

MAURITIUS SHIPPING CORPORATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2022

Mauritius Shipping Corporation Limited**Consolidated financial statements
For the year ended 30 June 2022**

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Mauritius Shipping Corporation Limited

Corporate information

DIRECTORS

Mr. Dunpath Khoosye (*as from 25 October 2021*)
 Mr. Goolabchund Goburdhun, GOSK (*as from 21 August 2020*)
 Mr. Dharam Dev Manraj, GOSK (*as from 21 August 2020*)
 Mr. Namasivayen Poonoosamy (*as from 24 January 2011*)
 Mrs Maneesha Sandiana Bhowon (*as from 02 December 2020 to 07 August 2022*)
 Mrs. Bilkiss Rajahbalee- Cader (*as from 28 July 2021 to 26 September 2022*)
 Mr. Gyaneswaree Callychurn (*as from 26 May 2021*)
 Mr. Raj Kishore Bunjun (*as from 28 July 2021 to 07 August 2022*)
 Mr. Maubarakahmad Boodhun (*as from 08 August 2022*)
 Mr. Krishnajeel Lalsing (*as from 16 December 2021 to 30 December 2022*)
 Ms. Aruna Bunwaree Ramsaha (*as from 31 March 2022*)
 Mrs. Devika Moosooohur (*as from 10 June 2021 to 30 March 2022*)
 Mrs. Nivedita Malliga Hosanee (*as from 31 March 2022 to 31 October 2022*)
 Mrs. Virendra Kumarsingh Daby (*as from 04 December 2020 to 28 July 2021*)
 Mr. Medha Gunpath (*as from 21 August 2020 to 20 July 2021*)
 Mr. Shekur Suntah (*as from 21 August 2020 to 30 March 2022*)
 Mr. Asish Kumar Jhoerreea (*as from 08 August 2022*)
 Mrs. Rajkumar Nursing (*as from 27 September 2022*)

ALTERNATE DIRECTORS

Mr. Deevendra Cally (*alternate to Mr. Goburdhun, GOSK*) (*as from 21 August 2020*)
 Mr. Ramanaidoo Sokappadu (*alternate to Mr. Dharam Dev Manraj, GOSK*) (*as from 21 August 2020*)
 Mr. Chetnarainsingh Guddye (*alternate to Mr. Namasivayen Poonoosamy*) (*as from 21 August 2020*)
 Mrs. Ourmila Ramkurrun- Sepaul (*alternate director to Mrs. Maneesha Bhowon*) (*as from 21 August 2020*)
 Mr. Kavidev Newoor (*alternate to Ms. Aruna Bunwaree Ramsaha*) (*as from 31 March 2022*)
 Mr. Imran Mamode Dowlut (*alternate to Mr. Shekur Suntah*) (*From 19 August 2021 upto 31 October 2021.*)
 Mr. Mukhram Moloo (*alternate to Mr. Shekur Suntah*) (*From 29 July 2021 upto 28 October 2021*)
 Mr. Sandesh Seelochun (*alternate director to Mr. Shekur Suntah*) (*as from 28 October 2021*)

Senior Management Team

Position

Mr Krishnajeel Lalsing	Managing Director (From 23 November 2021 to 30 December 2022)
Mr Rajesh Humath	Officer-In-Charge (Up to 05 August 2021)
Mr Iran Dowlut	Officer-in-charge (From 19 August 2021 to 31 October 2021)
Mr Iran Dowlut	Technical Manager (Up to 31 December 2021)
Mr Dharmarajen Pillay Valoo	Manager - Ship Agency Services (Up to June 2022)
Mr Unoop Bheecarry	Assistant Manager Ship Agency Services (Up to August 2022)
Mr Khemraj Jugernauth	Manager - Finance
Mr Nadarajen Vencatapillay	Assistant Manager-Human Resources (Up to April 2022)
Mr Sunil Ramnauth	Assistant Manager-Internal Control

Mauritius Shipping Corporation Limited

Corporate information (Contd)

Company Secretary	: Mrs Brinda Jokhun (Up to June 2022) Replaced by Mr. Khemrajsingh Jugernauth (From July 2022) Bernardin De St Pierre Vallee Des Pretres, Port Louis Republic of Mauritius
Registered office	: La Capitainerie Building Quay D Port Louis Republic of Mauritius
Legal advisors	: Me Selvaraajen Soundron MURDAY Attorney at Law Suite 306, 2 nd Floor, Chancery House Lislet Geoffroy Street Port-Louis Republic of Mauritius Me. RAVINDRA CHETTY SC Barrister at Law 5 St James Court St Denis Street Port Louis Republic of Mauritius
Auditor	: Baker Tilly 4 th Floor, Eagle House Ebene 72201 Republic of Mauritius
Bankers	: SBM Bank (Mauritius) Ltd Corporate Office, SBM Tower 1 Queen Elizabeth II Avenue Port Louis Absa Bank (Mauritius) Limited Absa House 68 Wall Street Cybercity Ebene 72201 Mauritius

Mauritius Shipping Corporation Limited

Annual report

The Board of Directors of Mauritius Shipping Corporation Limited, “the Company”, is pleased to present the annual report together with the audited consolidated financial statements of the Company, its subsidiary and associates, collectively referred as “the Group”, for the year ended 30 June 2022.

Incorporation

The Company was incorporated in the Republic of Mauritius on 10 January 1986 under the former Mauritius Companies Act 1984 as a private company with liability limited by shares.

Principal activities

The principal activities of the Group are as follows:

- (i) operate cargo cum passenger vessels;
- (ii) provide shipping agency services;
- (iii) provide crewing and marine technical management services;
- (iv) provide victualling services;
- (v) provide stevedoring services;
- (vi) trade in duty free products; and
- (vii) act as a training institution.

Results and dividends

The results for the year are as shown on page 44.

The Directors do not recommend the payment of a dividend for the year under review (2021: Nil).

Directors

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

Directors' responsibilities in respect of the consolidated financial statements

Company law requires the Directors to prepare consolidated financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. The Directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Group and the Company;
- disclose with reasonable accuracy at any time the financial position of the Group and the Company; and
- would enable them to ensure that the consolidated financial statements are prepared in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Mauritius Shipping Corporation Limited

Annual report (Contd)

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

The Directors confirm that:

- the consolidated financial statements present fairly the financial position of the Group and the Company as at the reporting date and the results of operations and cash flows for the reporting period;
- the external auditors are responsible for reporting on whether the consolidated financial statements are presented fairly;
- adequate accounting records and an effective system of internal control have been maintained;
- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards;
- appropriate accounting policies are supported by reasonable and prudent judgements and estimates have been used consistently;
- the consolidated financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- the Company has adhered to the Code of Corporate Governance.

Internal Control and risk management

The Board is responsible for the system of internal control and risk management for the Company and its subsidiary. The Group is committed to continuously maintain 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. The Board appointed Mr. Sunil Ramnauth as the Company's internal auditors on 23 November 2021.

Contracts of significance

The Company has no contract of significance with either a Director or a controlling shareholder.

Directors' share interests

The directors have no interest in the stated capital of the Company or its subsidiary, either directly or indirectly.

Directors' service contracts

Only the Managing Director, Mr. Krishnajeel Lalsing had a service contract with the Company.

Directors' remuneration and benefits

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

The Group and the Company	2022	2021
	Rs	Rs
Full time executive director	1,685,431	98,400
Non-executive directors	905,104	1,350,742

Mauritius Shipping Corporation Limited

Annual report (Contd)

Directors' remuneration and benefits (Contd)

	2022	2021
	Rs	Rs
Name of Directors		
<i>Non-executive directors</i>		
Mrs. Bhowon Maneesha Sandiana	45,000	42,000
Mr. Conhye Koosiram	-	454,921
Mr. Daby Virendra Kumarsingh	-	106,100
Mr. Dowlut Imran Mamode	-	12,000
Mr. Guddy Chetnarainsingh	42,000	45,500
Mr. Gunpath Medha	-	55,000
Mr. Humath Rajesh	59,065	25,000
Mr. Hurdoyal Rishikesh	-	491,221
Mr. Jurawon Abdul Nizam	-	15,000
Mr. Manraj Dharam Dev	-	6,000
Mrs. Moosohur Devika	3,000	3,000
Mr. Ramkelawon Vikraj	-	3,500
Mr. Goolabchund Goburdhun-State Investment Corporation ("SIC")	61,000	54,500
Mr. Sokappadu Ramanalduo	45,000	37,000
Mr. Dunpath Khoosye	448,539	-
Ms. Bilkiss Rajahbalee-Cader	36,500	-
Ms. Gyaneswaree Callychurn	64,500	-
Mr. Raj Kishore Bunjun	44,500	-
Mr. Maubarakahmad Boodhun	14,000	-
Mrs. Nivedita Malliga Hosanee	6,000	-
Mr. Sandesh Seelochun	6,000	-
Mr. Mukhram Moloo	15,000	-
Mrs. Ourmila Ramkurrun-Sepaul	3,000	-
Mr. Kavidev Newoor	9,000	-
Mrs. Gungadeen S	3,000	-
Total	905,104	1,350,742
<i>Executive director</i>		
Mr. Rishi Kapoor Ronoowah (up to 30 October 2020)	-	98,400
Mr. Krishnajeel Lalsing (up to 30 December 2022)	1,685,431	-
Total	2,590,535	1,449,142

The directors retain the fees received from the Company with the exception of the director and representative of the SIC where the fees are paid to the SIC directly.

Donations

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

Mauritius Shipping Corporation Limited

Annual report (Contd)

Auditors

Fees (exclusive of Value Added Tax) payable/paid to Baker Tilly are disclosed as follows:

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Fees for:				
- Audit services	367,500	350,000	367,500	350,000
- Other services *	57,750	55,000	36,750	35,000

*Fees for tax compliance are payable to Baker Tilly.

Approved by the Board of Directors on 08 FEB 2023 and signed on its behalf by:


 Mr. Dunpath Khoosye
 Board Chairman and Director


 Mr. Rajkumar Nursing
 Director

Statement of Compliance
(Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ('PIE'): Mauritius Shipping Corporation Limited

Reporting Year: Financial year ended 30 June 2022

We, the Directors of the "Company", hereby confirm to the best of our knowledge that the Company has not complied with the following principles of the National Code of Corporate Governance for Mauritius (2016) as recommended for a company operating under normal circumstances:

1. Principle 2: Board composition (Page 12)
 - The Board during the year did not comprise of at least one executive director and one Independent Director due to changes in directorship which could not be replaced within the Financial year.
 - The Code requires Companies to have at least two Executive directors and two Independent Directors. Due to the size and nature of MSCL, the Company has only one Executive Director in the position of the Managing Director which is deemed sufficient to represent management. The Independent Director is usually represented by the Chairperson and as at date of this report no other Independent member has been brought to the Board.
2. Principle 5: Internal Audit (Page 30)
 - The Internal Audit Function was disrupted during the financial year due to the COVID pandemic, as well as, numerous changes in Management and many reports could not be concluded. Also the contract with the Internal Audit firm Ernst & Young Ltd ("EY") as the Company's internal auditors came to an end on 31 December 2021. The Board appointed Mr. Sunil Ramnauth as the Company's internal auditor on 23 November 2021.

Signed by:



Mr. Dunpath Khobsye
Board Chairman and Director



Mr. Rajkumar Nursing
Director

Date: 08 FEB 2023

Mauritius Shipping Corporation Limited

Corporate governance report

Principle 1: Governance Structure

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

The Mauritius Shipping Corporation Ltd, the "Company" or "MSCL", a company incorporated in the Republic of Mauritius is a Public Interest Entity as defined by the Financial Reporting Act 2004. The Board of Directors (the "Board") and Management of the Company are committed to ensuring and maintaining a high standard of corporate governance within the Company. Furthermore, the Board endorses the highest standards of business integrity and professionalism to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

The Board assumes full responsibility for leading and controlling the organisation and meeting all legal and regulatory requirements. Besides, the Board is collectively responsible for the long-term success, reputation and governance of the Company. The Board also determines the Company's mission, vision, values and strategy.

This Report describes, amongst others, the main corporate governance framework and compliance requirements of the Company which are laid down in the following:

- MSCL's New Memorandum and New Articles of Association;
- the Board Charter;
- the Terms of Reference of the Board Committees;
- the Mauritius Companies Act 2001;
- the Financial Reporting Act 2004; and
- the disclosures required under the Code.

The Company has in place the following:

- (i) Board Charter;
- (ii) Code of Ethics;
- (iii) Written job description/position statement for each senior governance position;
- (iv) Written description of the major accountabilities within the Organisation; and
- (v) An Organisational chart.

The Board has approved the Board Charter, Code of Ethics, Written job description/Position Statement for each senior governance position, and Written description of the major accountabilities within the Organisation and Organisational Chart.

The Company deemed it sufficient that the information is available with the Company Secretary (upon request in writing) for consultation and are published on its website.

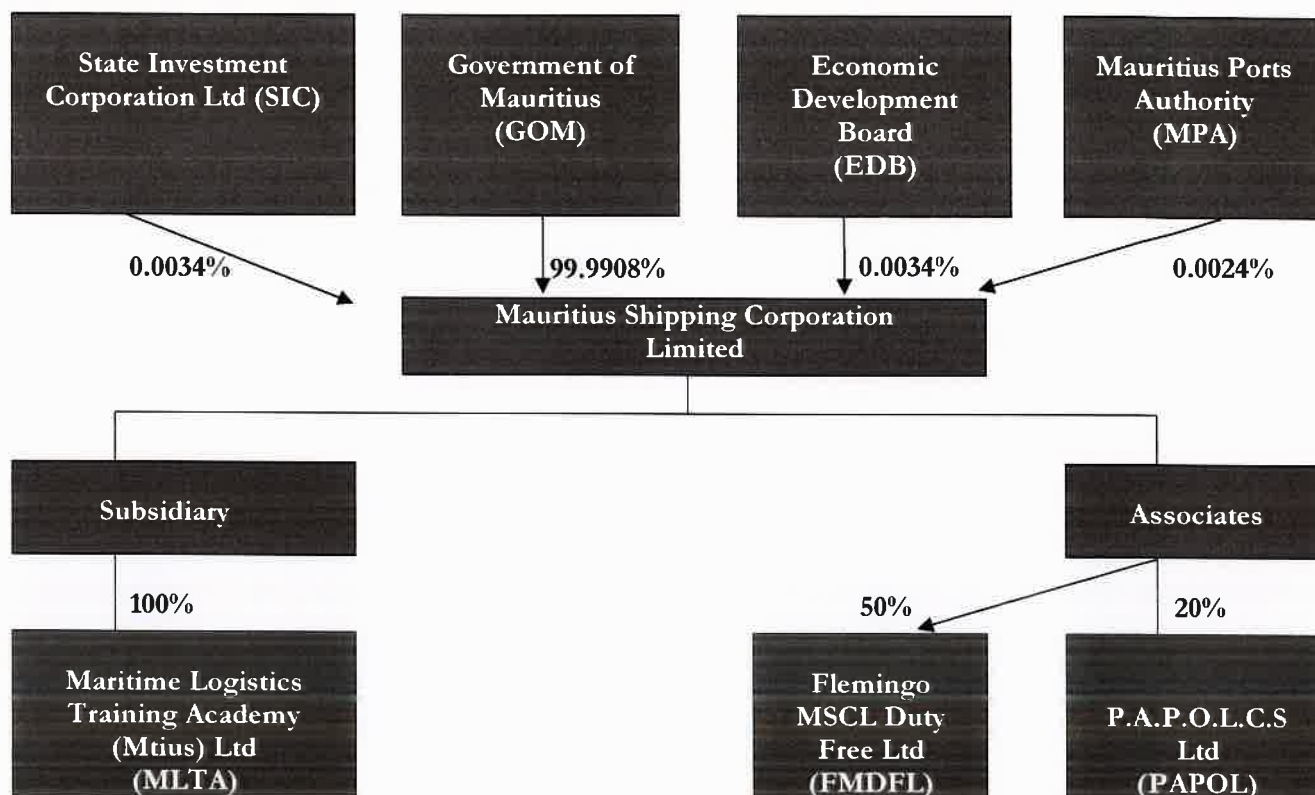
The Board is responsible to decide on the approval, monitoring and review processes of the Board Charter, Code of Ethics, Job Descriptions of key senior governance positions, Organisational Chart and Statement of Major Accountabilities when they deemed appropriate for a change.

