security (if held).

The indicators for unlikeliness to pay include the following:

i. The Group puts the credit obligation on non-accrual status.
ii. The Group makes account-specific provision resulting from a significant perceived decline in credit quality subsequent to the Group granting the credit facility.
iii. The Group sells other credit obligations from the same counterparty at a material credit-related economic loss.
iv. The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or, where relevant.
v. The Group has filed for the debtor's bankruptcy or a similar order in respect of the obligor's credit obligation to the Group.
vi. The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the financial institution.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk. Where a significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the criteria are no longer met. Where instruments were transferred to stage 2 due to assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The calculation of the Expected Credit Losses

Expected Credit losses are computed as probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering the reasonable and supportable information including that which is forward-looking. The Group made use of logistic regression techniques to determine the PD, LGD and EAD where adequate default data was available.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Credit risk (Cont'd)

Impairment assessment (Cont'd)

The calculation of the Expected Credit Losses (Cont'd)

The period over which cash flows are determined is generally limited to the maximum contractual period for which the Group is exposed to credit risk, with the exception of credit cards – the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. These expected cash flows are discounted using the effective interest rate on the financial instruments.

ECL for financial assets classified under stage 3 is measured at the individual obligor level except for individually insignificant facilities with similar risk characteristics which are grouped together and the ECL is determined based on history of losses.

Probability of Default

The probability of default (PD) refers to the likelihood that a borrower will default over a particular time horizon. The PD of an obligor is a fundamental risk parameter in credit risk analysis and depends on obligor specific characteristics as well as on macroeconomic risk factors. The Group has adopted the IFRS 9 macroeconomic sensitive model for PD computation, which is based on following set of assumptions:

Assumption	Description
Default observation	An obligator is assumed to enter default state in any month wherein it crosses 90 days past due. Any observation following such default has been excluded.
Macro-sensitive PD	PD is assumed to be sensitive to changes in macroeconomic conditions.
PD term structure	The PD term structure is computed for a period of next 5 years and considered constant above this horizon. The basis for the assumption is validated by the convergence of macroeconomic forecasts post the 5 year period.

There are two levels of PD relevant for ECL calculation:

12-month PD – This represents the estimated probability of default occurring within the next 12 months from the reporting date

Lifetime PDs – This represents the estimated probability of a default occurring over the remaining life of the financial instrument and may be further broken down into marginal probabilities for smaller time periods within the remaining life.

The PD models were derived using logistic regression. As part of the modelling phase, the variables having the most significant predictive default power were identified using the information value statistics. Variables were shortlisted based on their significance in predictive default and possible combinations were assessed using multifactor analysis to achieve the best-fit model. The performance of the final models was assessed to test the fit of the estimated PD curves against the historical default rate.

Loss Given Default

By definition, loss given default refers to the magnitude of the likely loss on a given facility in the event of default. It takes into account the loss of principal, interest foregone and workout expenses.

CIM has derived estimates of LGD for Stage 1 and Stage 2 exposures using the Cured LGD methodology for its credit facilities as adequate historical information was available. The LGD methodology takes into consideration recoveries through insurance covers and value of collaterals. The models were derived using logistic regression and yielded to statistically significant estimates. Where historical data was insufficient for modelling, Basel estimates of loss given default for unsecured exposures were applied.

Exposure at Default

The exposure at default (EAD) refers to the gross carrying amount of the financial instruments in the event of obligor default. For Stage 1 exposures, the EAD is derived based on possible default events within 12 months. For Stage 2 exposures, the exposure at default is considered for events over the lifetime of the instruments.

The EAD framework adopted by the Group considers two separate methods dependent on the underlying financial asset; the current exposure method for deposit with banks, leases, hire purchase and other credit agreements, and loan and advances except for revolving facilities such as factoring debtors and off-balance sheet items where the credit conversion factor approach is used. Under the current exposure method, the expected outstanding exposure is derived from the expected future cash flows as the best estimate of EAD. The credit conversion factor method takes into account the sum of the actual outstanding exposure and expected drawdown until default as the best estimate of EAD.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Credit risk (Cont'd)

Impairment assessment (Cont'd)

Forward looking information

Forward-looking economic assumptions are incorporated into ECL models. The Company has taken into account GDP growth rate forecasts when deriving the expected credit losses. This variable was significant in the models that were built. The GDP forecasts are constantly updated with new estimates and are sourced from reputed local and international organisations.

Credit quality

For stage classification, the Group utilises a combination of quantitative and qualitative factors to determine whether the credit risk of a borrower has increased significantly since initial recognition.

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

On a quantitative basis, the days past due (dpd) indicator is employed and exposures above 30 dpd are classified under Stage 2.

On a qualitative basis, accounts show signs of deteriorating early warning indicators (such as default on covenants), macroeconomic factors and external market information where relevant.

The Group maintains a credit risk rating based on the days past due and the obligor is categorised as follows:

Risk rating	Description
Performing	None of the facilities of the obligor have been due for more than 30 days.
Watchlist	Any one of the facilities granted to the obligor has been in arrears for more than 30 days but is not considered to be credit-impaired.
Non-performing	Any one of the facilities granted to the obligor has been in arrears for more than 90 days or the oblitagor is unlikely to pay its credit obligations in full, without recourse to actions such as realis-ing security.

Write-offs

Financial assets are written off either partially or in their entirety only when there is no reasonable expectation of recovery such as the death or liquidation of a debtor. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. It constitutes a derecognition event. Any subsequent recoveries are credited to the credit loss expense.

Modified loans

Sometimes the Group makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce disposal/repossession of collateral. Indicators of financial difficulties include default on covenants, bankruptcy, or significant concerns raised. Once the terms have been renegotiated, any impairment is measured using the original interest rates as calculated before the modification of terms.

These accounts are classified as high risk and derecognition decisions and classifications between stage 2 and stage 3 are determined on a case-by-case basis. If the accounts were impaired, they will be closely monitored until it is collected or written off. And if the accounts were classified in the underperforming category, the Group will reassess whether there has been a significant increase in credit risk.

Once an account has been classified as forborne, it will remain forborne for a minimum probation period of 6 months. In order for the accounts to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- The minimum probation of period of 6 months has passed; and
- Regular payments have been made in accordance with the terms and conditions agreed

If modifications are substantial either quantitatively or qualitatively, the loan is derecognised as explained under write offs.

Explanatory Notes

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Credit risk (Cont'd)

Impairment assessment (Cont'd)

Grouping financial assets measured on a collective basis

The Group calculates ECL on a collective basis for all assets classified under stage 1 and stage 2.

The Group combines these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the facilities which are described below.

The Group considers the customer type for grouping of the portfolio which are grouped under Corporate customers or individuals.

For individual lendings which include retail leasing, credit facilities, hire purchase and other credit agreements, and card customers, the groupings are as follows:

- Product type
- Age band
- Salary band

For corporate lendings which include factoring, corporate leasing, and corporate loans, the grouping are as follows:

- Product type
- Industry sector

Explanatory Notes

30 SEPTEMBER 2020

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Credit risk (Cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date equals the carrying amount of the respective financial assets and is as follows:

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Cash and Bank balances	**460.7**	444.5	**18.1**	12.6
Deposits with banks	**510.2**	507.0	**-**	-
Net investment in leases and other credit agreements	**8,374.1**	8,769.1	**-**	-
Loans and advances	**5,103.2**	3,708.7	**7,294.4**	2,991.9
Investments in financial assets	**28.9**	8.1	**20.8**	-
Other assets	**313.2**	376.6	**192.0**	200.4
	14,790.3	13,814.0	**7,525.3**	3,204.9

The Group held collaterals on finance lease which include heavy equipments, vehicles and other equipments. The fair value of collaterals of impaired lease facilities is estimated at MUR 337.7m (2019: MUR 95.1m).

The Group may recover amounts not settled by the debtors from the customers for factoring facilities with recourse while the non-recourse factoring facilities are insured. Other credit agreements and loans with exposure of MUR 8,453m (2019: MUR7,407m) are mitigated by insurance covers which are directly linked to the facilities and entered at the same time of the credit origination. Other credit agreements also contain the right for the Group to recover the collateral which the Company estimated not to be significant at recovery. Other credit agreements also containing the exposure in respect of credit cards are not backed by collaterals.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources including corporate bonds and keeping committed credit facilities with banks. The Group also maintains a certain level of cash and deposits with banks to cater for its liquidity needs.

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4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(e) Liquidity risk (Cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities

GROUP

30 September 2020	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Assets				
Cash and bank balances	460.7	-	-	460.7
Deposits with banks	310.6	199.6	-	510.2
Net investment in leases and other credit agreements	5,247.9	5,081.7	114.5	10,444.1
Loans and advances	2,809.1	3,833.8	24.3	6,667.2
Investments in financial assets	20.8	8.1	-	28.9
Other assets	313.2	-	-	313.2
Total assets	9,162.3	9,123.2	138.8	18,424.3
Liabilities				
Other borrowed funds	4,681.1	4,875.0	280.5	9,836.6
Other liabilities	1,073.8	-	-	1,073.8
Total liabilities	5,754.9	4,875.0	280.5	10,910.4
Net liquidity gap	**3,407.4**	**4,248.2**	**(141.7)**	**7,513.9**

GROUP

30 September 2019	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Assets				
Cash and bank balances	444.5	-	-	444.5
Deposits with banks	19.1	528.8	-	547.9
Net investment in leases and other credit agreements	5,164.2	5,226.6	135.5	10,526.3
Loans and advances	2,259.7	2,406.8	35.2	4,701.7
Investments in financial assets	-	8.1	-	8.1
Other assets	376.6	-	-	376.6
Total assets	8,264.1	8,170.3	170.7	16,605.1
Liabilities				
Other borrowed funds	4,841.9	4,578.2	-	9,420.1
Other liabilities	1,256.5	-	-	1,256.5
Total liabilities	6,098.4	4,578.2	-	10,676.6
Net liquidity gap	2,165.7	3,592.1	170.7	5,928.5

Explanatory Notes

30 SEPTEMBER 2020

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(e) Liquidity risk (Cont'd)

Contractual maturities of undiscounted cash flows of financial assets and liabilities (Cont'd)

COMPANY

30 September 2020	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Assets				
Cash and bank balances	18.1	-	-	18.1
Loans and advances	3,130.7	3,909.3	280.5	7,320.5
Investments in financial assets	20.8	-	-	20.8
Other assets	190.2	-	-	190.2
Total assets	3,359.8	3,909.3	280.5	7,549.6
Liabilities				
Other borrowed funds	1,499.2	3,707.5	280.5	5,487.2
Other liabilities	5.9	-	-	5.9
Total liabilities	1,505.1	3,707.5	280.5	5,493.1
Net liquidity gap	1,854.7	201.8	-	2,056.5

COMPANY

30 September 2019	Up to 1 year MUR m	1 to 5 years MUR m	Over 5 years MUR m	Total MUR m
Assets				
Cash and bank balances	12.6	-	-	12.6
Loans and advances	2,813.2	182.3	-	2,995.5
Other assets	200.4	-	-	200.4
Total assets	3,026.2	182.3	-	3,208.5
Liabilities				
Other borrowed funds	1,213.5	-	-	1,213.5
Other liabilities	3.8	-	-	3.8
Total liabilities	1,217.3	-	-	1,217.3
Net liquidity gap	1,808.9	182.3	-	1,991.2

Explanatory Notes

30 SEPTEMBER 2020

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Capital risk management

The primary objective of the Group's and the Company's capital management is to maximise shareholders' value. The Company aims at distributing an adequate dividend whilst ensuring that sufficient resources are maintained to continue as a going concern and for expansion.

The Group and the Company manage their capital structure and make adjustments in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The ratio of net debt to equity is used to monitor capital and the ratio is kept at a reasonable level. For the purpose of capital management, net debt includes other borrowed funds net of cash and bank balances. Equity consists of stated capital, retained earnings and other reserves.

The Group monitors its Capital Adequacy Ratio (CAR) on a regular basis and uses the latter as a key metric to assess its robustness to sustain economic shocks. In the period under review, despite this significant increase in the impairment charges, the Capital Adequacy Ratio remained at a very reasonable level.

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Debt (note 27)	**9,836.6**	9,094.8	**5,487.2**	1,203.3
Less: Cash & bank balances (note 13)	**(460.7)**	(444.5)	**(18.1)**	(12.6)
	9,375.9	8,650.3	**5,469.1**	1,190.7
Equity	**4,199.5**	4,175.5	**3,100.6**	3,099.0
Net debt/equity ratio	**2.2**	2.1	**1.8**	0.4
With Lease liabilities				
Debt (note 23(b) and 27)	**10,045.9**	9,094.8	**5,487.2**	1,203.3
Less: Cash & bank balances (note 13)	**(460.7)**	(444.5)	**(18.1)**	(12.6)
	9,585.2	8,650.3	**5,469.1**	1,190.7
Equity	**4,199.5**	4,175.5	**3,100.6**	3,099.0
Net debt/equity ratio	**2.3**	2.1	**1.8**	0.4

The net debt to equity ratio changed from 2.1 in 2019 to 2.3 in 2020 following the adoption of IFRS 16 Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 October 2019.