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

Principle 1: Governance Structure (Contd)

Cascade Holding Structure



Substantial shareholder as at 30 June 2022

At 30 June 2022, the share capital of the Company stood at Rs 290,720,000 represented by 290,720 ordinary shares of Rs 1,000 each. There are 4 shareholders on the share register and they are mainly the Government of Mauritius and other public sector bodies.

The shareholder holding more than 5% of ordinary shares of the Company at 30 June 2022 was:

Shareholder	% Holding	Number of shares
Government of Mauritius	99.9908	290,693

Detailed analysis of shareholding:

Names of shareholders	% Holding	Number of shares
Government of Mauritius	99.9908	290,693
Mauritius Ports Authority	0.0024	7
State Investment Corporation Ltd	0.0034	10
Economic Development Board	0.0034	10
Total	100.00	290,720

Mauritius Shipping Corporation Limited
Corporate governance report (Contd)

Principle 1: Governance Structure (Contd)

Common Directors

The names of the common directors are as follows:

Directors	MSCL	MLTA	PAPOL	FMDFL
Mr. Dunputh Khoosye (from 25 October 2021)	√	√		√
Mr. Goolabchund Goburdhun, GOSK (from 21 August 2020)	√	√		
Mr. Raj Kishore Bunjun (from 28 July 2021-07 August 2022)	√	√		
Ms. Gyaneswaree Callychurn (from 26 May 2021)	√			
Mr. Dharam Dev Manraj, GOSK (from 21 August 2020)	√			
Mr. Namasivayen Poonoosamy (from 24 January 2011)	√			
Mr. Shekur Suntah (from 21 August 2020-30 March 2022)	√			
Mrs. Maneesha Sandiana Bhowon (from 02 December 2020-07 August 2022)	√			
Mrs. Devika Moosohur (from 10 June 2021-30 March 2022)	√			
Mrs. Bilkis Rajahbalee-Cader (from 28 July 2021-26 September 2022)	√	√		
Mr. Maubarakahmad Boodhun (from 08 August 2022)	√	√		
Mr. Virendra Kumarsingh Daby (from 04 December 2020-27 July 2021)	√			
Mrs. Aruna Bunwaree Ramsaha (from 31 March 2022_)				
Mr. Medha Gunputh (from 21 August 2020-20 July 2021)	√			
Mr. Asish Kumar Jhoerreea (from 08 August 2022)	√			
Mr. Rajkumar Nursing (from 27 September 2022)	√			
Mr. Krishnajeel Lalsing (from 16 December 2021)	√	√	√	√
Mrs. Nivedita Malliga Hosanee (from 31 March 2022- 31 October 2022)	√			
Alternate directors				
Mr. Chetnarainsingh Guddye (alternate to Mr. Namasivayen Poonoosamy)	√	√		
Mr. Kavidev Newoor (alternate to Mrs. Aruna Bunwaree Ramsaha)	√			
Mr. Ramanaidoo Sokappadu (alternate to Mr. Dharam Dev Manraj, GOSK)	√			
Mr. Devendre Cally (alternate to Mr. Goburdhun, GOSK)	√			
Mrs. Ourmila Ramkurrun-Sepaul (alternate to Mr. Asish Kumar Jhoerreea)	√			
Mr. Sandesh Seelochun (alternate to Mr. Shekur Suntah)	√			
Mr. Imran Mamode Dowlut (alternate to Mr. Shekur Suntah)	√			
Mr. Mukhram Moloo (alternate to Mr. Shekur Suntah)	√			

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

Principle 2: The Structure of the Board and its Committees

Board Structure

The Company has a unitary board which has adopted a Board charter and is thus aware of its responsibilities. The Board fully recognises its role as the focal point of the corporate governance system and that it is ultimately accountable and responsible for the affairs and performance of the Company.

The Board is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly.

Besides, members of the five sub-committees of the Board namely the Audit Committee, Technical Committee, Human Resource (“HR”) Committee, Finance and Procurement Committee and the Corporate Governance Committee have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their duties as evidenced by their profiles.

Board Size

Pursuant to a special shareholders’ meeting amending Section 13 of the New Memorandum and New Articles of Association of the Company, the number of directors constituting the Board shall comprise of a minimum of 8 directors and a maximum of 11 directors.

As at 30 June 2022, the Board comprised of nine (9) Non-Executive directors and the Board always had quorum to take decisions on the requirements of the business.

Board Composition

As at 30 June 2022, the Board was composed as follows:

Directors	Category
Mr. Dunpath Khoosye (from 25 October 2021) Chairperson	Independent Non-Executive Director
Mr. Dharam Dev Manraj, GOSK (from 21 August 2020)	Non-Executive Director
Mr. Virendra Kumarsingh Daby (from 04 December 2020-27 July 2021)	Non-Executive Director
Mr. Namasivayen Poonosamy (from 24 January 2011)	Non-Executive Director
Mrs. Aruna Bunwaree Ramsaha (from 31 March 2022)	Non-Independent Non-Executive Director
Mrs. Maneesha Sandiana Bhowon (from 02 December 2020- 07 August 2022)	Non-Executive Director
Mrs. Nivedita Malliga Hosanee (from 31 March 2022- 31 October 2022)	Non-Executive Director
Mr. Goolabchund Goburdhun, GOSK (from 21 August 2020)	Non-Independent Non-Executive Director
Mrs. Bilkis Rajahbalee-Cader (from 28 July 2021- 26 September 2022)	Non-Executive Director
Ms. Gyaneswaree Callychurn (from 26 May 2021)	Non-Executive Director
Mr. Medha Gunpath (from 21 August 2020-20 July 2021)	Non-Executive Director
Mr. Raj Kishore Bunjun (from 28 July 2021- 07 August 2022)	Non-Executive Director
Mr. Shekur Suntah (from 21 August 2020 to 30 March 2022)	Non-Independent Non-Executive Director

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board Composition (Contd)

Directors (Contd)	Category
Mrs. Devika Moosoohur (from 10 June 2021- 30 March 2022)	Non-Executive Director
Mr. Maubarakahmad Boodhun (from 08 August 2022)	Non-Executive Director
Mr. Krisnajeel Lalsing (from 16 December 2021)	Executive Director
Mr. Asish Kumar Jhoerreea (from 08 August 2022)	Non-Executive Director
Mr. Rajkumar Nursing (from 27 September 2022)	Non-Executive Director
Alternate directors	Category
Mr. Chetnarainsingh Guddye (<i>alternate to Mr. Namasivayen Poonoosamy</i>)	Non-Executive Director
Mr. Sandesh Seelochun (<i>alternate to Mr. Shekur Suntah</i>)	Non-Executive Director
Mr. Ramanaidoo Sokappadu (<i>alternate to Mr. Dharam Dev Manraj, GOSK</i>)	Non-Executive Director
Mr. Devendre Cally (<i>alternate to Mr Goburdhun, GOSK</i>)	Non-Executive Director
Mrs. Ourmila Ramkurrun-Sepaul (<i>alternate to Mrs Maneesha Bhowon</i>)	Non-Executive Director
Mr. Imran Mamode Dowlut (<i>alternate to Mr. Shekur Suntah</i>)	Non-Executive Director
Mr. Mukhram Moloo (<i>alternate to Mr. Shekur Suntah</i>)	Non-Executive Director
Mr. Kavidev Newoor (<i>alternate to Mrs Aruna Bunwaree Ramsaha</i>)	Non-Executive Director

The Code recommends all Board to have at least two independent directors. During the financial year ended 30 June 2022, the Company had one Chairperson who was an Independent Director.

The Code recommends the Board to comprise of at least two Executive Directors. As from 23 November 2022, the Company appointed a Managing Director who acts as Executive Director on its Board. Prior to this appointment, given that the former Ag. Managing Director resigned as from 30 October 2020, the day-to-day administration of the Company was under the responsibility of an Officer-In-Charge who was not a Director on the Board of the Company. In order to provide the required executive presence in terms of the Code, the Officer-In-Charge was always present at all Board meetings.

Board Diversity

The Board Members of Company are of both genders and are all ordinarily resident of Mauritius.

Board of Directors

The Board of Directors is the ultimate decision-making level in the organisation and it exercises leadership, entrepreneurship, integrity and sound judgement in directing the Company so as to achieve continuing prosperity for the organisation while ensuring both performance and compliance.

The Board also ensures that the activities of the Company comply with all legal and regulatory requirements as well as with its New Memorandum and New Articles of Association from which the Board derives its authority to act.

It is ultimately accountable and responsible for the performance and affairs of the Company namely the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems and the establishment of proper internal control systems.

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board of Directors (Contd)

All Directors are aware of the key discussions and decisions of the sub-committees as the Chairperson of each committee provides a summary to all the Directors at the main Board meeting following the relevant sub-committee meetings.

The Board of Directors assesses the Terms of Reference of the five Board Committees on a regular basis to ensure that same are being applied correctly and that the said Terms of Reference are still compliant with the various regulations.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system.

Chairman and Managing Director/Officer-in-charge

The roles of the Chairperson and Managing Director are separate and each of them has clearly defined responsibilities. These ensure a proper balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The role of the Chairperson is assumed by an Independent and Non-Executive Director, and the Ag. Managing Director/Officer-In-Charge reports directly to him and to the Board, giving therefore sufficient segregation of power between the Chairperson and the Management.

The Company had Mr. Virendra Kumarsingh Daby (from 04 December 2020-27 July 2021) and Mr. Raj Kishore Bunjun (from 28 July 2021- 24 October 2021) who were both Non-Executive Directors from the Parent Ministry and acted as the Chairpersons. Mr. Dunpath Khoosye was appointed as Chairperson and Independent Non-Executive Director as from 25 October 2021. He is currently responsible for leading the Board and ascertaining its effectiveness. He ensured that the corporate strategy and the related execution are aligned together with operational efficiencies. He was also responsible for ensuring that the Directors receive accurate, timely and clear information and he encouraged the active participation of all Board members in discussions and decisions. With his experience and strong knowledge of the Company, the Chairperson was in an excellent position to oversee the affairs of the Company while ensuring that value was being created for all stakeholders.

As from 16 December 2021, the Management of the Company is vested in the Managing Director, Mr. Krishnajeel Lalsing who is responsible for executing policies by the Board and to define the operating plans to achieve the aimed targets accordingly. However, prior to that date, two Officer-in-charge, Mr. Rajesh Humath (from 31 October 2020 to 05 August 2021) and Mr. Iran Dowlut (from 19 August 2021 to 31 October 2021) were appointed on a temporary basis for the day-to-day administration of the Company.

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Company Secretary

Mrs Brinda Jokhun was the Company Secretary of the Company up till 30 June 2022. She was replaced by Mr. Khemrajsingh Jugernauth as from 1 July 2022.

All Directors of MSCL have access to the advice and services of the Company Secretary who is responsible for providing detailed guidance to the Chairperson and the Directors as to their fiduciary duties, responsibilities and powers. The Company Secretary also ensures that the Company is at all times complying with the rules, Terms of Reference of the Board Committees, applicable laws, rules and regulations.

Board Meetings

Board meetings are held once every month and at such additional times as the Company requires. Any decisions taken between meetings are done by way of written resolutions, agreed and signed by all Directors entitled to receive notice or alternatively covering approval is sought at the next Board meeting.

The Board meetings are conducted in accordance with the Company's New Memorandum and New Articles of Association and the Mauritius Companies Act 2001 and are convened by giving appropriate notice to the Directors. Detailed agenda, as determined by the Chairperson, together with other supporting documents are circularised in advance to the Directors to enable them to participate meaningfully in the decision-making process and make informed deliberations at Board meetings. In order to address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the Directors have the right to request independent professional advice at the Company's expense.

A quorum of five (5) Directors is currently required for a Board Meeting of MSCL provided that the Board Chairperson is present, otherwise the quorum is six (6).

During the year under review, the Board met twelve (12) times. Few decisions were taken by way of resolutions in writing.

The minutes of the proceedings of each Board meeting are recorded by the Secretary of the meeting and are entered in the minutes book of the Company. The minutes of each Board meeting are submitted for approval at its next meeting, and these are then signed by the Chairperson and the Secretary.

Board Committees

The Code provides that Board Committees are a mechanism to assist the Board of Directors in discharging its duties and responsibilities through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board.

As such, five Board committees have been constituted namely the Audit Committee, the Corporate Governance Committee, the Finance and Procurement Committee, the HR Committee and the Technical Committee to assist the Board in the effective performance of its responsibilities. These Committees operate within defined Terms of Reference and independently to the Board. The Terms of Reference of the five Committees are amended as required, subject to the approval of the Board.

The Chairperson of the Board Committees reports on the proceedings of the Committees at each Board meeting of the Company and the Committees regularly recommend actions to the Board.

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board Committees (Contd)

The Board recognises that Board Committees are an effective part of the corporate governance framework of the Company which enable the Directors to discharge their duties more effectively by sharing the work of the Board, enhancing Board efficiency and effectiveness and enabling issues to be studied in greater depth. However, the Board also understands that it is ultimately responsible and accountable for the performance of the Company and that delegating authority to Board Committees does not in any way absolve the Board of its duties and responsibilities.

The Company Secretary normally acts as Secretary to all the Board Committees.

The Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for them to perform their duties.

Corporate Governance Committee

The composition of the Corporate Governance Committee has changed during the year under review.