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5. NET INTEREST INCOME

	GROUP		COMPANY	
(a) Interest income	**Sep-20 MUR m**	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Interest income using EIR method				
Credit facilities	**823.9**	391.7	**-**	-
Corporate credit facilities	**8.7**	13.5	**199.5**	87.8
Credit Cards	**67.8**	78.6	**-**	-
Factoring	**16.5**	16.0	**-**	-
Placements with financial institutions	**16.4**	50.0	**-**	-
	933.3	549.8	**199.5**	87.8
Other interest income				
Finance leases	**216.1**	210.1	**-**	-
Other credit agreements	**565.3**	682.7	**-**	-
Debt at FVTPL	**-**	-	**0.3**	30.8
	781.4	892.8	**0.3**	30.8
	1,714.7	1,442.6	**199.8**	118.6

	GROUP		COMPANY	
(b) Interest expense	**Sep-20 MUR m**	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Bank overdrafts	**3.3**	1.6	**-**	-
Bank loans and other loans	**417.0**	386.6	**138.8**	39.3
Leases (note 23)	**11.1**	-	**-**	-
	431.4	388.2	**138.8**	39.3
Net interest income	**1,283.3**	1,054.4	**61.0**	79.3

6. FEE AND COMMISSION INCOME

	GROUP	
	Sep-20 MUR m	Sep-19 MUR m
Fees for services provided over time		
Fees relating to card activities and agency commission	**176.8**	206.4
Fees for services provided at a point in time		
Factoring fees	**10.4**	17.6
Other fees and commission		
Merchant and other commission	**252.0**	219.2
Other fees	**130.0**	97.9
	569.2	541.1

Merchant and other commission are recognised and released to profit and loss in accordance with note 2.7(e).
Other fees include late payment fees, commitment fees, signing fees and fees related to other credit agreements.

7. OTHER OPERATING INCOME

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Other income *	**97.4**	73.3	**-**	-
Operating lease income	**129.7**	129.5	**-**	-
Profit on disposal of property, plant and equipment	**2.4**	3.8	**-**	-
Change in fair value of debt instruments	**-**	8.2	**-**	8.2
Change in fair value of equity instrument at FVTPL	**-**	(0.4)	**-**	(0.4)
	229.5	214.4	**-**	7.8

*Main components of other income include management fees, service charges and administration fees.

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8. EMPLOYEE BENEFIT EXPENSES

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Wages, salaries and related expenses	**546.8**	524.6	**11.0**	9.1
Pension and other retirement benefit costs	**53.3**	50.0	**2.1**	2.3
	600.1	574.6	**13.1**	11.4

9. OTHER OPERATING EXPENSES

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Administration	**288.2**	330.8	**8.2**	11.8
Professional fees	**29.2**	35.0	**11.4**	13.8
Advertising and marketing	**36.2**	34.6	**-**	-
	353.6	400.4	**19.6**	25.6

10. ALLOWANCE FOR CREDIT IMPAIRMENT

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Net provision for credit impairment				
- Leases	**101.9**	(6.2)	**-**	-
- Other credit agreements	**350.9**	124.6	**-**	-
Loans and advances				
- Credit facilities	**173.8**	54.5	**-**	-
- Corporate credit facilities	**5.7**	11.1	**16.2**	6.4
- Factoring receivables	**2.2**	1.7	**-**	-
- Card receivables	**40.4**	13.9	**-**	-
Others				
- Deposit	**-**	(0.7)	**-**	(0.7)
- Others	**0.5**	0.7	**-**	0.1
Bad debts recovered				
- Leases	**(0.9)**	(0.6)	**-**	-
- Other credit agreements	**(21.9)**	(12.9)	**-**	-
- Loans and advances	**-**	(5.2)	**-**	-
	652.6	180.9	**16.2**	5.8

11. TAXATION

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
(a) Income tax expense	**MUR m**	MUR m	**MUR m**	MUR m
Current income tax at 15% (2019: 15%)	**170.3**	44.6	**6.8**	2.7
Corporate Social Responsibility tax at 2% (2019: 2%)	**23.2**	5.6	**1.5**	-
Over/(under) provision in previous year	**0.6**	(1.1)	**0.5**	-
Deferred tax (credit) / expense	**(116.7)**	37.1	**-**	-
Income tax expense	**77.4**	86.2	**8.8**	2.7

The tax charge shown in profit or loss differs from the tax charge that would apply if all profits had been charged at the Company's statutory rate. A reconciliation between the tax expense and the accounting profit at 17% is as follows:

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11. TAXATION (CONT'D)

	GROUP		COMPANY	
(a) Income tax expense (cont'd)	**Sep-20 MUR m**	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Accounting profit before tax	**268.2**	453.1	**129.4**	304.4
Statutory income tax rate of 15% (2019: 15%)	**40.2**	68.0	**19.4**	45.7
Effect of different tax rates in other countries	**0.1**	-	**-**	-
Corporate social responsibility tax at 2% (2019: 2%)	**23.2**	5.6	**1.5**	-
Tax losses utilised	**(2.6)**	(1.9)	**-**	(1.9)
Deferred tax not recognised	**30.6**	4.6	**-**	-
CSR impact on permanent differences	**(8.4)**	(2.6)	**-**	-
Over/(under) provision in previous year	**0.6**	(1.1)	**0.5**	-
Income not subject to tax	**(23.8)**	(154.3)	**(21.8)**	(60.0)
Effect of deferred taxation on partial exemption of interest income	**(28.0)**	75.5	**-**	-
Tax losses for which no deferred income tax asset was recognised	**(0.1)**	-	**-**	-
Non–deductible expenses	**45.6**	92.4	**9.2**	18.9
Income tax expense	**77.4**	86.2	**8.8**	2.7

Main items of non deductible expense include unrealised exchange losses, fair value loss on financial asset and expense attributable to exempt income.

Income not subject to tax includes dividend income.

	GROUP		COMPANY	
(b) Income tax liabilities	**Sep-20 MUR m**	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
At 1 October	**(12.2)**	33.0	**2.7**	-
Paid during the year	**(44.1)**	(83.2)	**(6.4)**	-
Charge for the year	**125.8**	44.6	**8.3**	2.7
Over/(under) provision in previous year	**46.1**	(1.1)	**-**	-
Distribution of disposal group	**-**	(5.5)	**-**	-
	115.6	(12.2)	**4.6**	2.7
Analysed as follows				
Income tax assets	**-**	(18.3)	**-**	
Income tax liabilities	**115.6**	6.1	**4.6**	2.7
	115.6	(12.2)	**4.6**	2.7

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12. OTHER COMPREHENSIVE INCOME

	Translation Reserve MUR m	Actuarial Reserve MUR m	Total MUR m
GROUP			
Year ended 30 September 2020			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit (note 25)	-	(60.1)	(60.1)
Deferred tax on remeasurement of post employment benefit (note 26)	-	7.0	7.0
	-	(53.1)	(53.1)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign entities	11.1	-	11.1
Movement in reserves of associates (note 21(a))	2.9	-	2.9
	14.0	-	14.0
Other comprehensive income/(loss) for the year, net of tax	**14.0**	**(53.1)**	**(39.1)**

	Translation Reserve MUR m	Actuarial Reserve MUR m	Total MUR m
GROUP			
Year ended 30 September 2019			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit (note 25)	-	(9.7)	(9.7)
Deferred tax on remeasurement of post employment benefit (note 26)	-	0.5	0.5
	-	(9.2)	(9.2)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign entities	(1.6)	-	(1.6)
Movement in reserves of associates	6.7	-	6.7
	5.1	-	5.1
Other comprehensive income/(loss) for the year, net of tax	**5.1**	**(9.2)**	**(4.1)**

COMPANY	Actuarial Reserve MUR m
Year ended 30 September 2020	
Items that will not be reclassified to profit or loss	
Remeasurement of post employment benefit (note 25)	(10.1)
	(10.1)
Year ended 30 September 2019	
Items that will not be reclassified to profit or loss	
Remeasurement of post employment benefit (note 25)	(0.3)
	(0.3)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements.

Actuarial reserve

The actuarial reserve represents the cumulative remeasurement of defined benefit obligation recognised.

Explanatory Notes

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13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Cash and bank balances	**460.7**	444.5	**18.1**	12.6
Loans at call receivable (note 18)	**-**	-	**143.4**	112.5
Bank overdrafts (note 27)	**-**	(16.5)	**-**	-
Cash and cash equivalents	**460.7**	428.0	**161.5**	125.1

The bank overdrafts are secured by floating charges on the assets of the borrowing companies (note 27 (a)).

The rate of interest varies between 3.45% and 12% (2019: 4.90% and 6.95%).

14. DEPOSITS WITH BANKS

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Deposit with banks	**510.8**	507.6	**-**	-
Expected credit loss	**(0.6)**	(0.6)	**-**	-
	510.2	507.0	**-**	-
The deposit with banks are analysed as follows:				
Current	**310.6**	9.0	**-**	-
Non current	**199.6**	498.0	**-**	-
	510.2	507.0	**-**	-

	GROUP		COMPANY	
	Gross carrying amount	**ECL**	**Gross carrying amount**	ECL
	Stage1	**Stage1**	**Stage1**	Stage1
	MUR m	**MUR m**	**MUR m**	MUR m
At 1 October 2019	**507.6**	0.6	**-**	-
Additions	**3.2**	-	**-**	-
At 30 September 2020	**510.8**	0.6	**-**	-

	GROUP		COMPANY	
	Gross carrying amount	**ECL**	**Gross carrying amount**	ECL
	Stage1	**Stage1**	**Stage1**	Stage1
	MUR m	**MUR m**	**MUR m**	MUR m
At 1 October 2018	**1,026.0**	1.3	**524.5**	0.7
Additions	**6.1**	-	**-**	-
Repayments	**(524.5)**	(0.7)	**(524.5)**	(0.7)
At 30 September 2019	**507.6**	0.6	**-**	-

The above deposits carry interest rates ranging between 3.65% and 4.30% and have maturity dates ranging from February 2021 to June 2023. All the deposits are performing and classified under stage 1.

Explanatory Notes

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS

GROUP	Finance leases MUR m	Other credit agreements MUR m	Total MUR m
30 September 2020			
Gross investment			
Within one year	1,167.0	7,072.2	8,239.2
After one year and before five years	2,133.5	-	2,133.5
After five years	114.6	-	114.6
	3,415.1	7,072.2	10,487.3
Unearned future finance income	(403.8)	(894.7)	(1,298.5)
	3,011.3	6,177.5	9,188.8
Expected credit loss	(203.0)	(611.7)	(814.7)
	2,808.3	**5,565.8**	**8,374.1**
Present value of minimum lease payments before impairment analysed as follows			
Within one year	989.0	3,523.0	4,512.0
After one year and before five years	1,912.3	2,654.5	4,566.8
After five years	110.0	-	110.0
	3,011.3	**6,177.5**	**9,188.8**

GROUP	Finance leases MUR m	Other credit agreements MUR m	Total MUR m
30 September 2019			
Gross investment			
Within one year	1,293.1	3,915.4	5,208.5
After one year and before five years	2,375.1	2,885.9	5,261.0
After five years	136.2	-	136.2
	3,804.4	6,801.3	10,605.7
Unearned future finance income	(503.8)	(859.7)	(1,363.5)
	3,300.6	5,941.6	9,242.2
Expected credit loss/allowance for credit impairment	(119.3)	(353.8)	(473.1)
	3,181.3	**5,587.8**	**8,769.1**
Present value of minimum lease payments before impairment analysed as follows			
Within one year	1,076.0	3,359.8	4,435.8
After one year and before five years	2,095.6	2,581.8	4,677.4
After five years	129.0	-	129.0
	3,300.6	**5,941.6**	**9,242.2**

Net investment in leases

Credit quality

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1 (d).