At the date of this report, the membership and attendance of the said Committee is as follows:

Members	Members
Mr. Rajkumar Nursing – <i>Chairperson</i> Representative of Ministry of Rodrigues, Outer Islands and Territorial Integrity	Non-Executive Director
Mr. A.K. Jhoerreea Representative of Prime Minister's Officer, External Communications Division	Non-Executive Director
Mr. C Guddye Representative of Economic Development Board	Non-Independent Non-Executive Director
Ms. G Callychurn Representative of Ministry of Tourism	Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Managing Director	

The Corporate Governance Committee operates under the Terms of Reference approved by the Board and a quorum of two (2) members is currently required for a meeting of the said Committee.

The Corporate Governance Committee met two (2) times during the year and its main terms of reference are as follows:

- recommendation with regard to general remuneration at MSCL;
- interview and recruitment of Board and staff at Executive level and above;
- determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance; and
- preparation of the corporate governance report to be published in the Company's annual report.

In accordance with its Terms of Reference, the Corporate Governance Committee is responsible to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Company.

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board Committees (Contd)

Audit Committee

The composition of the Audit Committee has changed during the year under review.

At the date of this report, the membership and attendance of the said Committee is as follows:

Members	Category
Mr. G. Goburdhun, GOSK – <i>Chairperson</i> Representative of State Investment Corporation	Non-Independent Non-Executive Director
Ms. G Callychurn Representative of Ministry of Tourism	Non-Executive Director
Mr. K. Newoor (alternate Director to Mrs. A. Bunwaree Ramsaha) Representative of Mauritius Ports Authority	Non-Independent Non-Executive Director
Mr. M. Boodhun Representative of Ministry of Blue Economy, Marine Resources, Fisheries and Shipping	Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Baker Tilly	External Auditors

The Audit Committee operates under the Terms of Reference approved by the Board of Directors.

The Board is of the view that the members of the Audit Committee have sufficient financial management expertise and experience to discharge their responsibilities properly, and a quorum of three (3) members is currently required for a meeting of the said Committee. The Audit Committee confirms that it has fulfilled its responsibilities for the year under review, in accordance with its Terms of Reference.

The Audit Committee is responsible to assist the Board in fulfilling its financial reporting responsibilities. The Committee also reviews the financial reporting process, the internal control system and the management of risks and it also assesses the effectiveness of the independent audit process by having regular interactions with the independent auditors. The approach, scope and timing of the audit is discussed with the audit team prior to the start of any audit. This Committee is also responsible for the appointment of internal and external auditors.

The main terms of reference of the Audit Committee are as follows:

- make recommendations to the Board with regard to the appointment of statutory auditors and dealing with the auditors on the different works they perform;
- examination and review of Group's annual consolidated financial statements, prior to their submission for approval by the Board;
- monitoring and supervising the effective function of the internal audit thus providing an objective overview of the operational effectiveness of the Company's systems of internal control and reporting and therefore risks are properly monitored; and
- ensuring the ethical behaviour of directors, managers and officers of the Company.

The Audit Committee met three (3) times during the year. First time, they met was to review and recommend the appointment of new auditor, Baker Tilly, the second meeting was to review the financial statements of the Company and more recently to review a report on the Internal Audit Function for the financial year ended 30 June 2021 and make recommendation to the Board for appointment of new Internal Auditor for the Company.

Mauritius Shipping Corporation Limited
Corporate governance report (Contd)

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

Board Committees (Contd)

Technical Committee

The composition of the Technical Committee has changed during the year under review.

At the date of this report, the membership and attendance of the said Committee is as follows:

Members	Category
Ms. G Callychurn, <i>Chairperson</i> Representative of Ministry of Tourism	Non-Executive Director
Mr. C Guddye Representative of Economic Development Board	Non-Independent Non-Executive Director
Mr. K. Newoor (alternate Director to Mrs. A. Bunwaree Ramsaha) Representative of Mauritius Ports Authority	Non-Independent Non-Executive Director
Mr. A.K. Jhoerreea Representative of Prime Minister's Officer, External Communications Division	Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Managing Director	
Marine Superintendent/DPA/CSO	
Ship Master	
Chief Marine Engineer	
Technical Manager	

The Technical Committee met one (1) time during the year and its main terms of reference are set out below:

- make recommendations to the Board with regard to provision of technical and crew management services to the Company;
- maintain and supervise the effective functions of the technical and crewing management segment; and
- ensuring that risks are properly monitored, responsible for the assessment and assurance of the quality, integrity and reliability of risk management process in connection with the Company's vessels.

HR Committee

The composition of the HR Committee has changed during the year under review.

At the date of this report, the membership and attendance of the said Committee is as follows:

Members	Category
Mr. M. Boodhun Representative of Ministry of Blue Economy, Marine Resources, Fisheries and Shipping	Non-Executive Director
Mr. R. Sokappadu (alternate to Mr D Manraj) Representative of Ministry of Finance, Economic Planning and Development	Non-Executive Director
Mr. A.K. Jhoerreea Representative of Prime Minister's Officer, External Communications Division	Non-Executive Director
Mr. G. Goburdhun, GOSK Representative of State Investment Corporation	Non-Independent Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Managing Director	
Head of HR Department, MSCL	

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board Committees (Contd)

HR Committee (Contd)

The HR Committee met four (4) times during the year and its main terms of reference are as follows:

- creation of post including the Scheme of Service;
- recruitment, selection and promotion of staff up to Level 5 and above and make appropriate recommendations to the Board;
- the HR Committee may also be called upon to consider other issues pertaining to Human Resource Management and make appropriate recommendations to the Board;
- any other matters relating to HR as delegated by the Board would be considered by the HR Committee; and
- the HR Committee after consultation and approval of the Board Chairperson shall have the authority to direct and to supervise the investigation into any matter brought to its attention within the scope of its duties and to engage any outside Advisor/External Consultant that it determines necessary to permit it to carry out its duties.

Finance and Procurement Committee

The composition of the Finance and Procurement Committee has changed during the year under review.

At the date of this report, the membership and attendance of the said Committee is as follows:

Members	Category
Mr. M. Boodhun Representative of Ministry of Blue Economy, Marine Resources, Fisheries and Shipping	Non-Executive Director
Mr Rajkumar Nursing – Chairperson Representative of Ministry of Rodrigues, Outer Islands and Territorial Integrity	Non-Executive Director
Mr. R. Sokappadu (alternate to Mr D Manraj) Representative of Ministry of Finance, Economic Planning and Development	Non-Executive Director
Mr. C Guddye Representative of Economic Development Board	Non-Independent Non-Executive Director
<i>In attendance (when deemed appropriate)</i>	
Managing Director	
Head of Finance Department	

The Finance and Procurement Committee met three (3) times during the year and its main terms of reference are as follows:

- consider the Budget;
- consider the Management Accounts;
- consider the Audited Accounts and Directors' Report;
- monitor tariffs levels for any adjustments;
- analyse all tenders pertaining to purchases amounting to more than Rs 500,000 for selection while ensuring that all tender procedures have been followed from the start of the exercise till the supply of goods and services;
- consider any financial issue brought to their attention by Management and make appropriate recommendation to the Board

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board and Board Committees Attendance

The following table gives the record of attendance at Board meetings, Board Committee meetings and Annual meeting of the Company for the year under review.

Names of directors	Status	Board Meetings	Audit Committee	Finance & Procurement Committee	HR Committee	Technical Committee	Corporate Governance Committee	Annual Meeting
No. of Meetings			3	3	4	1	2	1
Mr. Dunpath Khoosye (from 25 October 2021)	INED	7						
Mr. Raj Kishore Bunjun (28 July 2021- 30 September 2021) Chairperson	NED	5						
Mr. Raj Kishore Bunjun (26 October 2021- 07 August 2022)	NED	7	2	2	2			
Mr. Namasivayen Poonosamy (from 24 January 2011)	NED	10		2		1	1	
Mr. Shekur Suintah (from 21 August 2020- 30 March 2022)	NED	5	2					
Mrs. Aruna Bunwaree Ramsaha (from 31 March 2022)	NED	3						

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Board and Board Committees Attendance (Contd)

Mrs. Maneesha Sandiana Bhowon (from 02 December 2020- 07 August 2022)	NED	10			1	2			1
Mrs. Nivedita Malliga Hosanee (from 31 March 2022-31 October 2022)	NED	3							
Mr. Goolabchund Goburdhun, GOSK (from 21 August 2020)	NED	12	3			4			
Ms. Gyaneswarree Callychurn (from 26 May 2021)	NED	12	3			1	1		2
Mr. Dharam Dev Manraj, GOSK (from 21 August 2020)	NED	7			2	3			
Ms. Bilkiss Rajahbalee-Cader (from 28 July 2021- 26 September 2022)	NED	8			2				2
Mr. Krishnajeet Lalsing (from 16 December 2021)	ED	5			2	3	1		1

ED: Executive Director

NED: Non-Executive Director

INED: Independent Non-executive Director

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

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

Other Directorships Held by Members of the Board

Name of directors	Members of Board
Mr. Krishnajeel Laling (<i>from 16 December 2021-30 December 2022</i>)	Maritime Logistics Training Academy (Mtius) Ltd, Flemingo MSCL Duty Free Ltd, P.A.P.O.L.C.S Ltd
Mr. Dunpath Khoosye	Mauritius Housing Corporation-Board Member Municipal Councillor
Mr. Raj Kishore Bunjun	Mauritius Oceanography Institute Cargo Handling Corporation Ltd
Mr. Dharam Dev Manraj, GOSK (<i>as from 21 August 2020</i>)	Airport Holdings Ltd (Chairperson) Core Group on AML/CFT (Chairperson) Mauritius Telecom Ltd
Mr. Goolabchund Goburdhun, GOSK (<i>as from 21 August 2020</i>)	The State Investment Corporation Limited, Capital Asset Management Ltd, Port Louis Fund Ltd, Casino de Maurice Limited, Compagnie Mauricienne D'Hippodromes Limitee, Grand Baie Casino Ltd, Guibies Holdings Limited, Guibies Properties Limited, Le Grand Casino du Domaine Limitee, Le Caudan Waterfront Casino Limited, Lakepoint Ltd, Prime Real Estate Limited, State Investment Finance Corporation Ltd, Prime Partners Ltd, MJTI Properties Co. Ltd, SIC Development Co Ltd, Cote d'Or International Racecourse and Entertainment Complex Ltd, SIC Management Services Co. Ltd, EREIT Management Ltd, SIC Capital Support Ltd, SBM (Mauritius) Infrastructure Development Company Ltd, Le Val Development Ltd, Industrial Finance Corporation of Mauritius (Equity) Ltd, National Real Estate Ltd, Mauritius Cargo Community Services Ltd, Air Mauritius Limited, Air Mauritius Holding Ltd, Airports of Mauritius Ltd, Pointe Coton Ltd, Ebene CarPark Ltd, Lottotech Ltd, Mauritius Estate Development Corporation Limited, Mauritius Shipping Corporation Limited.
Mr. Shekur Suntah (<i>as from 21 August 2020-30 March 2022</i>)	NED at Cargo Handling Corporation Ltd., Mauritius Cargo Community Services & National Ocean Council
Mrs. Aruna Bunwaree Ramsaha (<i>from 31 March 2022</i>)	NED at Cargo Handling Corporation Ltd., Mauritius Cargo Community Services & National Ocean Council
Mr. Namasivayen Poonosamy	MTPA COMESARIA Industrial Finance Corporation of Mauritius Ltd
Mrs. Maneesha Sandiana Bhowon (<i>as from 02 December 2020</i>)	None
Mrs. Nivedita Malliga Hosanee (<i>from 31 March 2022-31 October 2022</i>)	None
Mrs. Bilkis Rajahbalee-Cader (<i>from 28 July 2021</i>)	Airport of Rodrigues Ltd
Ms. Gyaneswaree Callychurn (<i>from 26 May 2021</i>)	Board Member-Gambling Regulatory Authority

Mauritius Shipping Corporation Limited

Corporate governance report (Contd)

Principle 3: Director Appointment Procedures

In accordance with Clause 13.3.1 of the Company's Constitution, the Directors of the Company shall be appointed by the Company in general meeting which shall also appoint a Chairperson from among the Directors. The Chairperson or any Director may be removed from office by the Company in general meeting before the expiry of his period of office. The directors are re-elected at the shareholders' meetings.

As per clause 13.4.1.7 of the Constitution, a Director is disqualified if he fails to attend two consecutive meetings of the Board without obtaining the permission of the Chairperson to do so or without reasonable excuse and the Director resolve that his office be vacated.

In its role as Nomination Committee, the Corporate Governance Committee also reviews the structure, size and composition of the Board and makes recommendations to the Board on matters relating to appointment or re-appointment of Directors and succession plans for Directors whilst assessing the independence of the Independent Non-Executive Directors.

Directors' Profiles

The names of all Directors, their profile and their categorisation are provided hereinafter.

Mr. Dunputh Khoosye, *(Independent Non-Executive Chairperson) (As from 25 October 2021)*

Mr. Dunputh Khoosye was the ex-mayor of Vacoas-Phoenix and retired officer of the police force. He is currently the Municipal Councillor and also the Chairperson of the Real Estate Development Monitoring Committee of the Mauritius Housing Company. He has been appointed as Chairperson of MSCL as from 26 October 2021.

Mr. Raj Kishore Bunjun, *(Non-Executive Director) (As from 28 July 2021)*

Mr. Raj Kishore Bunjun currently holds the position of Permanent Secretary at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. He is also on the Board of Mauritius Oceanography Institute and the Cargo Handling Corporation Ltd. He received a professional MBA from University of Delhi under the India Commonwealth scholarship. Mr Raj Kishore Bunjun was appointed to the Board on 28 July 2021.

Mr. Virendra Kumarsingh Daby, *(Non-Executive Director) (From 04 December 2020 up to 28 July 2021)*

Mr. Virendra Kumarsingh Daby was appointed to the Board on 04 December 2020 and is the Senior Chief Executive at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. Mr Virendra Kumarsingh Daby was employed as Permanent Secretary since 2012 and his last posting was at the SMEs Division of the Ministry of Industrial Development, SMEs and Cooperatives. On 19 November 2020, he was appointed Senior Chief Executive. He is holder of a Bachelor's Degree in Biology and a Master's Degree in Zoology (Gold Medallist) as well as a Diploma in Public Administration and Management. He has served on the Boards of various Parastatal Bodies and State-Owned Companies. He has also been the Chairman of the National Ocean Council.

Mr. Medha Gunputh, *(Non-Executive Director) (From 21 August 2020 upto 20 July 2021)*

Mr. Medha Gunputh currently holds the position of Senior Chief Executive, at the Ministry of Agro-Industry and Food Security. He is also on the board of 5 other companies. Mr. Gunputh previously occupied the position of Chairman at Tobacco Board, Chairman of Farmers Service Centre, Chairman of Sir Seewoosagur Ramgoolam Botanical Garden, Chairman of Town & Country Planning Board Mauritius, Chairman for Sugar Planters Mechanical Pool Corp. and Member of Mauritius Examination Syndicate. He received an undergraduate degree from Punjab University Chandigarh. Mr. Gunputh was appointed to the Board on 21 August 2020. He is currently Chairperson of Mauritius Cane Industry Authority and member of the Sugar Industry Fund Board.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Mr. Dharam Dev Manraj, GOSK *(Non-Executive Director) (As from 21 August 2020)*

Mr. Manraj GOSK was appointed to the Board on 21 August 2020 and is the Financial Secretary at the Ministry of Finance and Economic Planning and Development. Mr. Manraj, GOSK has an extensive portfolio of experience, developed from the start of his career in 1974, predominantly within the public and semi-governmental spheres in Mauritius. Mr. Manraj has also served as Chairperson of the State Bank of Mauritius (SBM), the State Insurance Corporation of Mauritius Ltd (SICOM), the Mauritius Offshore Business Activities Authority (MOBAA), Airport Development Corporation Ltd (ADCO), Airports of Mauritius Co. Ltd (AML), Business Parks of Mauritius Ltd (BPML). He contributed in the setting up of the Financial Services Commission, the State Investment Corporation, the Economic Development Board (EDB) and the Metro Express Ltd (MEL). He is presently the Chairperson of Airport Holdings Ltd and also Chairperson of the Core Group on AML/CFT and Board Director of Mauritius Telecom Ltd. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds a Post-graduate Diploma in International Management from the International Institute for Management Development (IMD) from Lausanne, Switzerland.

Mrs. Maneesha Sandiana Bhowon, *(Non-Executive Director) (As from 02 December 2020)*

Mrs. Bhowon was re-appointed as director from 02 December 2020 and is currently Assistant Permanent Secretary at the Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications. She was appointed Assistant Permanent Secretary in April 2012. She is the holder of a Bachelor's Degree in Banking and International Finance.

Mr. Namasivayen Poonoosamy, *(Non-Executive Director) (As from 24 January 2011)*

Mr. Poonoosamy was appointed to the Board on 24 January 2011. Mr. Ken Poonoosamy is the Chief Executive Officer of the Economic Development Board. Mr. Poonoosamy has a solid academic and professional background with more than 25 years of experience in the fields of investment promotion and has implemented targeted promotional campaigns to access emerging markets with a view to spurring FDI inflows in the ICT/BPO, real estate, financial services, biotechnology, logistics, seafood, manufacturing and the Freeport sectors. He currently serves on the boards of several important government bodies. Mr. Poonoosamy also served in the Mauritius Freeport after having been in employment at Deloitte and Touche.

Mr. Goolabchund Goburdhun, GOSK *(Non-Executive Director) (As from 21 August 2020)*

Mr. Goolabchund Goburdhun, G.O.S.K is a Fellow of the Association of Chartered Certified Accountants and holds a M.Sc. in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants as 'Professional Accountant.'

Mr. Goburdhun is the Managing Director of The State Investment Corporation Limited ("SIC") and holds directorship on various SIC Investee Companies, including Lottotech Ltd, Casino Companies, SIC Development Co. Ltd, SBM (Mauritius) Infrastructure Development Company Ltd, Port Louis Fund Ltd, Mauritius Shipping Corporation Limited and Ebene Car Park Ltd. He is also Director of Air Mauritius Limited and Airports of Mauritius Co. Ltd. In the past, Mr. Goburdhun was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Fund and Responsible Gambling and Capacity Building Fund of the Gambling Regulatory Authority.

Mr. Shekur Suntah, *(Non-Executive Director) (As from 21 August 2020)*

Mr. Suntah was appointed to the Board on 21 August 2020 and is the Director General at the Mauritius Ports Authority, since November 2007. He is holder of a Bachelor's Degree in Civil Engineering from the University of Leeds and MSc. (Eng.) in Maritime Civil Engineering from the University of Liverpool, UK. Mr Suntah is a Fellow of the Chartered Institute of Logistics and Transport (CILT).

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Directors' Profiles (Contd)

Mr. Shekur Suntah, (*Non-Executive Director*) (*As from 21 August 2020*) (*Contd*)

Mr. S. Suntah is also currently appointed as Non-Executive Director to the Board of the Cargo Handling Corporation Ltd, Mauritius Cargo Community Services & National Ocean Council.

Mrs. Bilkiss Rajahbalee-Cader (*Non-Executive Director*) (*As from 28 July 2021*)

Mrs. B. Cader joined the public service on 08 February 1988 as clerical officer and in 1997 was appointed as Assistant Secretary. She is currently acting Permanent Secretary since July 2021 at the Prime Minister's Office (Rodrigues, Outer Islands and Territorial Integrity Division). She holds a BSC (Hons) Economics from University of Mauritius since 1995 and MBA from the University of Mauritius since 2001.

Mrs. Devika Moosoohur (*Non-Executive Director*) (*As from 10 June 2021*)

Mrs. Devika Moosoohur currently holds the position of Deputy Permanent Secretary, at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. She received an undergraduate degree from the University of Technology Mauritius. Mrs Moosoohur was appointed to the Board on 10 June 2021.

Ms. Gyaneswarae Callychurn (*Non-Executive Director*) (*As from May 2021*)

Miss G. Callychurn was appointed as Member to the Board of the Mauritius Shipping Corporation Ltd in May 2021. She is the holder of a Master's Degree in Business Administration from the University of Birmingham and is currently Deputy Permanent Secretary at the Ministry of Tourism. Miss G. Callychurn is also a Board Member of the Gambling Regulatory Authority. Miss G. Callychurn joined the Civil Service as Assistant Secretary at the Prime Minister's Office in November 1997 and has since occupied senior positions across a range of Ministries and Departments: Education, Agro-Industry, Social Security and the National Human Rights Commission, amongst others.

Mr. Rajkumar Nursing (*Non-Executive Director*) (*As from September 2022*)

Mr. R. Nursing is a Deputy Permanent Secretary at the Prime Minister's Office (Rodrigues, Outer Islands and Territorial Integrity Division). He is a holder of a B.A Economics from the University of Mumbai and an Executive Post Graduate Diploma in Management from the International Management Institute, New Delhi. He reckons more than twenty years of experience in the public service.

Ms. Aruna Bunwaree Ramsaha (*Non-Executive Director*) (*As from March 2022*)

Mrs. Bunwaree Ramsaha is a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also holds a Master's in Business Administration (MBA). After a brief career in the banking sector, she took employment with accounting firms both in UK and in Mauritius. She subsequently joined the Mauritius Marine Authority as Accountant in 1993 and was promoted as Finance Manager some four years later. As from 2008, she occupied the post of Deputy Director-General of the Mauritius Ports Authority and subsequently acted as Director General as from February 2022.

Mr. Asish Kumar Jhoerreea (*Non-Executive Director*) (*As from August 2022*)

Mr. A.K.Jhoerreea is the Deputy Permanent Secretary at the Prime Minister's Office (External Communications Division). He holds a bachelor's degree BSc (Honours) in Public Administration and Management (University of Technology, Mauritius). He joined the Public Service in February 1987 and has more than 30 years' experience.

Mrs. Nivedita Malliga Hosanee (*As from 31 March 2022*)

Mrs. N. M. Hosanee was the Superintendent of Shipping-Registrar of Ships at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping, which she joined in April 1997. She retired from the service in October 2022.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Biography of Company Secretary

Mr. Khemraj Jugernauth *(from 1 July 2022)*

Mr. Khemraj Jugernauth joined the Company as Finance Manager in September 2019 and is in charge of the Finance Department of the Company. He is a fellow of the Association of Chartered Certified Accountants and is a holder of a Diploma/BSc (Hons) in Accounting.

Mrs. Brinda Jokhun *(from 07 April 2021 upto 30 June 2022)*

Mrs. Brinda Jokhun was appointed as Company Secretary of MSCL from 07 April 2021. She has over 18 years working experience in the Global Business sector in Mauritius. She holds a Bachelor's in Commerce specializing in Banking and Finance, an Associate of the Institute of Chartered Secretaries & Administrators (UK), a Master's in Law from the University of Central Lancashire (UK).

Profile of Senior Management Team

Mr. Krishnajeel Lalsing *(Managing Director from 23 November 2021 Up to 30 December 2022)*

Appointed on 23 November 2021, Mr. Krishnajeel Lalsing is a Fellow member of the Institute of Logistics & Transport (UK), an Associate of the Institute of Chartered Secretaries & Administrators (UK) and also holds of Master's in Business Administration in Maritime Management, coupled with more than 40 years of experience in commercial shipping environment.

Mr. Rajesh Humath, *(Officer-in-charge from 30 October 2020 Up to 05 August 2021)*

Mr. Humath was appointed as Officer-in-charge as from 30 October 2020 and was the Assistant Permanent Secretary at the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping. He is holder of an MBA in Project Management and a BSc (Hons) in Business Information System from the University of Technology, Mauritius. He has served in several Ministries since he joined the Public Service and has been Board member of several Parastatal Bodies.

Mr. Iran Dowlut *(Officer-In-Charge from 19 August 2021 Up to 31 October 2021)*

Mr. Dowlut was the Technical Manager of MSCL and he was appointed as Officer-In-Charge of MSCL from 19 August 2021 till 31 October 2021. He resigned from MSCL as from December 2021. He is a graduate in Engineer (Marine Engineering) and holder of Certificate of Competency, First Class Marine Engineer from England. He left the Company on 31 December 2021.

Mr. Dhamarajen Pillay Valoo, *(Manager – Ship Services from January 1992 Up to 28 July 2022)*

Mr. Pillay Valoo joined the Company in January 1992 and is in charge of all ship agency activities of the Company. He is a fellow of the Chartered Institute of Shipbrokers and is a holder of an Executive MBA. He left the Company for early retirement on 28 July 2022 and was replaced by Mr. Unoop Bheecarry, who also left in August 2022.

Mr. Nadarajen Vencatapillay *(Assistant Manager-Human Resources from 02 September 2019 Up to 30 April 2022)*

With more than 10 Years of experience in the field of Human Resources and Administration, Mr. Nadarajen Vencatapillay joined MSCL on 02 September 2019, as Assistant Manager – Human Resources and regarding his academic background, he holds a first degree in Human Resources Management, a Master's degree in Communications & Public Relations, Master's degree in Managerial Psychology and had followed several IT Professional Courses. He passed away on 30 April 2022.

Mr. Sunil Ramnauth *(Assistant Manager Internal Control)*

Mr. Sunil Ramnauth currently holds the position of Assistant Manager Internal Control in the company. He is holder of a degree from the Panjab University India and a Member of the Chartered Institute of Logistics and Transport (CILT). He has over 23 years of relevant experience in the shipping Industry. Mr Sunil Ramnauth was appointed in this position on 22nd of November 2021.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 3: Director Appointment Procedures (Contd)

Director's Induction

An induction program is organised to introduce newly appointed Directors to the Company's businesses and Senior Executives. The induction program meets the specific needs of both the Company and the newly appointed Director and enables any new Director to make the maximum contribution as quickly as possible.

Professional Development

The Company ensures that the necessary resources for developing and updating its Directors' knowledge and capabilities are provided as and when required.

The Board has reviewed the professional and on-going development of its Directors.

Succession Planning

The Board of Directors believes that suitable plans are in place for the orderly succession of appointments to the Board and to senior management positions in order to maintain an appropriate balance of knowledge, skills and experience within the organisation and on the Board.

Furthermore, the Corporate Governance Committee assumes the responsibility for the succession planning of the Company.

Principle 4: Director Duties, Remuneration and Performance

All the Directors of the Company are aware of their legal duties and responsibilities.

The Corporate Governance Committee also performs the duties of the Nomination and Remuneration Committee.

In its role as Remuneration Committee, the Corporate Governance Committee determines and develops the Company's general policy on executive and senior management remuneration and makes recommendations to the Board on all the essential components of remuneration whilst determining the adequate remuneration to be paid to Directors and senior management.

Code of Ethics

The Company has adopted a code of ethics and business conduct policies. These ethics and policies cover:

- environmental practices;
- relationships with subcontractors, suppliers and vendors;
- integrity and conflict of interest matters;
- employment practices; and
- compliance with regulations.

The Board of Directors is also mindful of the interest of other stakeholders such as suppliers, clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Company and its employees must, at all times, comply with all applicable laws and regulations. The Company will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The Company does not permit any activity that fails to stand the closest possible public scrutiny.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

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

Code of Ethics (Contd)

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Company's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Company's hierarchy.

The Company is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

Board Evaluation

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has approved for a Board evaluation to be carried out on an annual basis. The evaluation of the Board of Directors shall be led by the Chairperson with meetings, discussion and observations.

The Chairperson thereafter acts on the results of the evaluation by recognising the strengths and addressing the weaknesses of the Board.

It is also noted that the Directors forming part of the Board of the Company, especially those who are members of Board Committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background. The Board of the Company is of the view that its composition is adequately balanced and that the current Directors have the range of skills, expertise and experience to carry out their duties properly.

Furthermore, Non-Executive Directors are chosen by the respective shareholders of the Company for their business experience and acumen as well as their ability to provide a blend of knowledge, skills, objectivity, integrity, experience and commitment to the Board. These Directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observers.

Board and Board Committees' Fees

The Non-Executive Directors and Non-Independent Non-Executive Directors receive a remuneration consisting of an attendance fee for each Board and committee meeting attended by them with the exception of the Board Chairperson who receives a fixed fee. The Non-Executive Directors have not received any remuneration in the form of share options associated with organisational performance.

Directors' fees were paid during the year under review by the Company. The directors retain the fees received from the Company with the exception of the director and representative of the SIC where the fees are paid to the SIC. No directors' fees were paid by the subsidiary and associates. The Chairperson and Ag. Managing Director/Officer-In-Charge are not paid any remuneration for attending/chairing board meetings in the subsidiary, associates or any sub committees.

The remuneration of the Executive Director including other staff of the Company is also linked with organisational performance, as stipulated in the conditions of service.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

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

Remuneration philosophy

The Board has delegated to the Corporate Governance Committee the responsibility of determining the adequate remuneration to be paid to the Chairperson of the Board, the Independent Non-Executive Directors, the Non-Executive Directors, the Executive Director and the senior management staff.

The Group's underlying philosophy is to set remuneration at an appropriate level to retain, motivate and attract high calibre personnel and Directors, and to reward them in accordance with their individual as well as collective contribution towards the achievement of the Company's objectives and performance, whilst taking into account current market conditions and/or other factors which may be determined from time to time.

However, being a Government-owned body and not operating in a purely commercial environment, salaries are reviewed regularly by an independent salary commissioner. The last salary review was effective as from July 2017 and the next one is currently underway, to be completed in early 2023.

Conflict of Interest

The Board of Directors strictly believes that a Director should make his best effort to avoid conflict of interest or situation where others might reasonably perceive such a conflict. As per clause 14.1.1 of the Company's New Memorandum and New Articles of Association, it shall be the duty of a Director who is in anyway directly or indirectly interested in any contract or arrangement or propound contract or arrangement with the Company to declare the nature of his interest at a meeting.