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
Performing	1,861.0	-	-	1,861.0
Watchlist	-	757.0	-	757.0
Non-performing	-	-	393.3	393.3
	1,861.0	**757.0**	**393.3**	**3,011.3**

Explanatory Notes

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
Performing	2,887.0	-	-	2,887.0
Watchlist	-	238.2	-	238.2
Non-performing	-	-	175.4	175.4
	2,887.0	**238.2**	**175.4**	**3,300.6**

Gross carrying amount

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance leases is as follows:

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	2,887.0	238.2	175.4	3,300.6
New assets originated or purchased	526.6	205.6	40.4	772.6
Assets derecognised or repaid (excluding write offs)	(808.5)	(147.2)	(90.3)	(1,046.0)
Transfers to Stage 1	51.9	(52.5)	0.6	-
Transfers to Stage 2	(618.2)	632.7	(14.5)	-
Transfers to Stage 3	(177.8)	(119.8)	297.6	-
Amounts written off	-	-	(15.9)	(15.9)
At 30 September 2020	**1,861.0**	**757.0**	**393.3**	**3,011.3**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	2,684.3	227.1	243.5	3,154.9
New assets originated or purchased	1,219.5	74.7	5.8	1,300.0
Assets derecognised or repaid (excluding write offs)	(974.2)	(87.8)	(88.3)	(1,150.3)
Transfers to Stage 1	92.5	(70.6)	(21.9)	-
Transfers to Stage 2	(104.8)	110.8	(6.0)	-
Transfers to Stage 3	(30.3)	(16.0)	46.3	-
Amounts written off	-	-	(4.0)	(4.0)
At 30 September 2019	**2,887.0**	**238.2**	**175.4**	**3,300.6**

Expected credit loss

	2020			
GROUP	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	22.0	3.3	94.0	119.3
New assets originated or purchased	3.4	4.2	10.1	17.7
Assets derecognised or repaid (excluding write offs)	(4.2)	(0.1)	(3.3)	(7.6)
Transfers to Stage 1	1.0	(0.7)	(0.3)	-
Transfers to Stage 2	(6.0)	11.1	(5.1)	-
Transfers to Stage 3	(1.4)	(1.8)	3.2	-
Impact of impairment losses and year end ECL of exposures transferred between stages	0.7	15.8	73.0	89.5
Amounts written off	-	-	(15.9)	(15.9)
At 30 September 2020	**15.5**	**31.8**	**155.7**	**203.0**

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

Expected credit loss (cont'd)

GROUP	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2018	21.0	2.4	106.1	129.5
New assets originated or purchased	9.2	2.3	7.0	18.5
Assets derecognised or repaid (excluding write offs)	(8.2)	(1.4)	(26.2)	(35.8)
Transfers to Stage 1	5.5	(1.1)	(4.4)	-
Transfers to Stage 2	(0.7)	1.8	(1.1)	-
Transfers to Stage 3	(0.3)	(0.2)	0.5	-
Transferred between stages	(4.5)	(0.5)	16.1	11.1
Amounts written off	-	-	(4.0)	(4.0)
At 30 September 2019	**22.0**	**3.3**	**94.0**	**119.3**

Other credit agreements

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1(d).

	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	4,028.4	-	-	4,028.4
Watchlist	-	1,029.1	-	1,029.1
Non-performing	-	-	1,120.0	1,120.0
	4,028.4	**1,029.1**	**1,120.0**	**6,177.5**

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	4,680.3	-	-	4,680.3
Watchlist	-	617.9	-	617.9
Non-performing	-	-	643.4	643.4
	4,680.3	**617.9**	**643.4**	**5,941.6**

Gross carrying amount

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance leases and other credit agreements is as follows:

GROUP	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2019	4,680.3	617.9	643.4	5,941.6
New assets originated or purchased	2,698.0	683.0	425.0	3,806.0
Assets derecognised or repaid (excluding write offs)	(2,661.4)	(421.6)	(411.1)	(3,494.1)
Transfers to Stage 1	129.7	(118.6)	(11.1)	-
Transfers to Stage 2	(467.1)	472.3	(5.2)	-
Transfers to Stage 3	(351.1)	(203.9)	555.0	-
Amounts written off	-	-	(76.0)	(76.0)
At 30 September 2020	**4,028.4**	**1,029.1**	**1,120.0**	**6,177.5**

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15. NET INVESTMENT IN LEASES AND OTHER CREDIT AGREEMENTS (CONT'D)

Gross carrying amount (cont'd)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to finance leases and other credit agreements is as follows:

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2018	3,891.0	487.9	522.8	4,901.7
New assets originated or purchased	3,560.4	418.1	182.4	4,160.9
Assets derecognised or repaid (excluding write offs)	(2,569.1)	(314.3)	(166.5)	(3,049.9)
Transfers to Stage 1	69.8	(63.5)	(6.3)	-
Transfers to Stage 2	(155.1)	160.1	(5.0)	-
Transfers to Stage 3	(116.7)	(70.4)	187.1	-
Amounts written off	-	-	(71.1)	(71.1)
At 30 September 2019	**4,680.3**	**617.9**	**643.4**	**5,941.6**

Expected credit loss

	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2019	14.0	2.8	337.0	353.8
New assets originated or purchased	4.5	-	254.4	258.9
Assets derecognised or repaid (excluding write offs)	(5.7)	(0.8)	(26.7)	(33.2)
Transfers to Stage 1	1.4	(0.6)	(0.8)	-
Transfers to Stage 2	(1.5)	1.9	(0.4)	-
Transfers to Stage 3	(1.2)	(1.0)	2.2	-
Impact of impairment losses and year end ECL of exposures transferred between stages	9.8	27.3	71.0	108.1
Amounts written off	-	-	(75.9)	(75.9)
At 30 September 2020	**21.3**	**29.6**	**560.8**	**611.7**

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2018	11.6	2.0	286.7	300.3
New assets originated or purchased	10.8	2.1	28.1	41.0
Assets derecognised or repaid (excluding write offs)	(7.7)	(1.4)	(41.0)	(50.1)
Transfers to Stage 1	0.2	(0.2)	-	-
Transfers to Stage 2	(0.5)	0.6	(0.1)	-
Transfers to Stage 3	(0.4)	(0.3)	0.7	-
Impact of impairment losses and year end ECL of exposures transferred between stages	-	-	133.7	133.7
Amounts written off	-	-	(71.1)	(71.1)
At 30 September 2019	**14.0**	**2.8**	**337.0**	**353.8**

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16. LOANS AND ADVANCES

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Credit facilities (a)	**4,755.5**	3,080.1	**-**	-
Corporate credit facilities (b)	**126.9**	170.2	**7,320.5**	3,002.0
Factoring receivables (c)	**219.4**	281.6	**-**	-
Card receivables (d)	**315.4**	373.8	**-**	-
	5,417.2	3,905.7	**7,320.5**	3,002.0
Expected credit loss / allowance for credit impairment	**(314.0)**	(197.0)	**(26.1)**	(10.1)
	5,103.2	3,708.7	**7,294.4**	2,991.9

Expected credit loss/allowance for credit impairment is analysed as follows:

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Credit facilities	**229.0**	127.9	**-**	-
Corporate credit facilities	**17.6**	11.8	**26.1**	10.1
Factoring receivables	**17.2**	22.6	**-**	-
Card receivables	**50.2**	34.7	**-**	-
	314.0	197.0	**26.1**	10.1

An amount of MUR26.1m has been recorded as impairment at Company level to cater for credit risks relating to intercompany loans.

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
(a) Credit facilities				
(i) Credit facilities receivables breakdown before impairment:				
Within one year	**1,604.1**	1,155.6	**-**	-
After one year and before five years	**3,144.3**	1,917.8	**-**	-
After five years	**7.1**	6.7	**-**	-
	4,755.5	3,080.1	**-**	-

(ii) Credit quality – Credit facilities

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1 (d).

	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	3,320.2	-	-	3,320.2
Watchlist	-	849.7	-	849.7
Non-performing	-	-	585.6	585.6
	3,320.2	**849.7**	**585.6**	**4,755.5**

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	2,588.4	-	-	2,588.4
Watchlist	-	254.8	-	254.8
Non-performing	-	-	236.9	236.9
	2,588.4	**254.8**	**236.9**	**3,080.1**

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16. LOANS AND ADVANCES (CONT'D)

(a) Credit facilities (cont'd)

(iii) Gross carrying amount – Credit facilities

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to credit facilities is as follows:

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	2,588.4	254.8	236.9	3,080.1
New assets originated	2,414.1	598.6	214.5	3,227.2
Assets derecognised or repaid (excluding write offs)	(1,215.4)	(152.7)	(104.4)	(1,472.5)
Transfers to Stage 1	55.2	(49.6)	(5.6)	-
Transfers to Stage 2	(327.9)	338.0	(10.1)	-
Transfers to Stage 3	(162.6)	(119.7)	282.3	-
Amounts written off	(31.6)	(19.7)	(28.0)	(79.3)
At 30 September 2020	**3,320.2**	**849.7**	**585.6**	**4,755.5**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	1,753.9	136.4	196.3	2,086.6
New assets originated	1,685.9	139.4	59.7	1,885.0
Assets derecognised or repaid (excluding write offs)	(766.0)	(57.3)	(55.9)	(879.2)
Transfers to Stage 1	45.3	(35.4)	(9.9)	-
Transfers to Stage 2	(81.6)	94.9	(13.3)	-
Transfers to Stage 3	(49.1)	(23.2)	71.6	(0.7)
Amounts written off	-	-	(11.6)	(11.6)
At 30 September 2019	**2,588.4**	**254.8**	**236.9**	**3,080.1**

(iv) Expected credit loss – Credit facilities

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	14.6	14.1	99.2	127.9
New assets originated	5.3	19.4	69.9	94.6
Assets derecognised or repaid (excluding write offs)	(2.9)	(0.1)	(9.5)	(12.5)
Transfers to Stage 1	0.5	(0.2)	(0.3)	-
Transfers to Stage 2	(1.2)	1.3	(0.1)	-
Transfers to Stage 3	(0.5)	(0.9)	6.3	4.9
Impact of impairment losses and year end ECL of exposures transferred between stages	8.0	7.0	43.9	58.9
Amounts written off	(4.3)	(12.9)	(27.6)	(44.8)
At 30 September 2020	**19.5**	**27.7**	**181.8**	**229.0**

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16. LOANS AND ADVANCES (CONT'D)

(a) Credit facilities (cont'd)

(iv) Expected credit loss – Credit facilities (cont'd)

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
At 1 October 2018	4.6	0.7	79.8	85.1
New assets originated	12.2	8.6	12.8	33.6
Assets derecognised or repaid (excluding write offs)	(2.0)	(0.4)	(42.2)	(44.6)
Transfers to Stage 1	0.1	(0.1)	-	-
Transfers to Stage 2	(0.2)	5.3	(5.1)	-
Transfers to Stage 3	(0.1)	(0.1)	0.2	-
Impact of impairment losses and year end ECL of exposures transferred between stages	-	0.1	65.4	65.5
Amounts written off	-	-	(11.7)	(11.7)
At 30 September 2019	14.6	14.1	99.2	127.9

(b) Corporate Credit Facilities

(i) Corporate loans receivables breakdown before impairment:

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Within one year	**46.9**	50.0	**3,130.7**	2,819.7
After one year and before five years	**65.5**	95.6	**1,775.1**	182.3
After five years	**14.5**	24.6	**2,414.7**	-
	126.9	170.2	**7,320.5**	3,002.0

(ii) Credit quality – Corporate Credit facilities

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1 (d).

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
Performing	69.9	-	-	69.9
Non-performing	-	-	57.0	57.0
	69.9	**-**	**57.0**	**126.9**

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
Performing	112.6	-	-	112.6
Non-performing	-	-	57.6	57.6
	112.6	**-**	**57.6**	**170.2**

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16. LOANS AND ADVANCES (CONT'D)

(b) Corporate credit facilities (cont'd)

(iii) Gross carrying amount – Corporate credit facilities

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Corporate Credit facilities is as follows:

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	112.6	-	57.6	170.2
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(42.7)	-	(0.6)	(43.3)
At 30 September 2020	**69.9**	**-**	**57.0**	**126.9**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	152.8	54.5	62.2	269.5
New assets originated	4.0	-	2.0	6.0
Assets derecognised or repaid (excluding write offs)	(44.2)	(24.9)	(36.2)	(105.3)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(29.6)	29.6	-
Amounts written off	-	-	-	-
At 30 September 2019	**112.6**	**-**	**57.6**	**170.2**

(iv) Expected credit loss – Corporate credit facilities

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	0.1	-	11.7	11.8
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(0.2)	-	(0.7)	(0.9)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact of impairment losses and year end ECL of exposures transferred between stages	0.6	-	6.1	6.7
Amounts written off	-	-	-	-
At 30 September 2020	**0.5**	**-**	**17.1**	**17.6**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	0.3	0.3	0.1	0.7
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(0.2)	(0.2)	-	(0.4)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(0.1)	0.1	-
Impact of impairment losses and year end ECL of exposures transferred between stages	-	-	11.5	11.5
Amounts written off	-	-	-	-
At 30 September 2019	**0.1**	**-**	**11.7**	**11.8**

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16. LOANS AND ADVANCES (CONT'D)

(c) Factoring receivables before impairment

(i) Factoring receivables breakdown before impairment:

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
Receivable from customers	**359.9**	430.6
Fund of guarantee	**(140.5)**	(149.0)
	219.4	281.6

Fund of guarantee represents the portion of the receivables from customers for which the Company has not financed.

(ii) Credit quality – Factoring receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1 (d).