As per clause 14.2.1 a Director shall not vote in respect of any contract or arrangement or any other proposal.

It is the responsibility of each Director to ensure that any conflict of interest be recorded in the Interest Register, maintained by the Company Secretary.

The Company has adopted and implemented the conflict of interest and related party transactions policy in place as requested in the Code in the financial year 2018 -2019 onwards.

Related Party Transactions

For details on Related Party Transactions, please refer to Note 30 of the audited consolidated financial statements.

Directors' and Officers' Liability Insurance

A Directors' and Officers' liability insurance policy has been subscribed to by the Company, which covers all the Directors and Officers of the Company.

Board Information

The Chairperson, with the assistance of the Company Secretary, ensures that Directors receive all information necessary for them to perform their duties and that the Board has sufficient time for consultation and decision-making.

The Board members of the Company ensure that matters relating to the Company, learned in their capacity as Directors, are strictly confidential and private and shall not be divulged to anyone without the authority of the Board.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

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

Information, Information Technology and Information Security Governance

The Board is responsible to oversee information governance within the Company and ensures that there is a strategic alignment of both Information and Information Security with its business strategy in order to create value. The enhanced usage of information technology inevitably exposes the organisation to IT risks such as loss, leakage or damage of data which may severely disrupt the Company's operations.

The Company has appointed an IT Consultant, Dr. Ashveen Kumar Kissoonah, for a period of 1 year on 26 August 2022 to develop an IT Road Map for the Company, to conduct an IT audit, devise an IT Policy, and draft an IT Strategic Plan for the Company, amongst others. An IT procedure manual concerning the handling of information would be put in place and priority is placed on maintaining a high level of security. Appropriate firewalls, security guidelines and extensive back up facilities are in place to counter potential threats.

The Board will ensure that the Information Security Policy is regularly reviewed and monitored and that sufficient resources are allocated in the annual budget towards the implementation of an Information and IT Security frameworks.

Principle 5: Risk Governance and Internal Control

Internal Control and Risk Management

Internal Audit

The Audit Committee determines and approves programmes for internal audit and meetings, as felt appropriate, to review the internal audit reports for both the Company and its subsidiary and implementation progress of corrective actions. Management is required to respond to all internal audit findings within a set time frame.

The Board appointed Ernst & Young Ltd ("EY") as the Company's internal auditors on 04 October 2018 for a period of three years. EY is independent and not related to the Company.

EY focuses its work on the areas of the greatest risk to MSCL, as determined by a risk-based approach to audit planning, to support MSCL's commitment to maintaining and strengthening best practice in corporate governance matters and in enhancing their internal control environment and risk management capability.

Management is responsible for acting on the findings and recommendations of the internal audit to mitigate or eliminate the identified control weaknesses. Follow up audits are also done to ensure the effectiveness of actions taken. The internal audit process and management's response to the findings contribute to the process for identifying, evaluating and managing the significant risks faced by the Company.

The Board through the Audit Committee reviews the effectiveness of the internal audit function on an ongoing basis, which is achieved, in part, by reviewing and discussing the reports presented to it at each meeting. The Board also assesses the independence of EY and is satisfied with its independence. The terms of reference for the internal audit services are governed by an engagement letter between both parties. The Internal Audit has full access to the records, management or employees of MSCL.

EY has drafted an internal audit plan based on a risk assessment carried out at the MSCL and completed its internal audit on Procurement to payment and stuffing and unstuffing process. Due to change in management at MSCL for the year under review and COVID, the internal audit plan was disrupted. Not much progress could be made on the internal audit function for the year under review and the contract with EY terminated on 31 December 2022. Subsequently, the Company has appointed Mr. Sunil Ramnauth, Assistant Manager-Internal Control for a period of 2 years on 22 November 2021 for its internal audit function.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 5: Risk Governance and Internal Control (Contd)

Internal Control and Risk Management (Contd)

Identification of risk factors

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

For the purpose of risk management, the Board and its Board Committees namely the Audit Committee and Technical Committee are responsible for reviewing the risk philosophy, strategy and policies recommended by the executive management and also consider their reports.

The Committees ensure compliance with such policies and with the risk profile of the Group. In effect, all risks directly linked with the Company's vessels are considered by the Technical Committee and other risks that do not pertain to the vessels are considered by the Audit Committee. The Committees also identify and evaluate the key risks forming a threat to the key business processes and the achievement of corporate objectives.

Financial control is based upon annual technical and financial budgets as approved by the Board. The technical budget comprises all forecasted technical expenses pertaining to vessels whilst the financial budget includes the statement of comprehensive income together with the statement of financial position and cash flow information. An analysis of variances to budget and forecast is prepared by senior level staff.

Risk Management System

Financial risk and non-financial risk factors

Please refer to Note 4 of the consolidated financial statements.

Whistle-blowing policy

The Company has adopted and implemented the whistle blowing policy in its Code of Ethics and the Company has a Whistleblowing policy which needs to be reviewed by the Corporate Governance Committee and proposed to the Board for approval or proposal for amendments.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 6: Reporting with Integrity

Statement of Directors' Responsibilities in respect of the Preparation of the Consolidated Financial Statements

The Directors affirm their responsibilities for preparing the Annual Report and Financial Statements of the Company that fairly present the state of affairs of the Company and the results of its operations. A copy of the annual report can be found on the Company's website.

The Statement of Directors' Responsibilities is found on page 4 of the Annual Report.

Dividend Policy

Any dividend payments are determined by the profitability of the Company, its cash flows, capital expenditure requirements, its future investments and growth opportunities and have to be approved by the Board of Directors.

Safety and Environment Policies on our vessels

MSCL have a responsibility to conduct its business activities in a manner that protects and preserves our natural resources. In doing so, MSCL complies with all environmental laws and operate its facilities with the necessary permits, approvals, and controls. The Company takes pride to zero incidence in marine life. Our main policies are:

- any form of drug, with the exception of prescribed drugs, is totally banned from the Company's managed vessels;
- utilise the available resources in the best possible manner so as to ensure safety at sea and prevent damage to environment;
- our operating procedures ensure safe transportation of cargo and also that marine environment and other property is protected from damage;
- establish safeguards against all identified risks and continuously improve the safety management skills of personnel ashore and on board;
- abide by mandatory rules and ensure that applicable codes, guidelines and standards as recommended by Maritime Administrators and Classification Societies are followed; and
- use the Company's standard set down in the safety management systems as an instrument and create a positive, motivated, well trained, well-educated and functioning organisation.

Carbon Reduction Reporting

The Board has approved the implementation of a Ship Energy Efficiency Management Plan (SEEMP) and this is a requirement of MARPOL, aimed at reducing airborne emissions from ships.

There are two parts to a SEEMP: Part I is about monitoring ship and fleet efficiency performance and trying to optimize the performance of the ship. Part II is the Ship Fuel Oil Consumption Data Collection Plan. This explains how the ship will collect the annual data on fuel oil consumption required by chapter 4 of MARPOL Annex VI which will adventurously used by IMO to support further measures to improve the energy efficiency of international shipping, through careful analysis of the data.

With effect from January 2020, the Company is operating its vessels with low sulphur fuel.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 6: Reporting with Integrity (Contd)

Social Issues

The Company aims at giving equal opportunities to its employees. For any new recruitment or promotion exercise, it is advertised both internally and externally. There is also an annual performance appraisal which is carried out and where rewards and merits are provided for.

The Company recognises the importance of the role it has to play in society, and it actively participates in endeavours to alleviate social and environmental problems. The Company is also committed to creating sustainable value for the social and economic well-being of the society.

Corporate Social Responsibility (CSR)

The Company did not participate in CSR activities and made its CSR contribution on the chargeable income in the year 2021/22.

Charitable & Political Contributions

No charitable and non-charitable contributions were made during the year ended 30 June 2022.

There was no political donation for the year under review (2021: Nil).

Principle 7: Audit

The Company has appointed Mr. Sunil Ramnauth, Assistant Manager-Internal Control for a period of 2 years on 22 November 2021 for its internal audit function.

The internal audit function must, in consultation with MSCL, prepare:

- A rolling three-year strategic Internal Audit Plan based on its assessment of key areas of risk for MSCL;
- An annual Internal Audit Plan;
- Plans indicating the scope, cost and timelines of each audit in the annual internal audit; and
- Audit reports directed to MSCL detailing its performance against the plan to allow effective monitoring and intervention, when necessary.

Internal Audit

The internal auditors will need to take into account among others:

- IT security and systems processes audit.
- Conducting special assignments and investigations, on behalf of MSCL, into any matter or activity affecting the probity, interest and operating efficiency of MSCL.
- Audit designed to detect fraud.
- The internal audit reports directed to the Board through the Audit Committee.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

Principle 7: Audit

External Audit

Following a tendering exercise in the year 2021, Baker Tilly was appointed as External Auditors to audit the financial statements of MSCL.

Baker Tilly has performed an independent audit of the Group's financial statements. The firm also reports on the manner and extent to which MSCL have complied with the Code of Corporate Governance. The audit approach was reviewed with the recently appointed audit firm (Baker Tilly) and the following were discussed:

- Significant audit matters;
- Impact of recently introduced International Financial Reporting Standards; and
- Significant accounting judgements and estimates;

The Company has appointed Baker Tilly Tax Services Ltd, a separate legal entity headed by non-audit partners, for tax compliance. The fees charged for this service is Rs 36,750 for the year ended 30 June 2022.

Information on non-audit services

The Company has appointed Baker Tilly for tax compliance. The fees charged for this service is Rs 36,750 for the year ended 30 June 2022.

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholders' Agreement

The Board of Directors is not aware of any such agreement during the year under review.

Employee Share Option Plan

No Employee Share Option Plan is available.

Third Party Management Agreement

There was no management agreement between third parties and the Company during the year under review.

Shareholders' and Stakeholders' Communication

The Board of Directors places great importance on clear disclosures, open and transparent channel of communication with all its shareholders. It endeavours to keep them regularly informed on matters pertaining to and affecting the Company.

Through the Company's website namely www.mauritiussshipping.net, information is provided to all stakeholders on the activities of the Company, on the latest news and on new products which have been launched.

MSCL ensures shipping connections among the island communities of the Republic of Mauritius (Rodrigues and Agalege) and thus allow the Government of Mauritius, its main stakeholder to fulfil its social obligations, promote regional trade and facilitate socio-economic and cultural integration.

Moreover, MSCL acts as facilitator to OIDC and AFCONs for the transport of basic necessities for the residents and to promote the infrastructural development on Agalega respectively.

Mauritius Shipping Corporation Limited

Corporate Governance Report (Contd)

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

Shareholders' and Stakeholders' Communication (Contd)

Shareholders are strongly encouraged to attend the Company's Annual Meeting, which provides an opportunity for the latter to raise and discuss matters with the Board relating to the Company's performance and also to keep abreast of the overall strategy and goals.

The Chairperson, the Managing Director and other Board members attend the Annual Meeting and invite Shareholders to put questions on different aspects of the Company's activities and directions the business will take in the future.

The Annual Report, including the Notice of the Annual Meeting of shareholders, is sent to each shareholder of the Company.

Timetable of Important Events

Month	Events
08 February 2023	Annual meeting



Mr. Dunpath Khoosye
Director and Chairman



Mr. Rajkumar Nursing
Director

Date: 08 FEB 2023

Mauritius Shipping Corporation Limited**Certificate from the Secretary to the members of Mauritius Shipping Corporation Limited**

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 30 June 2022.



Mr. Khemrajsingh Jugernauth
Secretary

Registered address:

Quay D 2nd Floor,
Capitainerie Building
Port Louis
Republic of Mauritius

Date: 08 FEB 2023

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of MAURITIUS SHIPPING CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of MAURITIUS SHIPPING CORPORATION LIMITED (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated and separate statements of financial position as at 30 June 2022, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements on pages 42 to 101 gives a true and fair view of the financial position of the Group and the Company as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius 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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MAURITIUS SHIPPING CORPORATION LIMITED

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Report on the Audit of the Financial Statements (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant 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.

The key audit matters	How the matter was addressed in our audit
<p><i>Recoverability of trade receivable balance</i></p> <p>The Company has trade receivables amounting to Rs 105,211,795.</p> <p>The Company uses an Expected Credit Loss (ECL) model to determine the size of the impairment allowance for trade and other receivables. The ECL methodology incorporates the expected future credit losses due to forward looking macro-economic variables.</p> <p>The Company's ECL model uses certain judgements and assumptions such as:</p> <ul style="list-style-type: none">• The probability of trade and other receivables becoming past due and subsequently defaulting (probability of default 'PD'),• The magnitude of the likely loss if there is default (loss given default 'LGD');• The expected exposure in the event of a default (exposure at default 'EAD')• The determination of the Company's definition of default;• The criteria for assessing significant increase in credit risk (SICR);• The rate of recovery on trade and other receivables that are past due and in default;• The incorporation of forward-looking information used in determining the expected credit losses on the amount receivable. <p>Due to the significance of loans receivables to the financial position of the Company and the level of judgement applied in determining the ECL, the expected credit loss allowance on loans and advances was considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Assessing and testing the design and operating effectiveness of the controls over credit origination and monitoring;• Obtained and assessed historical information as well as collections post the financial reporting date of amount receivable in order to determine the risk of defaults and whether a significant increase in credit risk has occurred. We also considered the appropriateness of forward looking factors used to determine expected credit losses;• Assessing whether the Group's credit policies are aligned with IFRS 9, Financial Instruments;• Using available external and independent information to challenge management's assumptions and judgements in determining expected credit losses;• Verified the computation of the ECL for accuracy;• Assessing the adequacy of the disclosures in respect of ECL as required in terms of IFRS 9, Financial Instruments.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MAURITIUS SHIPPING CORPORATION LIMITED

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Report on the Audit of the Financial Statements (Continued)

Key audit matters (Continued)

The key audit matters	How the matter was addressed in our audit
<p>Retirement benefit obligations</p> <p>The Group has recognised retirement benefit obligations of Rs 57,208,476 as at 30 June 2022.</p> <p>Management has estimated the retirement benefit obligations arising and has not involved an actuary to calculate the obligations at reporting date.</p> <p>Accordingly, the estimation of retirement benefit obligations is considered to be a key audit matter due to the significance of the balance in the consolidated financial statements as a whole.</p> <p>The significant assumptions used have been disclosed in note 19.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Assessed and discussed the assumptions that management, considered in determining the present value of the liabilities and fair value of the plan assets;• Compared the significant assumptions used by management such as discount rates and annual salary increases with historical data.• Verified data used, with the payroll report for completeness and accuracy.

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 IFRSs and that comply with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

This opinion has been prepared for and only for the Group's shareholders in accordance, as a body with Section 205 of the Mauritius Companies Act 2001 and for no other purposes.

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



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MAURITIUS SHIPPING CORPORATION LIMITED

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Report on the Audit of the Financial Statements (Continued)

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

- ▶ 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's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 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 consolidated and separate financial statements of the entities or business activities within the Group and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the 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.