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
Performing	196.4	-	-	196.4
Watchlist	-	6.9	-	6.9
Non-performing	-	-	16.1	16.1
	196.4	**6.9**	**16.1**	**219.4**

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
Watchlist	-	261.1	-	261.1
Non-performing	-	-	20.5	20.5
	-	**261.1**	**20.5**	**281.6**

(iii) Gross carrying amount – Factoring debtors

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Credit facilities is as follows:

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
At 1 October 2019	-	261.1	20.5	281.6
New assets originated or purchased	62.5	6.2	-	68.7
Assets derecognised or repaid (excluding write offs)	(86.3)	(37.7)	(2.2)	(126.2)
Additional ECL charge	-	-	-	
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	(2.5)	2.5	-
Impact of impairment losses and year end ECL of exposures transferred between stages	220.2	(220.2)	-	-
Amounts written off	-	-	(4.7)	(4.7)
At 30 September 2020	**196.4**	**6.9**	**16.1**	**219.4**

	2019			
	Stage 1	**Stage 2**	**Stage 3**	**TOTAL**
	MUR m	**MUR m**	**MUR m**	**MUR m**
At 1 October 2018	-	215.0	25.2	240.2
New assets originated or purchased	-	92.8	-	92.8
Assets derecognised or repaid (excluding write offs)	-	(46.7)	(4.7)	(51.4)
At 30 September 2019	**-**	**261.1**	**20.5**	**281.6**

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16. LOANS AND ADVANCES (CONT'D)

(c) Factoring receivables (cont'd)

(iv) Expected credit loss – Factoring receivables (cont'd)

	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2019	-	2.1	20.5	22.6
New assets originated	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(0.8)	(0.3)	(2.5)	(3.6)
Additional ECL charge	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact of impairment losses and year end ECL of exposures transferred between stages	1.8	(1.8)	2.9	2.9
Amounts written off	-	-	(4.7)	(4.7)
At 30 September 2020	**1.0**	**-**	**16.2**	**17.2**

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
At 1 October 2018	-	2.6	18.3	20.9
New assets originated	-	0.5	5.8	6.3
Assets derecognised or repaid (excluding write offs)	-	(1.0)	(3.6)	(4.6)
At 30 September 2019	**-**	**2.1**	**20.5**	**22.6**

(d) Card receivables

Card receivables are receivable within 3 months.

(i) Credit quality – Card receivables before impairment

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4.1 (d).

	2020			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	192.6	-	-	192.6
Watchlist	-	45.4	-	45.4
Non-performing	-	-	77.4	77.4
	192.6	**45.4**	**77.4**	**315.4**

	2019			
	Stage 1 MUR m	**Stage 2 MUR m**	**Stage 3 MUR m**	**TOTAL MUR m**
Performing	231.1	-	-	231.1
Watchlist	-	76.7	-	76.7
Non-performing	-	-	66.0	66.0
	231.1	**76.7**	**66.0**	**373.8**

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16. LOANS AND ADVANCES (CONT'D)

(d) Card receivables (cont'd)

(ii) Gross carrying amount - Card receivables

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Credit facilities is as follows:

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	231.1	76.7	66.0	373.8
New assets originated or purchased	43.1	10.8	19.9	73.8
Assets derecognised or repaid (excluding write offs)	(85.7)	(12.6)	(12.9)	(111.2)
Transfers to Stage 1	42.2	(38.6)	(3.6)	-
Transfers to Stage 2	(25.6)	26.2	(0.6)	-
Transfers to Stage 3	(12.5)	(17.1)	29.6	-
Amounts written off	-	-	(21.0)	(21.0)
At 30 September 2020	**192.6**	**45.4**	**77.4**	**315.4**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	251.6	106.4	67.8	425.8
New assets originated or purchased	29.7	3.4	4.1	37.2
Assets derecognised or repaid (excluding write offs)	(44.6)	(17.0)	(13.8)	(75.4)
Transfers to Stage 1	39.4	(36.9)	(2.5)	-
Transfers to Stage 2	(36.7)	40.1	(3.4)	-
Transfers to Stage 3	(8.3)	(19.3)	27.6	-
Amounts written off	-	-	(13.8)	(13.8)
At 30 September 2019	**231.1**	**76.7**	**66.0**	**373.8**

(iii) Expected credit loss – Card receivables

	2020			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2019	0.4	0.1	34.2	34.7
New assets originated or purchased	0.1	0.1	12.8	13.0
Assets derecognised or repaid (excluding write offs)	(0.4)	-	-	(0.4)
Transfers to Stage 1	0.4	(0.1)	(0.3)	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact of impairment losses and year end ECL of exposures transferred between stages	-	1.3	22.6	23.9
Amounts written off	-	-	(21.0)	(21.0)
At 30 September 2020	**0.5**	**1.4**	**48.3**	**50.2**

	2019			
	Stage 1 MUR m	Stage 2 MUR m	Stage 3 MUR m	TOTAL MUR m
At 1 October 2018	0.4	0.2	34.0	34.6
New assets originated or purchased	0.1	0.1	2.2	2.4
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	0.2	(0.1)	(0.1)	-
Transfers to Stage 2	(0.1)	0.3	(0.2)	-
Transfers to Stage 3	-	-	-	-
Impact of impairment losses and year end ECL of exposures transferred between stages	(0.2)	(0.4)	12.1	11.5
Amounts written off	-	-	(13.8)	(13.8)
At 30 September 2019	**0.4**	**0.1**	**34.2**	**34.7**

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17. INVESTMENTS IN FINANCIAL ASSETS

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Equity instruments at FVTPL (b)	**0.8**	0.8	**0.8**	0.8
Government bonds	**8.1**	8.1	**-**	-
Debt instruments at FVTPL (c)	**20.0**	-	**20.0**	-
	28.9	8.9	**20.8**	0.8

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
(a) Available for sale investments	**Level 3**	Level 3	**Level 3**	Level 3
Non current				
Available for sale investments				
At 1 October	**-**	1.2	**-**	1.2
Transfer to equity instruments at FVTPL	**-**	(1.2)	**-**	(1.2)
At 30 September	**-**	-	**-**	-

The Company has an available for sale investment in a company based in India. Each year a fair value assessment of the investment is done using the net assets approach which as per management reflects as fair value.

The Net Assets Approach uses the following technique: The value of the investee is determined on the basis of the value of the assets and liabilities as disclosed in its financial statements as at the reporting date. The carrying amount is adjusted for the increase or decrease in the net asset value of the investee.

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
(b) Equity instruments at FVTPL	**Level 3**	Level 3	**Level 3**	Level 3
Non current				
At 1 October	**0.8**	-	**0.8**	-
Transfer from available for sale investment	**-**	1.2	**-**	1.2
Fair value loss	**-**	(0.4)	**-**	(0.4)
At 30 September	**0.8**	0.8	**0.8**	0.8

	GROUP/COMPANY	
	Sep-20	Sep-19
	MUR m	MUR m
(c) Debt instruments at FVTPL	**Level 1**	Level 1
At 1 October	**-**	**1,589.7**
Additions	**20.0**	**-**
Disposals	**-**	**(1,597.9)**
Fair value gain	**-**	**8.2**
At 30 September	**20.0**	**-**

The fair value of the quoted bond and notes have been based on price quotations at the reporting date and are classified under level 1 of the fair value hierarchy. These bond and notes carried interest of fixed rates.

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18. OTHER ASSETS

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
Trade receivables	**7.0**	-	**-**	-
Less impairment	**(1.8)**	-	**-**	-
	5.2	-	**-**	-
Prepayments	**46.9**	58.7	**1.8**	-
Other receivables	**308.0**	376.6	**-**	33.5
	360.1	435.3	**1.8**	33.5
Receivable from subsidiaries (a)	**-**	-	**48.0**	55.4
Loan at call to subsidiaries (a) (note 13)	**-**	-	**143.4**	112.5
Expected credit loss (a)	**-**	-	**(1.2)**	(1.0)
	-	-	**190.2**	166.9
	360.1	435.3	**192.0**	200.4

The carrying amount of other assets approximate their fair values due to their short term nature.

(a) Receivable from subsidiaries

Receivables from subsidiary and related companies are unsecured and carry an interest rate ranging from 4.3% to 8.5%. An analysis of the changes in the gross carrying amounts and the corresponding ECL allowance is as follows :

Receivables from subsidiaries	**Gross carrying amount**	**ECL**
	Stage 1	Stage 1
	MUR m	MUR m
At 1 October 2019	55.4	0.5
Repayments	(7.4)	-
At 30 September 2020	**48.0**	**0.5**

Loan at call to subsidiaries	**Gross carrying amount**	**ECL**
	Stage 1	Stage 1
	MUR m	MUR m
At 1 October 2019	112.5	0.5
Additions	162.9	0.5
Repayments	(132.0)	(0.3)
At 30 September 2020	**143.4**	**0.7**

19. INVENTORIES

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
Cost		
Consumables	**2.0**	3.7

20. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	Sep-20	Sep-19
	MUR m	MUR m
At 1 October	**1,130.3**	1,922.8
Additions	**-**	978.5
Impairment	**(12.2)**	(49.9)
Distribution of investments	**-**	(1,721.1)
At 30 September	**1,118.1**	1,130.3

(a) Impairment of investments

As at 30 September 2020, the Company assessed for impairment of its investments in subsidiaries, in accordance with IAS 36 – Impairment of Assets where a value in use approach has been used. Subsequently, an impairment charge of MUR 12.2M was recognised which pertains to Cim International Holding Ltd and Cim Learning Centre Ltd, both Investment holding companies written down to their recoverable amount.

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20. INVESTMENTS IN SUBSIDIARIES

(b) Details pertaining to the subsidiaries

		Proportion of direct ownership (%)		Proportion of indirect ownership (%)		
Name of subsidiaries	**Principal activity**	**Sep-20**	**Sep-19**	**Sep-20**	**Sep-19**	**Year end**
Finance						
Cim Finance Ltd*	Credit card business, factoring, consumer finance, leasing	**100.0**	100.0	**-**	-	30 September
Cim Forex Ltd	Forex dealer	**100.0**	100.0	**-**	-	30 September
Cim Agencies Ltd*	Insurance agent	**100.0**	100.0	**-**	-	30 September
Mauritian Eagle Leasing Company Ltd*	Leasing	**100.0**	100.0	**-**	-	30 September
Investments						
Cim Kenya Ltd	Holding company	**100.0**	100.0	**-**	-	30 September
Cim Credit Kenya Ltd	Provision of retail credit	**-**	-	**100.0**	100.0	30 September
Cim Insurance Agency Ltd	Insurance agent	**-**	-	**100.0**	100.0	30 September
Cim International Holdings Ltd	Investment holding	**100.0**	100.0	**-**	-	30 September
Cim Administrators Ltd	Secretarial services	**100.0**	100.0	**-**	-	30 September
Cim Ethiopia Ltd**	Investment holding	**-**	-	**-**	100.0	30 September
Key Financial Services Ltd	Investment holding	**-**	-	**100.0**	100.0	30 September
The Oceanic Trust Co. Ltd	Corporate trustee	**-**	-	**100.0**	100.0	30 September
Cim Investments Ltd***	Dormant	**100.0**	-	**-**	-	30 September
Cim Learning Centre Ltd	Investment holding	**100.0**	100.0	**-**	-	30 September
Cim Management Services Ltd*	Management services	**100.0**	100.0	**-**	-	30 September
Cim Shared Services Ltd*	Support activities	**100.0**	100.0	**-**	-	30 September
Evripay**	Dormant	**-**	100.0	**-**	-	31 December

The above subsidiaries are incorporated in Mauritius except for Cim Credit Kenya Ltd and Cim Insurance Agency Ltd which are incorporated in Kenya.

* These 5 companies have been amalgamated to the Holding Company Cim Financial Services Ltd after the financial year end, on the 1st October 2020, refer to note 35, Events after Reporting date.

** These companies are in winding up process.

*** New company incorporated during the year.

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21. INVESTMENTS IN ASSOCIATES

(a) Movement in investment in associates

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
At 1 October	**141.0**	177.5	**10.4**	16.2
Share of results of associates	**(1.3)**	(0.5)	**-**	-
Share buy back of associates	**(110.8)**	-	**-**	-
Impairment charged	**(4.4)**	(40.9)	**(10.4)**	(5.8)
Impairment reversal	**-**	9.1	**-**	-
Movement in other reserves	**2.9**	6.7	**-**	-
Dividends	**(2.5)**	(10.9)	**-**	-
At 30 September	**24.9**	141.0	**-**	10.4

(b) Impairment of investments

As at 30 September 2020, the Group tested for impairment for its investments in associates. Impairment tests were done in accordance with IAS 36 - Impairment of Assets where a value in use approach has been used, with a WACC of 5.5%. As a result of the assessments the directors have recorded the necessary impairment adjustments to the carrying value of its investment in associates.

An impairment loss was recognised at Group level amounting to MUR4.4M for its investment in Iveri Global Limited.

(c) Details of the associates

Details of the associates at the reporting date are as follows:

				Proportion of direct ownership (%)		Proportion of indirect ownership (%)		
Name of subsidiaries	**Principal activity**	**Principal place of business**	**Country of incorporation**	**Sep-20**	**Sep-19**	**Sep-20**	**Sep-19**	**Year end**
Li & Fung (Mauritius) Ltd	Buying agent	Mauritius	Mauritius	**40.0**	40.0	**-**	-	31 December
Dodwell (Mauritius) Ltd	Buying agent	Mauritius	Hong Kong	**40.0**	40.0	**-**	-	31 December
iVeri Payment Technologies Proprietary Ltd	Payment solutions provider	South Africa	South Africa	**-**	-	**49.0**	49.0	31 December
Touchpoint Payment Proprietary Limited	Payment solutions provider	South Africa	South Africa	**-**	-	**41.7**	41.7	31 December
evriPay ZA (Proprietary) Ltd	Dormant	South Africa	South Africa	**-**	-	**49.0**	49.0	31 December
iVeri Global Limited	Software solutions provider	Mauritius	Mauritius	**-**	-	**49.0**	49.0	31 December
Blue Nile Holding Ltd (ii)	Investment holding	Mauritius	Mauritius	**-**	-	**-**	32.6	31 December

(i) All of the above associates are accounted for using the equity method in the consolidated financial statements.
(ii) During the year there has been a share buy back by the shareholders of Blue Nile Holding and the assets have been distributed.
(iii) Although Cim group has 49% shareholding, there is still no control due to unsufficient representation on the board.

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21. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) Summarised financial information in respect of the Group's associates

2020	iVeri Payment Technologies Proprietary Ltd	Touchpoint Payment Proprietary Limited	iVeri Global Limited
	MUR m	MUR m	MUR m
Current assets	24.9	17.9	10.6
Non current assets	6.9	-	-
Current liabilities	(6.6)	(3.3)	(1.6)
Net assets	25.2	14.6	9.0
Ownership interest	49%	42%	49%
Share of net assets	12.3	6.1	4.4
Goodwill	6.5	-	(4.4)
Carrying value of associates	18.8	6.1	-
Revenue	32.9	68.0	11.4
(Loss)/Profit for the year	(8.9)	8.7	(1.2)
Other comprehensive income/(loss) for the year	4.9	(0.5)	1.3
Total comprehensive (loss)/income for the year	(4.0)	8.2	0.1
Group's share of (loss)/profit for the year	(4.4)	3.6	(0.6)
Group's share of total comprehensive income/(loss) for the year	2.5	(0.2)	0.6
Dividend paid during the year	(2.5)	-	-

(d) Summarised financial information in respect of the Group's associates (Cont'd)

2019	iVeri Payment Technologies Proprietary Ltd	Touchpoint Payment Proprietary Limited	iVeri Global Limited	Blue Nile Holding Ltd
	MUR m	MUR m	MUR m	MUR m
Current assets	30.5	21.6	16.7	340.0
Non current assets	6.1	0.8	-	-
Current liabilities	(9.8)	(7.8)	(7.7)	(0.3)
Net assets	26.8	14.6	9.0	339.7
Ownership interest	49%	42%	49%	33%
Share of net assets	13.1	6.1	4.4	110.7
Goodwill	6.6	-	-	0.1
Carrying value of associates	19.7	6.1	4.4	110.8
Revenue	74.7	59.9	7.7	-
Profit/(loss) for the year	3.6	0.4	(2.5)	(2.9)
Other comprehensive (loss)/income for the year	(0.1)	(0.3)	0.7	19.7
Total comprehensive income/(loss) for the year	3.5	0.1	(1.8)	16.8
Group's share of profit/(loss) for the year	1.8	0.2	(1.2)	(1.0)
Group's share of total comprehensive income/(loss) for the year	1.7	0.1	(0.9)	5.5

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22. EQUIPMENT

GROUP	Land and Buildings	Equipment	Vehicles	Total
Cost or valuation	**MUR m**	**MUR m**	**MUR m**	**MUR m**
At 1 October 2018	1,070.4	305.6	493.3	1,869.3
Additions	-	121.0	176.5	297.5
Disposals	-	(2.3)	(107.3)	(109.6)
Distribution of disposal group	(1,070.4)	(13.7)	(0.6)	(1,084.7)
At 30 September 2019	-	410.6	561.9	972.5
Additions	-	35.9	79.5	115.4
Scrapped assets	-	(2.9)	(9.9)	(12.8)
Disposals	-	(18.3)	(103.3)	(121.6)
Forex adjustment	-	0.2	-	0.2
At 30 September 2020	**-**	**425.5**	**528.2**	**953.7**

	Land and Buildings	Equipment	Vehicles	Total
Depreciation and impairment	**MUR m**	**MUR m**	**MUR m**	**MUR m**
At 1 October 2018	10.8	194.9	77.8	283.5
Charge for the year	-	53.3	92.9	146.2
Disposal adjustment	-	(2.0)	(77.7)	(79.7)
Distribution of disposal group	(10.8)	(5.2)	(0.4)	(16.4)
At 30 September 2019	-	241.0	92.6	333.6
Charge for the year	-	57.6	99.0	156.6
Scrapped assets	-	(2.9)	(9.9)	(12.8)
Disposal adjustment	-	(17.2)	(62.8)	(80.0)
At 30 September 2020	**-**	**278.5**	**118.9**	**397.4**
Carrying value				
At 30 September 2020	**-**	**147.0**	**409.3**	**556.3**
At 30 September 2019	-	169.6	469.3	638.9

23. (a) RIGHT-OF-USE ASSETS

GROUP	Land and Buildings
	MUR m
At 1 October 2019	-
Adoption IFRS16	221.8
Depreciation	(32.5)
At 30 September 2020	**189.3**

23. (b) LEASE LIABILITIES

GROUP	Land and Buildings
	MUR m
At 1 October 2019	-
Adoption IFRS16	233.5
Interest expense	11.1
Lease payments	(35.3)
At 30 September 2020	**209.3**
Current	24.3
Non current	185.0
	209.3

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23. RIGHT-OF-USE ASSETS (CONT'D)

Variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

30 September 2020	Number of Lease Contracts	Fixed payments %
Property leases with payments linked to inflation	3	16%
Property leases with periodic uplifts to market rentals	16	84%
	19	**100%**

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease term

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

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

If there are significant penalties to terminate, the Group is typically reasonably certain not to terminate.

If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As at 30 September 2020, potential future cash outflows of MUR 44.9m (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there is no financial effect of revising lease terms to reflect the effect of exercising extension.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices. As at 30 September 2020, there is no change in residual value.

	Sep-20
Interest expense (included in finance cost)	11.1
Undiscounted commitments for short-term leases	35.6

The total cash outflow for leases in 2020 was MUR 24.2m: made of capital MUR13.1m and interest MUR11.1m.

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24. INTANGIBLE ASSETS

	Leasehold Rights	Software	Total
	MUR m	MUR m	MUR m
(a) GROUP			
Cost			
At 1 October 2018	45.8	211.7	257.5
Additions	-	53.8	53.8
Distribution of disposal group	(45.8)	(1.4)	(47.2)
Scrapped assets	-	(20.2)	(20.2)
At 30 September 2019	**-**	**243.9**	**243.9**
Additions	-	54.2	54.2
Scrapped assets	-	(27.4)	(27.4)
Forex adjustment	**-**	**(1.0)**	**(1.0)**
At 30 September 2020	**-**	**269.7**	**269.7**
Amortisation/Impairment			
At 1 October 2018	0.4	150.4	150.8
Charge for the year	-	26.8	26.8
Distribution of disposal group	(0.4)	(1.4)	(1.8)
Scrapped assets	-	(20.2)	(20.2)
At 30 September 2019	**-**	**155.6**	**155.6**
Charge for the year	-	33.3	33.3
Scrapped assets	-	(27.4)	(27.4)
Forex adjustments	-	(1.6)	(1.6)
At 30 September 2020	**-**	**159.9**	**159.9**
Carrying value			
At 30 September 2020	**-**	**109.8**	**109.8**
At 30 September 2019	**-**	**88.3**	**88.3**

	Sep-20	Sep-19
(b) COMPANY		
Software	**MUR m**	MUR m
Cost		
At 1 October and 30 September	**0.3**	0.3
Amortisation		
At 1 October	**0.2**	0.2
Charge for the year	**0.1**	-
At 30 September	**0.3**	0.2
Carrying value		
At 30 September 2020	**-**	**0.1**

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25. POST-EMPLOYMENT BENEFIT LIABILITIES

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Amounts recognised in the Statements of Financial Position:				
Pension benefits (a)	**51.8**	1.1	**-**	-
Unfunded pension schemes (b)	**45.1**	37.7	**45.1**	37.7
Other retirement benefits (c)	**62.0**	55.6	**-**	-
	158.9	94.4	**45.1**	37.7
Amounts charged to profit or loss:				
Pension benefits (a)	**1.9**	1.9	**-**	-
Unfunded pension schemes (b)	**2.1**	2.4	**2.1**	2.4
Other retirement benefits (c)	**8.1**	7.5	**-**	-
Total included in employee benefit expense	**12.1**	11.8	**2.1**	2.4
Amounts charged/(credited) to other comprehensive income:				
Pension benefits (a)	**50.6**	8.0	**-**	-
Unfunded pension schemes (b)	**10.1**	0.3	**10.1**	0.3
Other retirement benefits (c)	**(0.6)**	1.4	**-**	-
	60.1	9.7	**10.1**	0.3

(a) Pension benefits

The Group operates a final salary defined benefit pension plan for some employees. The assets are held separately from the Group under the control of the Management Committee of Rogers Pension Fund (RPF). The Group contributes to the pension plan in respect of some employees who have a No Worse Off Guarantee (NWOG) so that their benefits would not be worse than what they would have earned under a previous defined benefit plan.

	GROUP	
	Sep-20 MUR m	Sep-19 MUR m
(i) Amounts recognised in the Statements of Financial Position are as follows:		
Present value of funded obligations	**99.0**	46.6
Fair value of plan assets	**(47.2)**	(45.5)
Liability in the Statements of Financial Position	**51.8**	1.1
The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:		
At 1 October	**1.1**	(7.2)
Charged to profit or loss	**1.9**	1.9
Charged to other comprehensive income	**50.6**	8.0
Contributions paid	**(1.8)**	(1.6)
At 30 September	**51.8**	1.1
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:		
Service cost:		
Current service cost	**1.9**	1.4
Past service cost	**-**	1.0
Net interest	**-**	(0.5)
Components of amount recognised in profit or loss	**1.9**	1.9
Return on plan assets above interest cost	**3.1**	0.2
Liability experience loss	**3.8**	1.0
Liability loss due to change in financial assumptions	**43.7**	6.8
Components of amount recognised in other comprehensive income	**50.6**	8.0

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25. POST-EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
(a) Pension benefits (cont'd)		
(iii) Movements in the defined benefit obligations over the year are as follows:		
At 1 October	**46.6**	34.4
Current service cost	**1.9**	1.4
Past service cost	**-**	1.0
Interest expense	**2.8**	2.1
Other benefits paid	**-**	(0.1)
Liability experience loss	**3.9**	1.0
Liability loss due to change in financial assumptions	**43.8**	6.8
At 30 September	**99.0**	46.6
(iv) Movements in the fair value of plan assets over the year are as follows:		
At 1 October	**45.5**	41.6
Interest income	**2.8**	2.6
Employer contribution	**1.9**	1.6
Benefits paid	**-**	(0.1)
Return on plan assets excluding interest income	**(3.0)**	(0.2)
At 30 September	**47.2**	45.5
(v) Sensitivity analysis on defined benefit obligation at end of year		
Increase due to 1% decrease in discount rate	**33.6**	20.6
Decrease due to 1% increase in discount rate	**26.5**	16.5

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in the discount rate due to the nature of the liabilities being the difference between a minimum defined benefit liability and the projected defined contribution liabilities, the latter being MUR48.7m as at 30 September 2020. 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.

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

	GROUP	
	Sep-20	Sep-19
	%	%
(vi) Allocation of plan assets at end of year:		
Equity - local quoted	**25**	20
Equity - overseas quoted	**29**	36
Debt - local unquoted	**7**	7
Debt - overseas quoted	**27**	26
Property - local	**2**	2
Cash and other	**10**	9
	100	100

(vii) Future cashflows

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2021 are MUR2.7m.
- The average duration of the defined benefit obligations ranges between 3 years and 12 years.

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25. POST-EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

	GROUP	
	Sep-20	Sep-19
(a) Pension benefits (cont'd)		
(viii) Principal actuarial assumptions at end of year:		
Discount rate	**2.7%**	5.9%
Future salary increases	**2.2%**	4.0%
Future pension increases	**0.0%**	1.1%
Average retirement age (ARA)	**60**	60
Average life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

The plan exposes the Group to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

- *Investment risk*

The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus. Currently the Plan has a relatively balanced investment in equity securities, debt instruments and real estate to leverage the return generated by the plan assets.

- *Interest risk*

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

- *Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

- *Salary risk*

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

There has been no plan amendment, curtailment or settlement during the year.

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25. POST-EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

(b) Unfunded pension schemes

Unfunded pension schemes comprise of pensions paid out of cash flow.