Other information

The Directors are responsible for the other information. The other information comprises the corporate information, annual report, statement of compliance, corporate governance report and certificate from the secretary.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MAURITIUS SHIPPING CORPORATION LIMITED

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Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacity as auditor and tax advisor.

We have obtained all the information and explanations we have required.

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

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of the compliance with the Code of Corporate Governance as disclosed in the corporate governance report and on whether the disclosure is consistent with the requirement of the Code.

The directors have given explanations on the principles of the Code which have not been complied with.

In our opinion, except for areas non-application of the Code for which directors have given satisfactorily explanation, the disclosure in the financial statements is consistent with the principles of the Code.

Baker Tilly

Sin C LI, CPA, CGMA
Licensed by FRC

Date: **08 FEB 2023**

Mauritius Shipping Corporation Limited

Consolidated statement of financial position as at 30 June 2022

	Notes	The Group		The Company	
		2022 Rs	2021 Rs	2022 Rs	2021 Rs
ASSETS					
Non-current					
Vessel	7	502,678,476	349,172,300	502,678,476	349,172,300
Plant and equipment	8	13,446,959	18,062,404	13,446,959	18,062,404
Investment in subsidiary	10	-	-	55,000	55,000
Investments in associates	11	3,886,192	4,129,573	2,210,000	2,210,000
Deferred tax assets	26	24,621,025	14,363,681	24,388,938	14,131,592
Right-of-use assets	9	34,252,413	55,323,499	34,252,413	55,323,499
Non-current assets		578,885,065	441,051,457	577,031,786	438,954,795
Current					
Inventories	12	994,505	299,171	994,505	299,171
Trade and other receivables	13	79,718,441	117,300,863	85,576,838	123,119,259
Current tax receivable	26	23,243,618	-	23,243,618	170,306
Financial assets at fair value through profit or loss	14	72,000	66,750	72,000	66,750
Other financial assets	15	91,286	486,992,323	91,286	486,992,323
Cash and cash equivalents	16	843,570,714	460,907,539	837,710,908	455,041,375
Current assets		947,690,564	1,065,566,646	947,689,155	1,065,689,184
Total assets		1,526,575,629	1,506,618,103	1,524,720,941	1,504,643,979
EQUITY AND LIABILITIES					
Equity					
Stated capital	17	290,720,000	290,720,000	290,720,000	290,720,000
Revenue reserves		1,026,358,221	951,514,913	1,024,850,853	949,743,973
Total equity		1,317,078,221	1,242,234,913	1,315,570,853	1,240,463,973

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited
**Consolidated statement of financial position as at
30 June 2022 (Contd)**

	Notes	The Group		The Company	
		2022 Rs	2021 Rs	2022 Rs	2021 Rs
LIABILITIES					
Non-current					
Container lease purchase	18	185,061	1,704,468	185,061	1,704,468
Retirement benefit obligations	19	57,208,476	50,778,306	57,208,476	50,778,306
Lease liabilities	9	2,870,249	6,663,715	2,870,249	6,663,715
Non-current liabilities		60,263,786	59,146,489	60,263,786	59,146,489
Current					
Container lease purchase	18	1,788,675	5,555,088	1,788,675	5,555,088
Trade and other payables	20	109,175,112	114,289,104	109,110,084	114,224,077
Current tax liability	26	282,292	138,157	-	-
Lease liabilities	9	37,987,543	85,254,352	37,987,543	85,254,352
Current liabilities		149,233,622	205,236,701	148,886,302	205,033,517
Total liabilities		209,497,408	264,383,190	209,150,088	264,180,006
Total equity and liabilities		1,526,575,629	1,506,618,103	1,524,720,941	1,504,643,979

Approved by the Board of Directors on 08 FEB 2023 and signed on its behalf by:



Mr. Dhunpath Khoosye
 Director and Chairman



Mr. Rajkumar Nursing
 Director

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Notes	The Group		The Company	
		2022 Rs	2021 Rs	2022 Rs	2021 Rs
Revenue	21	534,923,549	567,623,041	534,923,549	567,623,041
Operating costs	22	(502,654,391)	(385,340,211)	(502,654,391)	(385,340,211)
Gross profit		32,269,158	182,282,830	32,269,158	182,282,830
Other income	23	18,632,877	31,991,143	19,635,877	32,691,143
Administrative expenses	22	(78,031,555)	(71,658,209)	(77,985,194)	(71,593,699)
Operating (loss)/ profit		(27,129,520)	142,615,764	(26,080,160)	143,380,274
Net foreign exchange gains		107,818,684	74,694,709	107,818,684	74,694,709
Finance income	24	1,791,356	7,010,655	1,791,356	7,010,655
Finance costs	25	(7,314,064)	(3,552,325)	(7,314,064)	(3,552,325)
FV gain/(loss) on investment		5,250	8,700	5,250	8,700
Share of profit of associates	11	998,605	938,986	-	-
Profit before tax		76,170,311	221,716,489	76,221,066	221,542,013
Tax expense	26	4,632,061	(25,122,969)	4,632,061	(25,096,799)
Profit for the year		80,802,372	196,593,520	80,853,127	196,445,214
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Income tax effect	26	1,014,045	533,702	1,014,045	533,702
Remeasurements of post employment benefit obligations	19	(6,760,297)	(3,558,015)	(6,760,297)	(3,558,015)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Other comprehensive income for the year, net of tax		(5,746,252)	(3,024,313)	(5,746,252)	(3,024,313)
Total comprehensive income for the year		75,056,120	193,569,207	75,106,875	193,420,901
Profit for the year attributable to the owners of the parent		80,802,372	196,593,520	80,853,127	196,445,214
Total comprehensive income for the year attributable to the owners of the parent		75,056,120	193,569,207	75,106,875	193,420,901
Earnings per share	27	278	676	278	665

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited

Consolidated statement of changes in equity for the year ended 30 June 2022

	Stated capital	Revenue reserves	Total equity
The Group	Rs	Rs	Rs
At 01 July 2021	290,720,000	951,514,913	1,242,234,913
Profit for the year	-	80,802,372	80,802,372
Adjustment	-	(212,811)	(212,811)
Other comprehensive income	-	(5,746,252)	(5,746,252)
Total comprehensive income for the year	-	75,056,120	75,056,120
At 30 June 2022	290,720,000	1,026,358,222	1,317,078,222
At 01 July 2020	290,720,000	757,945,706	1,048,665,706
Profit for the year	-	196,593,520	196,593,520
Other comprehensive income	-	(3,024,313)	(3,024,313)
Total comprehensive income for the year	-	193,569,207	193,569,207
At 30 June 2021	290,720,000	951,514,913	1,242,234,913

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited
Consolidated statement of changes in equity for the year ended 30 June 2022(Contd)

The Company	Stated capital Rs	Revenue reserves Rs	Total equity Rs
At 01 July 2021	290,720,000	949,743,978	1,240,463,978
Profit for the year	-	80,853,127	80,853,127
Other comprehensive income	-	(5,746,252)	(5,746,252)
Total comprehensive income for the year	-	75,106,875	75,106,875
At 30 June 2022	290,720,000	1,024,850,853	1,315,570,853
At 01 July 2020	290,720,000	756,323,077	1,047,043,077
Profit for the year	-	196,445,214	196,445,214
Other comprehensive income	-	(3,024,313)	(3,024,313)
Total comprehensive income for the year	-	193,420,901	193,420,901
At 30 June 2021	290,720,000	949,743,978	1,240,463,978

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited

Consolidated statement of cash flows for the year ended 30 June 2022

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Profit before tax	76,170,311	221,716,489	76,221,066	221,542,013
<i>Adjustments for:</i>				
Depreciation of vessel	40,748,559	40,074,877	40,748,559	40,074,877
Depreciation of plant and equipment	6,956,486	6,232,754	6,956,486	6,232,754
Depreciation of right-of-use assets	122,155,923	85,323,117	122,155,923	85,323,117
Net change in fair value of financial asset at fair value through profit or loss	(5,250)	(8,700)	(5,250)	(8,700)
Share of losses in associates (net of dividends)	998,605	(238,986)	-	-
Movements in retirement benefit obligations	6,430,170	3,741,997	6,430,170	3,741,997
Dividend income	(1,003,000)	-	(1,003,000)	(700,000)
Provision for doubtful debts	12,474,696	16,231,071	12,474,696	16,231,071
Interest expense	7,314,064	3,552,325	7,314,064	3,552,325
Interest income	(1,791,356)	(7,010,655)	(1,791,356)	(7,010,655)
FX on financial assets	483,318,324	100,365,720	485,109,681	100,365,720
	753,767,532	469,980,009	754,611,039	469,344,519
<i>Changes in working capital:</i>				
Change in inventories	(695,334)	176,931	(695,334)	176,931
Change in other financial assets	(5,250)	(34,024,820)	(5,250)	(34,024,820)
Change in trade and other receivables	27,141,167	5,902,920	28,735,679	5,845,770
Change in trade and other payables	(4,329,240)	(1,730,843)	(5,119,026)	(1,730,843)
Net cash from operations	775,878,875	440,304,197	777,527,108	439,611,558
Interest received	1,791,356	7,010,655	1,791,356	7,010,655
Interest paid	(7,314,064)	(3,552,325)	(7,314,064)	(3,522,325)
Tax paid	(23,023,183)	(38,192,377)	(23,023,183)	(38,192,377)
Net cash from operating activities	747,332,984	405,570,150	748,981,217	404,877,511

The notes on pages 49 to 101 form an integral part of these consolidated financial statements.

Mauritius Shipping Corporation Limited

Consolidated statement of cash flows for the year ended 30 June 2022 (Contd)

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Investing activities				
Improvement to vessel	(194,254,736)	(186,803,326)	(194,254,736)	(186,803,326)
Acquisition of plant and equipment	(2,341,038)	(1,269,496)	(2,341,038)	(1,269,496)
Dividend income	1,003,000	-	1,003,000	700,000
Repayment of loan by related party	10,441,255	(2,410,857)	8,806,741	(2,410,857)
Net cash used in investing activities	(185,151,519)	(190,483,679)	(186,786,033)	(189,783,679)
Financing activities				
Repayment of container lease purchase	(5,684,006)	(7,899,565)	(5,684,006)	(7,899,565)
Addition to container lease purchase	398,186	499,642	398,186	499,642
Repayment of lease liabilities	(43,746,212)	(79,660,909)	(43,746,212)	(79,660,909)
Additions to lease liabilities	-	1,829,330	-	1,829,330
Retirement of Benefit obligation paid	(4,760,084)	(4,128,795)	(4,760,084)	(4,128,795)
Net cash used in financing activities	(53,792,116)	(89,360,297)	(53,792,116)	(89,360,297)
Net change in cash and cash equivalents	508,389,349	125,726,174	508,403,068	125,733,535
Cash and cash equivalents at the beginning of the year	335,181,365	335,181,365	329,307,840	329,307,840
Cash and cash equivalents at the end of the year (Note 16)	843,570,714	460,907,539	837,710,908	455,041,375
Cash and cash equivalents made up of:				
Cash on hand and at bank (Note 16)	843,570,714	460,907,539	837,710,908	455,041,375

**For reconciliations of liabilities arising from the financial activities, refer to Note 28.*

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

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

Mauritius Shipping Corporation Limited, the “Company”, was incorporated in the Republic of Mauritius under the former Mauritius Companies Act 1984 on 10 January 1986 as a private company limited by shares. The Company is domiciled in the Republic of Mauritius and its registered office is at La Capitainerie Building, Quay D, Port Louis, Republic of Mauritius.

The Company, its subsidiary and associates are together referred to as “the Group”.

The principal activities of the Group are as follows:

- (i) operate cargo cum passenger vessels;
- (ii) provide shipping agencies services;
- (iii) provide crewing and marine technical services;
- (iv) provide victualling services;
- (v) provide stevedoring services;
- (vi) trade in duty free products; and
- (vii) act as a training institutions.

The consolidated financial statements are presented in Mauritian Rupee (“MUR” or “Rs”), which is also the functional currency of the Group.

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

2. Adoption of new and amended IFRS

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

The nature and the impact of each new standard or amendment relevant to the Company are described below:

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole; and
- the meaning of ‘primary users of general-purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The amendment does not have any major impact on the Company’s financial statements.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Adoption of new and amended IFRS (Contd)

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

Amendments to References to Conceptual Framework in IFRS Standards

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes have been made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards have applied the revised Framework from 1 January 2020. These entities have considered whether their accounting policies are still appropriate under the revised Framework.

The amendment does not have any major impact on the Company's financial statements.

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

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2022 and which have not been adopted in these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise included.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Adoption of new and amended IFRS (Contd)

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

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (Contd)

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date.

The directors have not yet assessed the impact the standard will have on the Company's financial statements.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The directors have not yet assessed the impact the standard will have on the Company's financial statements.

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

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022.

The directors have not yet assessed the impact the standard will have on the Company's financial statements.

Annual Improvements to IFRS Standards 2018–2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Adoption of new and amended IFRS (Contd)

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

Definition of Accounting Estimates (Amendments to IAS 8)

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after 1 January 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The directors have not yet assessed the impact the standard will have on the Company's financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The International Accounting Standards Board (IASB) has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

2. Adoption of new and amended IFRS (Contd)

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The directors have not yet assessed the impact the standard will have on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

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

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and of its subsidiary as of 30 June 2022. The parent controls a subsidiary if it is exposed to, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary had a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses/gains on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Mauritius Shipping Corporation Limited**Notes to the consolidated financial statements**

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)**3.3 Investment in subsidiary**

A subsidiary is an entity over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. 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 charged to the statement of profit or loss and other comprehensive income. A subsidiary is fully deconsolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

3.4 Investments in associates

Associate is an entity over which the Group is able to exert significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

Investments in associates in the consolidated financial statements are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's shares in the associates are not recognised separately and are included in the amount recognised as investments in associates.

The carrying amounts of the investments in associates are increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associates, adjusted where necessary to ensure consistency with the accounting policies of the Group.

However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associates subsequently report profits, the investor resumes recognising its share of those profit only after its share of the profit exceeds the accumulated share of losses that has previously not been recognised.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.5 Vessel and plant and equipment

Vessel and plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Vessel and plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Where parts of an item of vessel and plant and equipment have different useful lives, they are accounted as separate items of vessel and plant and equipment.

Depreciation is provided on a straight-line basis to depreciate each asset over its estimated useful economic life after making allowance for any estimated residual value as follows:

Vessel	-	2 - 20 years
Containers	-	5 years
Furniture, fittings, and equipment	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	3 - 5 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

Material residual value estimates and estimates of useful life are updated as required.

The costs of periodic dry-docking are taken to the consolidated statement of financial position as incurred and then charged to the profit or loss equally over a period of two years until the next expected dry-docking.