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
(i) Amounts recognised in the Statements of Financial Position are as follows:				
Present value of unfunded obligation	**45.1**	37.7	**45.1**	37.7
Liability in the Statements of Financial Position	**45.1**	37.7	**45.1**	37.7
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:				
Net interest on net defined benefit liability	**2.1**	2.4	**2.1**	2.4
Components of amount recognised in profit or loss	**2.1**	2.4	**2.1**	2.4
Liability experience loss/(gain)	**2.5**	(0.3)	**2.5**	(0.3)
Liability loss due to change in financial assumptions	**7.6**	0.6	**7.6**	0.6
Components of amount recognised in other comprehensive income	**10.1**	0.3	**10.1**	0.3
(iii) Movements in liability recognised in Statements of Financial Position:				
At 1 October	**37.7**	40.9	**37.7**	40.9
Interest expense	**2.1**	2.4	**2.1**	2.4
Other benefits paid	**(4.8)**	(5.9)	**(4.8)**	(5.9)
Liability experience loss/(gain)	**2.5**	(0.3)	**2.5**	(0.3)
Liability loss due to change in financial assumptions	**7.6**	0.6	**7.6**	0.6
At 30 September	**45.1**	37.7	**45.1**	37.7
(iv) Sensitivity Analysis on defined benefit obligation at end of period				
Increase due to 1% decrease in discount rate	**2.9**	2.2	**2.9**	2.0
Decrease due to 1% increase in discount rate	**2.6**	2.0	**2.6**	2.0

The above sensitivity analysis has been carried out by recalculating the present value of the obligation at the end of the period after increasing or 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.

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25. POST- EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

(b) Unfunded pension schemes (cont'd)

(v) Future cash flows

- The funding policy is to pay benefits out of the Group's cashflow as and when due.
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2021 are MUR5.1m.
- The weighted average duration of the defined benefit obligations is 5 years.

	GROUP	
	Sep-20	Sep-19
(vi) Principal actuarial assumptions at end of year:		
Discount rate	**2.7%**	5.9%
Future pension increases	**2.0%**	2.0%
Average retirement age (ARA)	**60**	60
Average life expectancy for:		
- Male at ARA	**19.5 years**	19.5 years
- Female at ARA	**24.2 years**	24.2 years

(c) Other retirement benefits

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Rights Act 2019 (2018-Employment Rights Act 2008) and other benefits. Other retirement benefits comprise full and residual retirement gratuities.

	GROUP	
	Sep-20 MUR m	Sep-19 MUR m
(i) Amounts recognised in the Statements of Financial Position are as follows:		
Present value of unfunded obligation	**62.0**	55.6
Liability in the Statements of Financial Position	**62.0**	55.6
(ii) Amounts recognised in profit or loss and other comprehensive income are as follows:		
Service cost:		
Current service cost	**4.9**	4.8
Past service cost	**-**	(0.2)
Net interest on net defined benefit liability	**3.2**	2.9
Components of amount recognised in profit or loss	**8.1**	7.5
Liability experience loss	**1.6**	3.7
Liability loss due to change in demographic assumptions	**(22.9)**	-
Liability gain/(loss) due to change in financial assumptions	**20.7**	(2.3)
Components of amount recognised in other comprehensive income	**(0.6)**	1.4

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25. POST-EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
(c) Other retirement benefits (cont'd)		
(iii) Movements in liability recognised in Statements of Financial Position:		
At 1 October	**55.6**	46.7
Current service cost	**4.9**	4.8
Past service cost	**-**	(0.2)
Interest expense	**3.2**	2.9
Other benefits paid	**(1.1)**	-
Liability experience loss	**1.6**	3.7
Liability loss due to change in demographic assumptions	**(22.9)**	-
Liability loss due to change in financial assumptions	**20.7**	(2.3)
At 30 September	**62.0**	55.6
(iv) Sensitivity Analysis on defined benefit obligation at end of period		
Increase due to 1% decrease in discount rate	**19.1**	10.6
Decrease due to 1% increase in discount rate	**15.2**	9.0

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of the period after increasing or 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.

In relation to the residual retirement gratuities, the results are particularly sensitive to a change in the discount rate due to the nature of liabilities being the difference between the pure retirement gratuities under the Employment Rights Act 2008 and the deductions allowable, being five times the annual pension provided and half the lump sum received by the member at retirement from the pension fund with reference to the Company's share of contributions. The latter's amount is MUR77.1m as at 30 September 2020.

(v) Future cashflows

- The funding policy is to pay benefits out of the Group's cashflow as and when due.
- Expected employer contributions to post-employment benefit plans for the year ending 30 September 2021 are MUR0.5m.
- The weighted average duration of the defined benefit obligations ranges between 1 year and 24 years.

	GROUP	
	Sep-20	Sep-19
(vi) Principal actuarial assumptions at end of year:		
Discount rate	**2.7%**	5.9%
Future salary increases	**2.2%**	4.0%
Future pension increases	**0.0%**	0-1.1%
Average retirement age (ARA)	**65**	60
Average life expectancy for:		
- Male at ARA	**15.9 years**	19.5 years
- Female at ARA	**20 years**	24.2 years

(d) Contribution to the defined contribution plans amounted to MUR12.0m (2019: MUR14.0m).

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26. DEFERRED TAXATION

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2019: 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority. The following amounts are shown in the Statement of Financial Position:

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
Deferred tax assets	**188.8**	47.1
Deferred tax liabilities	**(16.4)**	(1.3)
	172.4	45.8

At the end of the reporting period, the Group had unused tax losses of MUR23.7m (2019: MUR19.1m) available for offset against future profit on which no deferred tax has been recognised due to unpredictability of future taxable profit streams to utilise these losses. The expiry of the Group's tax losses are MUR0.4m in 2021, MUR0.8m in 2022, MUR2.3m in 2023 and MUR15.6m in 2024.

Deferred tax assets/(liabilities)

GROUP

	Impair-ment allowance	Post employment benefit	Right of use	Accelerated tax depreciation	Tax losses	Total
	MUR m	MUR m	MUR m	MUR m	MUR m	MUR m
At 1 October 2018	86.4	2.8	-	(15.7)	-	73.5
Impact on adoption of IFRS 9	(0.1)	-	-	-	-	(0.1)
(Charge)/Credit to profit or loss	(46.3)	(2.3)	-	3.8	7.7	(37.1)
Credit to other comprehensive income (note 12)	-	0.5	-	-	-	0.5
Exchange difference	-	-	-	-	(0.6)	(0.6)
Distribution of disposal group	-	-	-	9.6	-	9.6
At 30 September 2019	40.0	1.0	-	(2.3)	7.1	45.8
Credit/(Charge) to profit or loss	46.4	1.1	3.0	(5.2)	-	45.3
Effect of no partial exemption	78.9	4.3	-	(8.9)	-	74.3
Credit to comprehensive income (note 12)	-	7.0	-	-	-	7.0
At 30 September 2020	165.3	13.4	3.0	(16.4)	7.1	172.4
Deferred tax asset	165.3	13.4	3.0	-	7.1	188.8
Deferred tax liability	-	-	-	(16.4)	-	(16.4)
	165.3	13.4	3.0	(16.4)	7.1	172.4

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27. OTHER BORROWED FUNDS

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
(a) Non current				
Bank and other borrowings - Secured (d)	**1,153.1**	4,280.8	**-**	-
Bank and other borrowings - Unsecured	**4,002.5**	5.7	**3,988.0**	-
	5,155.6	4,286.5	**3,988.0**	-
Current				
Bank overdrafts (note 13)	**-**	16.5	**-**	-
Bank and other borrowings - Secured (d)	**3,592.7**	3,749.5	**337.5**	-
Bank and other borrowings - Unsecured	**1,088.3**	1,042.3	**1,161.7**	1,203.3
	4,681.0	4,808.3	**1,499.2**	1,203.3
Total	**9,836.6**	9,094.8	**5,487.2**	1,203.3

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	MUR m	MUR m	**MUR m**	MUR m
(b) Non current borrowings analysed as follows:				
Repayable otherwise than by instalments:				
After one year and before two years				
Others	**-**	2.5	**-**	-
After two years and before three years				
Others	**2,578.2**	3.2	**1,578.3**	-
After three years and before five years				
Others	**2,129.2**	-	**2,129.2**	-
After five years	**280.5**	-	**280.5**	-
Repayable by instalments:				
After one year and before two years	**133.2**	3,112.0	**-**	-
After two years and before three years	**33.6**	131.4	**-**	-
After three years and before five years	**0.9**	1,037.4	**-**	-
After five years	**-**	-	**-**	-
	5,155.6	4,286.5	**3,988.0**	-

	GROUP		COMPANY	
	Sep-20	Sep-19	**Sep-20**	Sep-19
	%	%	**%**	%
(c) The effective interest rates at the end of the reporting period were as follows:				
Bank overdrafts	**3.45 - 12.00**	4.90 - 6.95	**-**	-
Bank and other borrowings - Secured	**2.50 - 5.40**	3.25 - 5.40	**4.25**	-
Bank and other borrowings - Unsecured	**0.75 - 6.30**	0.75 - 4.80	**2.50 - 6.30**	3.45 - 3.70

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27. OTHER BORROWED FUNDS (CONT'D)

(d) The secured bank and other borrowings are secured by floating charges over the respective assets of the relevant companies of the Group.

(e) The carrying amounts of the other borrowed funds are denominated in the following currencies:

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
MUR and others	**9,831.2**	9,085.3	**5,487.2**	1,203.3
EURO	**4.8**	8.7	**-**	-
USD	**0.6**	0.8	**-**	-
	9,836.6	9,094.8	**5,487.2**	1,203.3

Reconciliation of liabilities arising from financing activities:

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
At 1 October	**9,078.3**	5,746.4	**1,203.3**	1,396.9
Proceeds	**8,718.4**	17,177.9	**6,485.2**	993.0
Repayments	**(8,072.6)**	(13,912.1)	**(2,262.5)**	(1,189.9)
Interest movement	**112.5**	69.9	**61.2**	3.3
Distribution of disposal group	**-**	(3.8)	**-**	-
At 30 September	**9,836.6**	9,078.3	**5,487.2**	1,203.3
Bank overdrafts (note 13)	**-**	16.5	**-**	-
	9,836.6	9,094.8	**5,487.2**	1,203.3

28. OTHER LIABILITIES

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Trade payables	**389.9**	513.8	**-**	-
Accruals	**105.8**	95.2	**4.8**	3.6
Other payables	**683.9**	647.5	**1.1**	0.2
Deferred income	**192.4**	182.2	**-**	-
	1,372.0	1,438.7	**5.9**	3.8

The carrying amount of the payables is considered as a reasonable approximation of fair value due to their short term nature.

Trade payable and other payable are secured, interest free and payable within 3 months. Deferred income includes merchant discount which is recognised and released to profit or loss in accordance to note 2.7(e).

Included in other payables is an amount of MUR16.6m representing Government Wages Allowance Scheme unutilised as to date.

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29. DIVIDENDS

	COMPANY	
	Sep-20	Sep-19
	MUR m	MUR m
Amounts recognised as distributions to equity holders in the year:		
Final dividends paid of MUR0.16 (2019: MUR0.15)	**108.9**	102.1
Interim dividends nil (2019: MUR0.08 per share)	**-**	54.4
	108.9	156.5

30. EQUITY

Stated Capital

	COMPANY 2020 & 2019	
	No of shares	**Ordinary shares**
	Million	**MUR m**
No par value shares	**680.5**	**680.5**

The Company has issued 680,522,310 shares of no par value issued at the reporting date. All shares are fully paid and carry equal voting rights. The ordinary shares are classified as equity.

Capital Reserves

The capital reserves comprise mainly of the previous Statutory Reserve and General Banking Reserve that were set aside for unforeseeable losses under the Banking Act for one subsidiary of the Group. As the subsidiary is no longer regulated by the Bank of Mauritius, these reserves are no longer legally required. Nonetheless, the board would prefer to maintain these reserves separately from retained earnings. These undistributable reserves are available to be freely transferred within equity if management chooses to do so. Otherwise, they are available for distribution on winding up.

Retained Earnings

Retained earnings arise from the accumulation of profits from the profit or loss less any dividends payable for the period.

Actuarial Losses

Actuarial losses arise on remeasurement of net defined benefit liability. Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified to profit or loss in subsequent periods.

Other Reserves

Reserves not dealt in above are accounted as other reserves and include Foreign exchange reserves.