Repairs are categorised into major repairs and other repairs:

- (a) Major repairs are capitalised and then charged to the profit or loss evenly over the expected period of five years.
- (b) Other repairs and maintenance are expensed when incurred.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within "Other income" or "Operating expenses".

Assets in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other similar assets, commences when the assets are ready for their intended use.

Mauritius Shipping Corporation Limited**Notes to the consolidated financial statements**

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)**3.6 Taxation**

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

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

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

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

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

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

3.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Where necessary, provision is made for obsolete, slow-moving inventories.

3.8 Trade receivables

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

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.8 Trade receivables (Contd)

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the Group's impairment policies are provided in Note 3.9 of these financial statements.

3.9 Financial instruments

Recognition and derecognition

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

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

Classification and initial measurement of financial assets

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

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

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

In the current year, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of profit or loss.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.9 Financial instruments (Contd)

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, other financial assets, most of its trade and other receivables and other financial assets fall into this category of financial instruments.

Financial assets at fair value through profit or loss ('FVTPL')

- The category also contains investment in equity instruments. The Group accounts for the investments at FVTPL and did not make the irrevocable election to account for the investments at fair value through other comprehensive income (FVOCI).
- Financial assets that are held within a different business model other than hold to collect or hold to collect and sell are categorised at FVTPL. Furthermore, irrespective of business model financial assets whose contractual cashflows are not solely payment of principal and interest are accounted for at FVTPL.
- Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

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

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

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

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

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.9 Financial instruments (Contd)

Impairment of financial assets (Contd)

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

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

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

Trade and other receivables

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

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

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

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include container lease purchase, lease liabilities and most of its trade and other payables.

Financial liabilities are initially measured at amortised cost, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss (FVTPL).

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Offsetting financial instruments

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

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

All fixed deposits with initial maturity of more than 3 months are recognised separately under other financial assets.

3.11 Equity and reserves

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

Revenue reserves include all current and prior years' profits and the actuarial gains/(losses) arising from changes in demographic and financial assumptions and the return on plan assets.

3.12 Leases

For any new contract entered into on or after 1 July 2020, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.12 Leases (Contd)

Measurement and recognition of leases as a lessee

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

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right of use assets is estimated to be for a period of 2-5 years. The Group also assesses the right-of-use asset for impairment when such indicators exist.

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

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

Measurement and recognition of leases as a lessee

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

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

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.13 Post-employment benefits

Defined benefit schemes

The Group provides post-employment benefits through defined benefit plans.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.13 Post-employment benefits (Contd)

Defined benefit schemes (Contd)

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

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

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

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

Defined contribution scheme

The Group contributes to a defined contribution plan for its employees, whereby it pays contributions to a privately administered pension insurance plan. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

State plan

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

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year.

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

3.15 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in the Mauritian Rupee ("MUR"), which is also the functional currency of the parent company.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

3.15 Foreign currency translation (Contd)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.16 Revenue recognition

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

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

Revenue is shown net of value added tax, returns, rebates and discounts. The Group recognised revenue either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Other income earned by the Group are recognised as follows:

- Agency fees are recognised upon performance of the services, net of discounts and value added tax.
- Dividend income is recognised when the right to receive payment is established.
- Interest income and management income are recognised on the accrual basis using the effective interest rate method.

3.17 Operating expenses

Operating expenses are recognised in the consolidated statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)**3.18 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in consolidated statement of profit or loss and other comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.19 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the assets is assessed and written down to its recoverable amount.

3.20 Related parties

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

3.21 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

3.22 Significant management judgement in applying accounting policies and estimation uncertainty

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

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

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

Significant management judgement

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effects on the consolidated financial statements.

Investments in associates

The directors have assessed the level of influence that the Group has on P.A.P.O.L.C.S Limited and Flemingo (MSCL) Duty Free Ltd and determined that it does not have control but instead exercise significant influence with its shareholding of 20% and 50% respectively due to its power to participate in the financial and operating policy decisions of the entities. Consequently, these investments have been classified as associates.

Recognition of deferred tax assets

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

Lease term

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

Impact of COVID-19

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

The directors have considered the potential adverse impact of COVID-19 on the Company's business activities and concluded that the pandemic did not have a significant impact on the Company's activities at the reporting date. Given the nature of the outbreak and ongoing development, there is a high degree of uncertainty and it is not possible at this time to predict the nature of the overall impact on the Company subsequent to the reporting date.

Estimation uncertainty

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

Mauritius Shipping Corporation Limited**Notes to the consolidated financial statements****For the year ended 30 June 2022****3. Summary of accounting policies (Contd)****3.22 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)****Estimation uncertainty (Contd)***Impairment of investments in associates and subsidiary*

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that these investments have not suffered any impairment in value at the reporting date.

Defined benefit liability

The annual defined benefit liability is estimated with the assistance of actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, future salary increases, future guaranteed pension increase and post retirement mortality rates. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to annuity rate and investment return (analysis given in Note 19), which may vary in future appraisals of the Group's defined benefit obligations.

Useful lives and residual values of vessel and plant and equipment

Determining the carrying amounts of vessel and plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain vessel and plant and equipment of the Group are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the latter operate in order to best determine the useful lives and residual values of vessel and plant and equipment.

Impairment of financial assets

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

Impairment of assets

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

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

3. Summary of accounting policies (Contd)

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

Estimation uncertainty (Contd)

Limitation of sensitivity analysis

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

Legal proceedings

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

4. Financial instrument risk

Risk management objectives and policies

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

Financial assets and financial liabilities

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Financial assets				
Current				
<i>Financial assets at fair value through profit or loss:</i>				
Investment in quoted security	72,000	66,750	72,000	66,750
<i>Financial assets at amortised cost:</i>				
Trade and other receivables*	77,824,528	108,060,820	83,682,926	113,879,216
Other financial assets	91,286	486,992,323	91,286	486,992,323
Cash and cash equivalents	843,570,714	460,907,539	837,710,908	455,041,375
Total financial assets	921,558,529	1,056,027,432	921,557,120	1,055,979,664

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Financial assets and financial liabilities (Contd)

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Financial liabilities				
<i>Financial liabilities measured at amortised cost:</i>				
Non-current				
Container lease purchase	185,061	1,704,468	185,061	1,704,468
Lease liabilities	2,870,249	6,663,715	2,870,249	6,663,715
	3,055,310	8,368,183	3,055,310	8,368,183
Current				
Trade and other payables**	98,704,660	104,921,133	98,639,632	104,856,106
Container lease purchase	1,788,675	5,555,088	1,788,675	5,555,088
Lease liabilities	37,987,543	85,254,352	37,987,543	85,254,352
	138,480,878	195,730,573	138,415,850	195,665,546
Total financial liabilities	141,536,188	204,098,756	141,471,160	204,033,729

*Trade and other receivables considered as financial assets exclude prepayments and VAT receivable.

** Trade and other payables considered as financial liabilities exclude advance payments from customers and deferred income.

The main types of risks are market risk, credit risk and liquidity risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

4.1 Market risk analysis

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

Foreign currency sensitivity

The Group operates in a global environment and is therefore exposed to foreign exchange risk primarily with respect to the Euro (EUR) and United States Dollar (USD).

The Group manages its foreign exchange exposures by maximising its reserves in foreign currencies to naturally hedge the exchange rate risks. In addition, foreign currency reserves are converted in Mauritian Rupee (MUR) only when the MUR reserves had depleted, and the exchange rates appear to be very attractive. Moreover, currencies like USD are exchanged at relatively more competitive rates as far as possible within related companies.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into MUR at the closing rate:

	Financial assets			
	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
MUR	217,281,061	217,728,283	217,279,652	217,680,516
EUR	147,108	185,354	147,108	185,353
USD	704,130,360	838,113,795	704,130,360	838,113,795
	921,558,529	1,056,027,432	921,557,120	1,055,979,664

	Financial liabilities			
	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
MUR	45,245,065	52,685,010	45,180,037	52,619,983
EUR	9,046,212	4,056,118	9,046,212	4,056,118
USD	86,065,302	143,614,736	86,065,302	143,614,736
ZAR	1,179,609	3,742,892	1,179,609	3,742,892
	141,536,188	204,098,756	141,471,160	204,033,729

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

It assumes the following changes in exchanges rates for the year ended 30 June 2022, based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

	2022	2021
EUR/MUR	-4%	13%
USD/MUR	1%	7%
ZAR/MUR	-6%	-12%

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposure to currency risk.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis (Contd)

Foreign currency sensitivity (Contd)

If the MUR had weakened against the above foreign currencies, then this would have had the following impact:

	Financial liabilities			
	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
EUR	(361,848)	(503,200)	(361,848)	(503,200)
USD	860,653	48,614,934	860,653	48,614,934
ZAR	(70,777)	449,147	(70,777)	449,147
Total	428,028	48,560,881	428,028	48,560,881

Any strengthening in the MUR against the above foreign currencies would have the same opposite impact.

Interest rate sensitivity

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At 30 June 2022, the Group is not exposed to any changes in market interest rates. The exposure to interest rates on the Group's financial assets is limited to its cash and cash equivalents and is considered immaterial.

Price sensitivity

The Group is exposed to price risk in respect of its securities listed on the Stock Exchange of Mauritius and classified as financial assets at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Group diversifies its portfolio. Equity investment is held for strategic rather than trading purposes. At the reporting date, the impact to a change in the prices of the securities would be insignificant.

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example, by providing credit to customers and placing deposits. The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised as follows:

MAURITIUS SHIPPING CORPORATION LIMITED

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Financial assets at fair value through profit or loss	72,000	66,750	72,000	66,750
Other financial assets	91,286	486,992,323	91,286	486,992,323
Trade and other receivables	79,718,441	138,179,917	85,576,838	143,998,313
Cash and cash equivalents	843,570,714	460,907,539	837,710,908	455,041,375
	923,452,441	1,086,146,529	923,451,032	1,086,098,761

The Company holds investments in quoted equity securities which are measured at fair value based on the quoted prices prevailing on the Stock Exchange of Mauritius at the reporting date. At 30 June 2022, the fair values of these investments is **Rs 72,000** (2021: Rs 66,750) resulting into a gain of **Rs 5,250** (2021: Rs 8,700).

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

The Group's and Company's financial assets are secured by floating charges.

Trade receivables

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

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

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2022 and 30 June 2021 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group does not have any historical credit losses on its trade receivables however management has adopted a conservative approach, taking into consideration of the recent COVID-19 pandemic, in determining expected credit losses on its receivables greater than 30 days.

Management consider that failure to make payments within 30 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery. Consequently, a 100% expected credit loss is applied for receivables above 30 days and for which alternative payment arrangement has not been arranged with the Group. Based on this model, a provision of **Rs 32,943,734** (2021: Rs 30,767,757) was made to these financial statements.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Credit risk analysis (Contd)

On the above basis, the expected credit losses for trade receivables as at 30 June 2022 and 30 June 2021 was determined as follows:

The Group and the Company						
	Gross carrying amount	Expected credit loss rate	Lifetime expected credit loss	Gross carrying amount	Expected credit loss rate	Lifetime expected credit loss
	30 June 2022	30 June 2022	30 June 2022	30 June 2021	30 June 2021	30 June 2021
	Rs	Rs	Rs	Rs	Rs	Rs
0-30	39,008,158	0	-	25,795,184	0	0
0-180	21,321,848	1.20%	77,109	66,884,744	1.20%	691,219
181-365	1,870,950	100%	577,484	1,772,852	100%	1,743,285
More than 365 days	43,058,089	100%	42,652,369	28,573,733	100%	28,397,762
	105,259,045		43,306,962	123,026,513		30,832,266

The closing balance of the trade receivables loss allowance as at 30 June 2022 and 30 June 2021 reconciles with the trade receivables loss allowance opening balance as follows:

The Group and the Company		
Financial assets	2022	2021
	Rs	Rs
Opening loss allowance as at 01 July 2020	30,832,266	14,601,195
Loss allowance recognised during the year	12,474,696	16,231,071
Loss allowance as at 30 June 2021	43,306,962	30,832,266

Amounts receivable from related parties

Management has made an assessment of expected credit losses for amounts receivable from its related parties and concluded that an expected credit loss of **Rs 1,547,262** (2021: loss of Rs 1,547,262) should be made to these consolidated financial statements.

4.3 Liquidity risk analysis

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors who also monitors the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by ensuring timely recovery of receivables and also by securing credit facilities from financial institutions and its main shareholder.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Liquidity risk analysis (Contd)

As at 30 June 2022, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

The Group

	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	More than 1 year Rs
At 30 June 2022				
Trade and other payables	98,704,660	98,704,660	98,704,660	-
Container lease purchase	1,973,736	1,973,736	1,788,675	185,061
Lease liabilities	40,857,792	40,857,792	37,987,543	2,870,249
	141,536,188	141,536,188	138,480,878	3,055,310

At 30 June 2021

Trade and other payables	104,921,133	104,921,133	104,921,133	-
Container lease purchase	7,259,556	7,259,556	5,555,088	1,704,468
Lease liabilities	91,918,067	91,918,067	85,254,352	6,663,715
	204,098,756	204,098,756	195,730,573	8,368,183

The Company

	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	More than 1 year Rs
At 30 June 2022				
Trade and other payables	98,639,632	98,639,632	98,639,632	-
Container lease purchase	1,973,736	1,973,736	1,788,675	185,061
Lease liabilities	40,857,792	40,857,792	37,978,543	2,820,249
Total	141,471,160	141,471,160	138,415,850	3,055,310

At 30 June 2021

Trade and other payables	104,856,106	104,856,106	104,856,106	-
Container lease purchase	5,555,088	5,555,088	5,555,088	1,704,468
Lease liabilities	85,254,352	85,254,352	85,254,352	6,663,715
	195,665,546	195,665,546	195,665,546	8,368,183

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Other risks

Non-financial risk management

The inherent operational complexities in the Group's business, together with the highly regulated and commercially competitive shipping environment, drive a number of risks for the Group. Management of these risks remains outside of the Group's control and are only mitigated to a certain degree.

Non-financial risk factors

Government regulation

The shipping industry worldwide is becoming increasingly regulated, both directly and indirectly. The scope of such regulation covers consumer rights and denied boarding and delays, environmental requirements, security, etc. The Group has also to comply with International Safety Management (ISM) and International Ship and Port Security (ISPS) Codes set by the International Maritime Organisation (IMO) and non-compliance would entail non-renewal of vessel's licence of operation. The Group's ability to both comply with and influence any changes in these regulations is key to maintaining its operational and financial performance.

Safety and security incidents

The safety and security of customers and employees are of fundamental values to the Group. Failure to prevent a major security or safety incident would adversely impact both the Group's operations and financial performance.

Competition

The Group faces competition from other modes of transports such as air flights.

Industrial relations

The Group has a unionised workforce both in office and on its vessel respectively. Collective bargains take place as and when required and a breakdown in the bargaining process could disrupt operations and adversely affect business performance. In 2006, the Group signed a collective agreement with the union for ratings covering terms and conditions which still prevails. As regards officers working on vessel, their salaries are reviewed as and when required to avoid their exodus given the scarcity of such officers on the world market and also to keep their packages as far as possible in line with those prevailing on the international market.