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31. EARNINGS PER SHARE

		GROUP		COMPANY	
		Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Profit for the year from continuing operations		**190.8**	366.9	**120.6**	301.7
Profit for the year from discontinued operations		**-**	15.8	**-**	-
Profit attributable to owners of the parent		**190.8**	382.7	**120.6**	301.7
Number of shares used in calculation		**680,522,310**	680,522,310	**680,522,310**	680,522,310
Basic and diluted earnings per share from continuing activities	MUR	**0.28**	0.54	**0.18**	0.44
Basic and diluted earnings per share from discontinued activities	MUR	**-**	0.02	**-**	-
Basic and diluted earnings per share	MUR	**0.28**	0.56	**0.18**	0.44

32. NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
(a) Cash generated from operations				
Profit before tax from continuing operations	**268.2**	453.1	**129.4**	304.4
Profit before tax from discontinuing operations	**-**	20.0	**-**	-
Depreciation of property, plant and equipment (note 22)	**156.6**	146.2	**-**	-
Depreciation of right of use asset (note 23)	**32.5**	-	**-**	-
Amortisation (note 24)	**33.3**	26.8	**0.1**	-
Interest income using EIR model (note 5(a))	**(933.3)**	(549.8)	**(199.5)**	(87.8)
Other interest income (note 5(a))	**(781.4)**	(892.8)	**(0.3)**	(30.8)
Interest expense (note 5(b))	**431.4**	388.2	**138.8**	39.3
Impairment of investment (note 21)	**-**	-	**22.6**	55.7
Impairment on other assets	**2.9**	-	**-**	-
Profit on disposal of investment	**(19.7)**	-	**-**	-
Allowance for credit impairment	**652.6**	180.9	**16.2**	5.8
Profit on disposal of equipment	**(2.4)**	(3.9)	**-**	-
Investment income	**-**	-	**(140.0)**	(311.9)
Foreign exchange loss/(profit)	**0.9**	(4.4)	**-**	3.9
Fair value movement on financial assets	**-**	0.4	**-**	0.4
Fair value movement on debt instruments	**-**	(8.2)	**-**	(8.2)
Share of results of associates (note 21(a))	**5.7**	32.3	**-**	-
Post employment benefit expense	**4.2**	4.3	**(2.8)**	(3.5)
	(148.5)	(206.9)	**(35.5)**	(32.7)
(b) Changes in working capital				
Repayment of deposit from customers	**-**	(3,426.6)	**-**	-
Deposit with banks	**(3.2)**	518.4	**-**	524.5
Inventories	**1.7**	1.9	**-**	-
Net investment in finance leases and other credit agreements	**192.0**	(763.5)	**-**	-
Loan and advances	**(746.6)**	(336.0)	**(4,241.9)**	(1,855.5)
Investment in financial assets	**-**	1,597.9	**(20.0)**	1,597.9
Other assets	**75.3**	361.2	**39.1**	119.3
Other liabilities	**(57.5)**	(158.1)	**2.0**	(127.5)
Cash (used in)/generated from operations	**(686.8)**	(2,411.7)	**(4,256.3)**	226.0

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33. DERECOGNITION OF SUBSIDIARIES

During the year, the Group derecognised Cim Ethiopia Ltd and Evripay Ltd being in winding up process.

The results of the derecognition in the Group's financial statements are as follows:

	Sep-20
Analysis of assets and liabilities	**MUR m**
Assets	
Cash and cash equivalents	120.5
Net assets	120.5
Gain on derecognition of subsidiaries	
Consideration received	118.4
Net assets disposed of	(120.5)
Cumulative exchange differences in respect of the net assets of the subsidiaries derecognised	15.6
	13.5

Net cash inflow on derecognition of subsidiaries

	Sep-20
	MUR m
Consideration received in cash and cash equivalents	118.4
Less cash and cash equivalents derecognised	(120.5)
Net cash outflow	(2.1)

34. COMMITMENTS

	GROUP	
	Sep-20	Sep-19
	MUR m	MUR m
Operating lease – where the Group is the lessor		
The future minimum undiscounted lease payments under operating leases are as follows:		
Within one year	**140.3**	149.9
After one year and before five years	**278.4**	326.8
Later than 5 years	**3.1**	32.0
	421.8	508.7

The Group has entered into operating leases for motor vehicles that include revenue-related rental payments that are contingent on future levels of revenue. These leases have terms ranging from 1 to 7 years.

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35. EVENTS AFTER THE REPORTING DATE

On 1 October 2020 CIM Financial Services Ltd, has been granted approval to amalgamate with 5 wholly owned subsidiaries in view of streamlining the structure of the Group. The entities concerned are Cim Finance Ltd, Cim Agencies Ltd, Mauritian Eagle Leasing Company Limited, Cim Management Services Ltd, and Cim Shared Services Ltd. The surviving company is CIM Financial Services Ltd.

The amalgamated Company's assets and liabilities had the amalgamation already done at 30 Sept 2020 would have been as follows :

STATEMENT OF FINANCIAL POSITION	Sep-20 MUR m
ASSETS	
Cash and bank balances	283.3
Deposits with banks	510.2
Net investment in leases and other credit agreements	8,374.1
Loans and advances	5,076.0
Investments in financial assets	222.6
Other assets	384.3
Inventories	2.0
Investments in subsidiaries	167.1
Equipment	553.4
Right-of-use assets	189.3
Deferred tax assets	175.6
Intangible assets	103.9
Total assets	**16,041.8**
LIABILITIES	
Other borrowed funds	9,836.0
Other liabilities	1,375.9
Lease liabilities	209.3
Income tax liabilities	115.4
Post employment benefit liabilities	156.7
Deferred tax liabilities	3.2
Total liabilities	**11,696.5**
EQUITY	
Stated capital	680.5
Retained earnings	2,629.9
Revaluation and other reserves	1,034.9
Total equity	**4,345.3**
Total equity and liabilities	**16,041.8**

36. CONTINGENT LIABILITIES

	GROUP & COMPANY	
	Sep-20 MUR m	Sep-19 MUR m
Financial guarantee	**112.0**	20.0
	112.0	20.0

At 30 September 2020, the Company had contingent liabilities in respect of guarantees from which it is anticipated that no material liabilities would arise. The Company has given corporate guarantees amounting to MUR112m (2019: MUR20m) on behalf of two wholly owned subsidiaries.

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37. RELATED PARTY TRANSACTIONS

During the year the Group transacted with related parties.

Transactions which are not dealt with elsewhere in the financial statements are as follows:

	GROUP		COMPANY	
	Sep-20 MUR m	Sep-19 MUR m	**Sep-20 MUR m**	Sep-19 MUR m
Interest income and other income				
Subsidiaries	**-**	-	**199.5**	87.8
Associates	**2.2**	-	-	-
Purchase of goods and services from				
Companies with common shareholders	**9.3**	8.0	-	0.2
Purchase of plant and equipment				
Companies with common shareholders	**13.1**	70.5	**-**	-
Dividend income				
Subsidiaries	**-**	-	**140.0**	301.0
Associates	**2.5**	10.9	**-**	10.9
Financial charges				
Subsidiaries	**-**	-	**6.1**	6.6
Loans payable to				
Subsidiaries	**-**	-	**110.0**	170.0
Loans and leases receivable from				
Companies with common shareholders	**95.7**	-	**-**	-
Subsidiaries	**-**	-	**7,294.5**	2,991.9
Amount owed by				
Companies with common shareholders	**96.0**	120.6	**-**	33.5
Subsidiaries	**-**	-	**190.2**	166.9
Amount owed to				
Companies with common shareholders	**39.3**	63.6	**-**	-
Remuneration of key management personnel				
Short term employee benefit	**132.1**	179.7	**6.8**	6.2
Long term employee benefit	**6.8**	7.3	**-**	-
Post employment benefit	**1.6**	-	**-**	-

The above transactions have been made at arms' length, on normal commercial terms and in the normal course of business.

The Group has given guarantees to related companies as per Note 36.

The Group has recorded impairment of loans and intercompany receivables relating to amounts owed by related parties. The impairment assessments of these companies were based on ECL.

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38. BUSINESS SEGMENTS

	Finance	Investments	Group elimination	Total
	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2020				
Gross operating income	2,480.2	463.8	(430.6)	2,513.4
Interest expense	(487.1)	(149.9)	205.6	(431.4)
Net operating income	1,993.1	313.9	(225.0)	2,082.0
Operating expenses	(1,051.7)	(349.4)	225.0	(1,176.1)
Operating profit/(loss) before impairment	941.4	(35.5)	-	905.9
Allowance for credit impairment	(599.2)	(53.4)	-	(652.6)
Operating profit/(loss) before impairment	342.2	(89.9)	-	253.3
Foreign exchange gain/(loss)	1.2	(0.3)	-	0.9
Profit from disposal of subsidiaries	-	13.5	-	13.5
Profit from disposal of associates	-	6.2	-	6.2
Share of results of associates	-	(5.7)	-	(5.7)
Profit/(loss) before tax	343.4	(75.2)	-	268.2
Income tax expense	(37.6)	(39.8)	-	(77.4)
Profit/(loss) for the year	305.8	(115.0)	-	190.8
Assets	16,210.8	7,923.9	(8,226.4)	15,908.3
Liabilities	13,877.8	6,072.4	(8,241.4)	11,708.8
Capital expenditure	140.3	29.3	-	169.6
Investments in associates	-	24.9	-	24.9
Depreciation and amortisation	206.4	16.0	-	222.4

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38. BUSINESS SEGMENTS

	Finance	Investments	Group elimination	Discontinued operations	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Year ended 30 September 2019					
Gross operating income	2,153.8	522.7	(478.4)	-	2,198.1
Interest expense	(432.1)	(50.7)	94.6	-	(388.2)
Net operating income	1,721.7	472.0	(383.8)	-	1,809.9
Operating expenses	(1,023.6)	(508.2)	383.8	-	(1,148.0)
Operating profit before impairment	698.1	(36.2)	-	-	661.9
Allowance for credit impairment	(155.0)	(25.9)	-	-	(180.9)
Operating profit	543.1	(62.1)	-	-	481.0
Foreign exchange gain	1.1	3.3	-	-	4.4
Share of results of associates	-	(32.3)	-	-	(32.3)
	544.2	(91.1)	-	-	453.1
Income tax (expense)/credit	(112.1)	25.9	-	-	(86.2)
Profit for the year from continuing operations	432.1	(65.2)	-	-	366.9
Profit for the year from discontinued operations	-	-	-	15.8	15.8
Profit for the year	432.1	(65.2)	-	15.8	382.7
Assets	14,934.9	3,533.7	(3,657.8)	-	14,810.8
Liabilities	12,715.8	1,577.3	(3,657.8)	-	10,635.3
Capital expenditure	323.1	7.7	-	-	330.8
Investments in associates	-	141.0	-	-	141.0
Depreciation and amortisation	161.5	13.3	(1.8)	-	173.0

For management purposes, the Group is organised into two business segments based on the products and services as follows:

Finance – consumer credit, leasing, card acquiring and issuing, factoring and foreign exchange dealing.

Investments – strategy monitoring, support to SBUs, performance monitoring and statutory reporting.

No operating segments have been aggregated to form the above reportable operating segments.

Geographical information	**Sep-20**	Sep-19
Revenue	**MUR m**	MUR m
- from customers in Mauritius	**2,492.2**	2,196.8
- from customers in foreign countries	**21.2**	1.3
	2,513.4	2,198.1
Non-current assets*		
- located in Mauritius	**653.3**	710.9
- located in foreign countries	**14.8**	20.0
	668.1	730.9

* Non-current assets exclude financial instruments, deferred tax assets and post employment benefit assets.

39. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate holding and ultimate holding companies of CIM Financial Services Ltd are Cim Holdings Ltd and Elgin Ltd respectively. Both companies are incorporated in Mauritius.

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40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities based on when they are expected to be recovered or settled.

GROUP	2020			2019		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
	MUR m	**MUR m**	**MUR m**	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	**460.7**	**-**	**460.7**	444.5	-	444.5
Deposits with banks	**310.6**	**199.6**	**510.2**	9.0	498.0	507.0
Net investment in leases and other credit agreements	**4,512.0**	**3,862.1**	**8,374.1**	4,435.8	4,333.3	8,769.1
Loans and advances	**1,929.7**	**3,173.5**	**5,103.2**	1,752.3	1,956.4	3,708.7
Investments in financial assets	**5.0**	**23.9**	**28.9**	-	8.9	8.9
Other assets	**360.1**	**-**	**360.1**	435.3	-	435.3
Inventories	**2.0**	**-**	**2.0**	3.7	-	3.7
Investments in associates	**-**	**24.9**	**24.9**	-	141.0	141.0
Equipment	**-**	**556.3**	**556.3**	-	638.9	638.9
Right-of-use assets	**-**	**189.3**	**189.3**	-	-	-
Income tax assets	**-**	**-**	**-**	18.3	-	18.3
Deferred tax assets	**-**	**188.8**	**188.8**	-	47.1	47.1
Intangible assets	**-**	**109.8**	**109.8**	-	88.3	88.3
Total assets	**7,580.1**	**8,328.2**	**15,908.3**	7,098.9	7,711.9	14,810.8
LIABILITIES						
Other borrowed funds	**4,681.0**	**5,155.6**	**9,836.6**	4,808.3	4,286.5	9,094.8
Other liabilities	**1,372.0**	**-**	**1,372.0**	1,438.7	-	1,438.7
Lease liabilities	**24.3**	**185.0**	**209.3**	-	-	-
Income tax liabilities	**115.6**	**-**	**115.6**	6.1	-	6.1
Post-employment benefit liabilities	**-**	**158.9**	**158.9**	-	94.4	94.4
Deferred tax liabilities	**-**	**16.4**	**16.4**	-	1.3	1.3
Total liabilities	**6,192.9**	**5,515.9**	**11,708.8**	6,253.1	4,382.2	10,635.3

COMPANY	2020			2019		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
	MUR m	**MUR m**	**MUR m**	MUR m	MUR m	MUR m
ASSETS						
Cash and bank balances	**18.1**	**-**	**18.1**	12.6	-	12.6
Loans and advances	**3,104.6**	**4,189.8**	**7,294.4**	2,809.6	182.3	2,991.9
Investments in financial assets	**5.8**	**15.0**	**20.8**	0.8	-	0.8
Other assets	**192.0**	**-**	**192.0**	200.4	-	200.4
Investments in subsidiaries	**-**	**1,118.1**	**1,118.1**	-	1,130.3	1,130.3
Investments in associates	**-**	**-**	**-**	-	10.4	10.4
Intangible assets	**-**	**-**	**-**	-	0.1	0.1
Total assets	**3,320.5**	**5,322.9**	**8,643.4**	3,023.4	1,323.1	4,346.5
LIABILITIES						
Other borrowed funds	**1,499.2**	**3,988.0**	**5,487.2**	1,203.3	-	1,203.3
Other liabilities	**5.9**	**-**	**5.9**	3.8	-	3.8
Income tax liabilities	**4.6**	**-**	**4.6**	2.7	-	2.7
Post-employment benefit liabilities	**-**	**45.1**	**45.1**	-	37.7	37.7
Total liabilities	**1,509.7**	**4,033.1**	**5,542.8**	1,209.8	37.7	1,247.5

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41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Except for financial assets and liabilities at fair value through profit or loss, the Group does not measure its financial assets and financial liabilities at fair value. The table below shows, by class of financial instruments, the comparison of their carrying amounts with their fair values. These fair values are calculated for disclosure purposes only.

30 September 2020	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	8,374.1	-	-	8,753.8	8,753.8
Loans and advances					
Credit facilities	4,526.5	-	-	4,714.9	4,714.9
Corporate credit facilities	109.3	-	-	119.0	119.0
	13,009.9	-	-	13,587.7	13,587.7
Financial liabilities not measured at fair value					
Other borrowed funds	9,836.6	-	-	9,836.6	9,836.6
	9,836.6	-	-	9,836.6	9,836.6
Financial instruments for which the fair value approximates the carrying amount					
Financial assets					
Cash at bank balances	460.7				
Deposits with banks	510.2				
Loans and advances					
Factoring receivables	202.2				
Card receivables	265.2				
Investment in financial assets	28.9				
Other assets	313.2				
Financial liabilities					
Other liabilities	1,409.6				

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41. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

30 September 2019	Carrying amounts	Fair value			
		Level 1	Level 2	Level 3	Total
	MUR m	MUR m	MUR m	MUR m	MUR m
Financial assets not measured at fair value					
Net investment in leases and other credit agreements	8,769.1	-	-	8,905.5	8,905.5
Loans and advances					
Credit facilities	2,952.2	-	-	2,957.8	2,957.8
Corporate credit facilities	158.4	-	-	164.1	164.1
	11,879.7	-	-	12,027.4	12,027.4
Financial liabilities not measured at fair value					
Other borrowed funds	9,094.8	-	-	9,094.8	9,094.8
	9,094.8	-	-	9,094.8	9,094.8
Financial instruments for which the fair value approximates the carrying amount					
Financial assets					
Cash at bank balances	444.5				
Deposits with banks	507.0				
Loans and advances					
Factoring receivables	259.0				
Card receivables	339.1				
Investment in financial assets	8.9				
Other assets	376.6				
Financial liabilities					
Other liabilities	1,670.8				

For financial assets and financial liabilities that have a short-term maturity, the carrying amounts, which are net of impairment, represent a reasonable approximation of their fair value. Such instruments include cash and bank balances, deposits with banks, factoring and card receivables and other liabilities.

The fair value of the net investment in leases and other credit agreements, credit facilities, corporate credit facilities (included in loans and advances) and other borrowed funds are estimated using cash flow models discounted at the relevant discount rate taking into consideration credit risk, foreign exchange risk, of default and loss given default estimates. As a result, these balances fall under Level 3 of the fair value hierarchy. Market observable data is used when appropriate and when such data is not available, the Group uses historical experience. The discount rates used represent the market rates.

Refer to Note 17 for further details regarding financial assets measured at fair value.

The Group's financial assets and liabilities approximates its fair value as at 30 September 2020.

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42. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below shows the financial assets and liabilities of the Group and the Company classified according to the categories under IFRS 9 and IAS 39 respectively.

30 September 2020	Categories under IFRS 9					
	Group			Company		
Financial assets	**Assets at fair value through profit or loss MUR m**	**Assets at amortised costs MUR m**	**Total MUR m**	**Assets at fair value through profit or loss MUR m**	**Assets at amortised costs MUR m**	**Total MUR m**
Cash and bank balances	**-**	**460.7**	**460.7**	**-**	**18.1**	**18.1**
Deposits with banks	**-**	**510.2**	**510.2**	**-**	**-**	**-**
Loans and advances	**-**	**5,103.2**	**5,103.2**	**-**	**7,294.4**	**7,294.4**
Investments in financial assets	**0.8**	**28.1**	**28.9**	**0.8**	**20.0**	**20.8**
Other assets	**-**	**313.2**	**313.2**	**-**	**192.0**	**192.0**
	0.8	**6,415.4**	**6,416.2**	**0.8**	**7,524.5**	**7,525.3**

	Group			Company		
Financial liabilties	**Liabilities at fair value through profit or loss MUR m**	**Liabilities at amortised cost MUR m**	**Total MUR m**	**Liabilities at fair value through profit or loss MUR m**	**Liabilities at amortised cost MUR m**	**Total MUR m**
Other borrowed funds	**-**	**9,836.6**	**9,836.6**	**-**	**5,487.2**	**5,487.2**
Other liabilities	**-**	**1,372.0**	**1,372.0**	**-**	**5.9**	**5.9**
	-	**11,208.6**	**11,208.6**	**-**	**5,493.1**	**5,493.1**

30 September 2019	Categories under IFRS 9					
	Group			Company		
Financial assets	**Assets at fair value through profit or loss** MUR m	**Assets at amortised costs** MUR m	**Total** MUR m	**Assets at fair value through profit or loss** MUR m	**Assets at amortised costs** MUR m	**Total** MUR m
Cash and bank balances	-	444.5	444.5	-	12.6	12.6
Deposits with banks	-	507.0	507.0	-	-	-
Loans and advances	-	3,708.7	3,708.7	-	2,991.9	2,991.9
Investments in financial assets	0.8	8.1	8.9	0.8	-	0.8
Other assets	-	376.6	376.6	-	200.4	200.4
	0.8	5,044.7	5,045.7	0.8	3,204.9	3,205.7

	Group			Company		
Financial liabilties	**Liabilities at fair value through profit or loss** MUR m	**Liabilities at amortised cost** MUR m	**Total** MUR m	**Liabilities at fair value through profit or loss** MUR m	**Liabilities at amortised cost** MUR m	**Total** MUR m
Other borrowed funds	-	9,094.8	9,094.8	-	1,203.3	1,203.3
Other liabilities	-	1,256.5	1,256.5	-	3.8	3.8
	-	10,351.3	10,351.3	-	1,207.1	1,207.1

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43. CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements - IFRS 16

The Group adopted IFRS 16 with a transition date of 1 October 2019. The Group has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 October 2019) and recognised in the opening equity balances.

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value (MUR200K). IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 October 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

Classification under IAS 17	Right-of-use assets	Lease liabilities
All other operating leases	The carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.	Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 October 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5.3%.

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43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 October 2019:

	Adjustments	30 September 2019 As originally Presented MUR m	IFRS 16 MUR m	1 October 2019 MUR m
Assets				
Right-of-use assets	(a)	-	221.8	221.8
Deferred tax assets	(b)	188.8	(3.1)	185.7
Liabilities				
Lease liabilities		-	233.5	233.5
Equity				
Retained earnings	(d)	2,983.7	(11.9)	2,971.8

(a) The adjustment to right-of-use assets is as follows:

	MUR m
Operating type leases	221.8
Right-of-use assets	221.8

(b) Deferred tax assets were adjusted to reflect the tax effect of the other adjustments recorded.

(c) Lease liabilities
Lease liabilities were recognised in relation to leases which had previously been classified as 'operating leases' under the principle of IAS17 - Leases. These liabilities were the principle of IAS17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019.

(d) The following table reconciles the minimum lease commitments disclosed in the Group's 30 September 2019 annual financial statements to the amount of lease liabilities recognised on 1 October 2019:

	1 October 2019 MUR m
Minimum operating lease commmitment at 30 September 2019	237.0
Less: short-term leases not recognised under IFRS 16	(3.5)
Lease liability as at 1 October 2019	233.5
Of which are:	
Current lease liabilities	24.2
Non-current lease liabilities	209.3
	233.5

(e) Retained earnings were adjusted to record the net effect of all other adjustments noted.

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44. FINANCIAL SUMMARY

		Sep-20 MUR m	Sep-19 MUR m	Sep-18 MUR m
Statements of Profit or Loss and Other Comprehensive Income from continuing operations				
Interest income		**1,714.7**	1,442.6	1,189.2
Interest expense		**(431.4)**	(388.2)	(381.3)
Net interest income		**1,283.3**	1,054.4	807.9
Fee and commission income		**569.2**	541.1	539.4
Other income		**229.5**	214.4	72.0
Net operating income		**2,082.0**	1,809.9	1,419.3
Operating expenses		**(1,176.1)**	(1,148.0)	(863.8)
Operating profit before impairment		**905.9**	661.9	555.5
Allowance for impairment		**(652.6)**	(180.9)	(214.3)
Impairment of investment		**-**	-	(0.6)
Share of results of associates		**(5.7)**	(32.3)	(14.7)
Foreign exchange gain/(loss)		**0.9**	4.4	(9.3)
Profit before non-recurring items		**248.5**	453.1	316.6
Non-recurring items:				
Net gain on derecognition of subsidiaries		**13.5**	-	-
Net gain on share buy back of associate company		**6.2**	-	29.5
Profit before taxation		**268.2**	453.1	346.1
Income tax expense		**(77.4)**	(86.2)	(72.7)
Profit for the year from continuing operations		**190.8**	366.9	273.4
Other comprehensive income for the year, net of tax		**(39.1)**	(4.1)	(9.5)
Total comprehensive income from continuing for the year		**151.7**	362.8	263.9
Profit for the year from discontinued operations		**-**	15.8	78.7
Profit for the year		**151.7**	378.6	342.6
Earnings per share		**0.28**	0.54	0.52
Earnings per share from continuing operations		**0.28**	0.56	0.40
Statements of Financial Position				
Assets		**15,908.3**	14,810.8	17,512.7
Stated capital		**680.5**	680.5	680.5
Retained earnings		**3,053.7**	2,983.7	4,999.9
Other reserves		**465.3**	511.3	646.1
Non controlling interests		**-**	-	319.4
Liabilities		**11,708.8**	10,635.3	10,866.8
		15,908.3	14,810.8	17,512.7
Stated Capital				
Number of ordinary shares - issued and fully paid	**Units**	**680,522,310**	680,522,310	680,522,310

Cim Financial Services Ltd & SBU's

List of directors as at 30 September 2020

	Clarke Teresa	**Chin** Nick	**Coetzee** Barend	**Darga** Louis Amedee	**Elferink** Roland	**Chuckowree** Ounishka	**Chung** William	**Gujjalu** Rajiv	**Haile** Yoeal	**Jaunbocus** Fareedooddeen	**Lim Tat Voon** Liong Kee	**Lo Fong** Audrey
Cim Administrators Ltd												
Cim Agencies Ltd												
Cim CSR Fund Ltd												
Cim Finance Ltd												
Cim Financial Services Ltd	R			X						X		
Cim Forex Ltd								X			X	
Cim Kenya Ltd												
Cim Credit Kenya Ltd		X							R			
Cim Insurance Agency Limited		X							R			
Cim International Holdings Ltd												
Cim Learning Centre Ltd												X
Cim Management Services Ltd												
Cim Shared Services Ltd												
Key Financial Services Ltd												
The Mauritian Eagle Company Limited						X	X					
The Oceanic Trust Co. Ltd												

C – Chairman X – In office as director A – Appointed as director R – Resigned as director
Alt – Alternate Director D – Deceased

The above list was prepared as at 30 September 2020 (prior to the amalgamation of Cim Finance Ltd, Cim Agencies Ltd, The Mauritian Eagle Leasing Company Ltd, Cim Shared Services Ltd and Cim Management Services Ltd with and into Cim Financial Services Ltd).

Low Kwan Sang Soo Him	**Maharahaje Panday Woogra** Tioumitra	**Motet** Denis	**Parianen** Soopaya	**Ramtoola** Ashraf	**Rungapiayachy** Kamalam Pillay	**Sathan** Davina	**Sceales** Anthony Patrick Niven	**Somen** David	**Tapesar** Raj	**Taylor** Colin Geoffrey	**Taylor** Alexander Matthew	**Taylor** Philip Simon	**Taylor** Sebastian Callum	**Taylor** Timothy	**Timol** Aisha	**Vaghjee** Manoj	**Van Beuningen** Mark	**Vaudin** Dominique	**Vaudin** Nicolas	**Victoire** Gianella	**Yen** Bernard
	X					X															
							X										X				
														X			X		X		
		X								X			X		C		X				
		A						X		X	X	X	Alt	X	C		X	Alt			
			X										X				X				
	X																X				
	A							X									X				
	A							X									X				
	X				Alt												X				
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	X																X			X	
				X																	
X									X	X			X			X	X				X
				X																	

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