Market and economic factors

Demand for cargo and passenger transport service largely depends on passengers and cargo shippers being willing and able to pay for such services. This ability and willingness is influenced by economic factors and security conditions in Mauritius and other countries over which the Group has no control. The Group strives to have its services suited to its targeted market segments.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Other risks (Contd)

Non-financial risk factors (Contd)

Fuel oil and gas oil price risk

During the year ended 30 June 2021, an average decrease in bunker prices was witnessed (decrease by 25% for fuel oil and 29% decrease for gas oil). The average price of fuel oil for the year ended 30 June 2021 was USD 456 per metric tonne compared to USD 611 for the corresponding 12 months period whilst the average price of gas oil was USD 529 for the year ended 30 June 2021 compared to USD 720 for the corresponding 12 months period. The Company's vessels normally use 80 % of fuel oil and 20% of gasoil for their operations.

Systems and infrastructure

The Group depends on IT systems to deliver key functions. It endeavours to ensure that its IT and other systems provided in house and by third parties are reliable and well protected against threats from hackers and viruses. Such systems have ongoing backup structures and are also regularly updated and maintained.

Supplier failure

The Group has contracts with third parties for important aspects of its operations, such as reservations, catering, ship maintenance and spares provisioning. It is essential that critical supplies should be maintained, otherwise operations would be disrupted and the business would suffer. The Group therefore ensures its contracts with key suppliers are updated and negotiated for periods ensuring security of supplies.

Fraud and other irregularities

The Group has a Code of Business Practice and Ethics which outlines accepted behaviour and internal control procedures for the prevention, detection and investigation of suspected frauds and other irregularities. Through these policies and practices, staff and other stakeholders are encouraged to act with integrity and to report all suspicious transactions to relevant authorities in accordance with Group's procedures and the requirements of the law.

Country risk

The Group operates in many countries and faces country risks. These can take different forms including the devaluation of a currency, exchange controls or other actions taken by the governments, restricting the Group's ability to operate or to repatriate its funds, outbreaks of diseases or epidemics forcing the Group to stop or suspend operations. Country port and agents are required to give early warnings about adverse trends and conditions in the different jurisdictions. Such matters are reported to senior management, the Technical Committee and the Board of Directors for necessary actions.

Legal and regulatory risk

Failure to comply with applicable new or changed laws and regulations, or governance standards or changes in interpretation of laws and regulations may harm the Group's business and reputation. The Group actively monitors changes in applicable law through its legal counsels. It also provides recurrent training to staff to ensure they are kept up to date with standards and legislative issues as they evolve.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Other risks (Contd)

Non-financial risk factors (Contd)

Legal and regulatory risk (Contd)

There is also the potential that unenforceable contracts, lawsuits or adverse judgement can disrupt or otherwise negatively affect the operations or condition of the Group. This includes the risk of unexpected loss due to transactions not being enforceable under applicable law, regulation or contract. The Group manages this risk through effective use of its external legal advisors and by ensuring that contracts and transactions are properly authorised.

COVID-19

The COVID-19 pandemic has negatively impacted global commercial activity and triggered significant declines and volatility in financial markets. The resulting high degree of uncertainty can have adverse impacts of the Group's operations given the difficulties being faced to man the vessels with foreign officers, undue stress on crew following unexpected extension of their respective contract of employment and delays in receipt of critical spare parts from foreign suppliers due to constraints on travelling and movement of cargo by air.

5. Fair value measurement

5.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

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

The following table shows the Levels within which the hierarchy of financial asset measured at fair value on a recurring basis at 30 June 2022 and 30 June 2021:

30 June 2022	Level 1	Level 2	Level 3	Total
The Group and the Company	Rs	Rs	Rs	Rs
Financial asset				
Listed equity security	72,000	-	-	72,000
30 June 2021	Level 1	Level 2	Level 3	Total
The Group and the Company	Rs	Rs	Rs	Rs
Financial asset				
Listed equity security	66,750	-	-	66,750

There were no transfers between Level 1 and Level 2 in 2021 and 2022.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

5. Fair value measurement (Contd)

5.1 Fair value measurement of financial instruments (Contd)

Listed equity security (Level 1)

The listed equity share is denominated in MUR and is publicly traded on the Stock Exchange of Mauritius. Fair value has been determined by reference to its respective quoted closing price at the reporting date.

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

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

5.3 Fair value measurement of non-financial instruments

The Group's and the Company's non-financial assets consist of vessel, plant and equipment, investment in subsidiary, investments in associates, prepayments, inventories, deferred tax assets, right-of-use assets and Value Added Tax (VAT) receivable and non-financial liabilities consist of advance payments from customers, retirement benefit obligations, deferred income and current tax liabilities. For these non-financial instruments, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the consolidated statement of financial position.

6. Capital management policies and procedures

The Group's capital management objectives are:

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

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position.

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

For the year ended 30 June 2022, the Group and the Company was not geared since it did not have any form of external borrowings (30 June 2021: Nil).

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

7. Vessel

The Group and the Company	Mauritius Trochetia Rs	Assets under construction Rs	Total Rs
Cost			
At 01 July 2021	630,483,185	273,420,875	903,904,060
Additions	5,807,941	188,446,794	194,254,736
At 30 June 2022	636,291,126	461,867,669	1,098,158,796
Depreciation			
At 01 July 2021	554,731,761	-	554,731,761
Charge for the year	40,748,559	-	40,748,559
At 30 June 2022	595,480,320	-	595,480,320
Net book value			
30 June 2022	40,810,806	461,867,669	502,678,476
Cost			
At 01 July 2020	580,089,835	137,010,900	717,100,735
Additions	50,393,351	136,409,975	186,803,326
At 30 June 2021	630,483,186	273,420,875	903,904,061
Depreciation			
At 01 July 2020	514,656,884	-	514,656,884
Charge for the year	40,074,877	-	40,074,877
At 30 June 2021	554,731,761	-	554,731,761
Net book value			
30 June 2021	75,751,425	273,420,875	349,172,300

- (i) Depreciation charge of **Rs 40,784,559** (2021: Rs 40,074,877) has been included in operating costs.
- (ii) There are floating charges on the Group's assets, including vessel.
- (iii) Assets under construction include the costs incurred for the construction of a new vessel. As per the Shipbuilding Contract ("the Contract") dated 18 October 2019, the contract price of the vessel is USD 18,490,000. The terms of payments have been detailed in the Contract and payment will be made into 6 different instalments. At 30 June 2022, only two instalments amounting to **Rs 461,867,669** were made.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

8. Plant and equipment

The Group and the Company	Containers	Furniture, fittings and equipment	Computer equipment	Motor vehicles	Total
	Rs	Rs	Rs	Rs	Rs
Cost					
At 01 July 2021	75,254,957	10,273,332	4,257,931	6,471,204	96,257,424
Additions	812,328	325,624	1,203,088	(1)	2,341,038
At 30 June 2022	76,067,285	10,598,956	5,461,019	6,471,203	98,598,462
Accumulated depreciation					
At 01 July 2021	65,585,701	3,316,024	3,066,036	6,227,256	78,195,017
Charge for the year	4,657,532	997,748	1,081,519	219,686	6,956,486
At 30 June 2022	70,243,233	4,313,772	4,147,555	6,446,942	85,151,503
Net book value					
30 June 2022	5,824,051	6,285,183	1,313,463	24,261	13,446,959
Cost					
At 01 July 2020	80,798,638	10,011,206	3,849,567	6,430,769	101,090,180
Additions	558,574	362,600	408,364	40,435	1,369,973
Adjustments	(6,102,255)	(100,477)	-	-	(6,202,732)
At 30 June 2021	75,254,957	10,273,332	4,257,931	6,471,204	96,257,421
Accumulated depreciation					
At 01 July 2020	67,240,523	2,360,553	2,455,873	6,007,569	78,064,518
Charge for the year	4,447,433	955,471	610,163	219,687	6,232,754
Adjustments*	(6,102,255)	-	-	-	(6,102,255)
At 30 June 2021	65,585,701	3,316,024	3,066,036	6,227,256	78,195,017
Net book value					
30 June 2021	9,669,256	6,957,308	1,191,895	243,948	18,062,404

*refers to adjustment of Mur 6,102,255 made to the accounts in respect of fully depreciated containers noted during a physical check for the year ended 2021.

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Notes to the consolidated financial statements

For the year ended 30 June 2022

9. Lease liability

	The Company	
	2022	2021
	Rs	Rs
Right-of-use assets		
Opening Balance	55,323,499	138,235,759
Additions	101,084,837	3,146,200
Reversal of cost upon change in ROU assumptions	-	(735,343)
Depreciation charge	(122,155,923)	(85,323,117)
Net book values	34,252,413	55,323,499
Lease liabilities		
Non-current	2,870,249	6,663,715
- Current	37,987,543	85,254,352
	40,857,792	91,918,067

Amounts recognised in the consolidated statement of comprehensive income:

	The Company	
	2022	2021
	Rs	Rs
Depreciation charge of right-of-use assets	(122,155,923)	85,323,117
Interest expense	7,314,064	3,552,325

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease liability is measured by remaining lease payments, discounted using a discount rate based on the Group incremental borrowing rate at the date of initial application. The right-of-use asset is measured at the amount of lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to that lease. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group's lease arrangement includes premises and charter for MV Black Rhino. Future minimum lease payments at 30 June 2022 and 30 June 2021 were as follows:

The Company	Within 1 year	2-5 years	Total
	Rs	Rs	Rs
30 June 2022			
Lease payments	39,906,352	3,093,809	43,000,161
Finance charges	(1,918,809)	(223,560)	(2,142,369)
Net present values	37,987,543	2,870,249	40,857,792

The Company	Within 1 year	2-5 years	Total
	Rs	Rs	Rs
30 June 2021			
Lease payments	87,443,245	7,161,335	94,604,580
Finance charges	(2,188,893)	(497,620)	(2,686,513)
Net present values	85,254,352	6,663,715	91,918,067

Mauritius Shipping Corporation Limited
Notes to the consolidated financial statements

For the year ended 30 June 2022

10. Investment in subsidiary

	The Company	
	2022	2021
	Rs	Rs
Unquoted and at cost		
At 30 June	55,000	55,000

Relevant details about the subsidiary are as follows:

Name of subsidiary	Country of incorporation and operation	Year end	No. of	Proportion of	Principal activities
			ordinary shares held	voting rights held (direct)	
			2022 & 2021	2022 & 2021	
Maritime Logistics Training Academy (Mtius) Ltd	Republic of Mauritius	30 June	55	100	Training institute

- (i) The proportion of the voting rights in the subsidiary undertaking held directly by the Company does not differ from the proportion of ordinary shares held.
- (ii) Investment in subsidiary is stated at cost. The directors have reviewed the carrying amount of the investment in the subsidiary and in their opinion any impairment on the investment will have a marginal impact on these financial statements.

11. Investments in associates

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At beginning of year	4,129,573	3,890,587	2,210,000	2,210,000
Share of profit for the year	998,605	938,986	-	-
Adjustment	(238,986)	-	-	-
Dividend received	(1,003,000)	(700,000)	-	-
At end of year	3,886,192	4,129,573	2,210,000	2,210,000

- (i) The directors have assessed the recoverable amounts of these investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date.
- (ii) The Group's interests in its principal associates are as follows:

Names of associates	Country of incorporation and operation	Year end	No. Proportion of ownership interests (direct)		Principal activities
			2022	2021	
P.A.P.O.L.C.S Ltd	Republic of Mauritius	30 June	20%	20%	Stevedoring services
Flemingo MSCL Duty Free Ltd	Republic of Mauritius	30 June	50%	50%	Sale of duty-free products

Mauritius Shipping Corporation Limited
Notes to the consolidated financial statements

For the year ended 30 June 2022

11. Investment in associates (Contd)

Summarised financial information in respect of the Group's associates is set out below:

Names of associates	Total assets Rs	Total liabilities Rs	Total revenue Rs	Profit Rs	Share of profit Rs
30 June 2022					
P.A.P.O.L.C.S Limited	34,881,637	20,188,739	39,188,265	5,565,772	1,113,155
Flemingo MSCL Duty Free Ltd	2,695,889	1,662,134	649,132	(229,100)	(114,550)
	37,577,526	21,850,873	39,837,397	5,336,672	998,605
30 June 2021					
P.A.P.O.L.C.S Limited	36,497,282	21,893,157	39,388,998	5,768,043	1,153,609
Flemingo MSCL Duty Free Ltd	3,617,262	2,257,524	903,582	(429,246)	(214,623)
	40,114,544	24,150,681	40,292,580	5,338,797	938,986

12. Inventories

	The Group and the Company	
	2022	2021
	Rs	Rs
Goods for resale (at cost)	994,505	299,171

 The cost of inventories recognised as expense and included in operating costs amounted to **Rs 7,597,168** (2021: Rs6,179,464).

13. Trade and other receivables

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Trade receivables (Note 13(i))	105,259,045	123,026,513	105,211,795	123,026,513
Allowance for expected credit losses (Note 13(i))	(43,306,962)	(30,832,266)	(43,306,962)	(30,832,266)
Trade receivables – net	61,952,083	92,194,247	61,904,833	92,194,247
Amounts due from related companies (Note 13(ii))	-	10,441,255	7,452,909	16,259,651
Other receivables	15,881,445	6,597,343	14,334,183	6,597,343
VAT Receivables	1,367,099	-	1,367,099	-
Prepayments	517,814	8,068,018	517,814	8,068,018
	79,718,441	117,300,863	85,576,838	123,119,259

- (i) The average credit period on sales of services is 30 days. No interest is charged on trade receivables for overdue balances. Trade receivables over 90 days are assessed for impairment using the expected credit loss model.

The carrying amount of the trade receivables are considered as reasonable approximation of the fair values as these financial assets are short-term and hence the time value of money is not significant.

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

13. Trade and other receivables (Contd)

The directors have assessed the recoverable amounts of the trade and other receivables and concluded that an allowance of **Rs 43,306,962** (2021: Rs 30,832,266) for expected credit losses is required for the Group and the Company.

Movements in allowance for credit losses on trade receivables are as follows:

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
At 01 July	30,832,266	14,601,195	30,832,266	14,601,195
Allowance for expected credit losses (Note 4.2 & Note 23)	12,474,696	16,231,071	12,474,696	16,231,071
At 30 June	43,306,962	30,832,266	43,306,962	30,832,266

Note 4.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses for the trade and other receivables.

- (ii) The amounts receivable from related companies are unsecured, interest free and repayable on demand.

Management has made an assessment of expected credit losses for amount receivable from its related parties and concluded that an expected credit loss of **Rs 1,547,262** (2021: Rs 1,547,262) should be made in these consolidated financial statements.

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14. Financial assets at fair value through profit or loss

	The Group and the Company	
	2022	2021
	Rs	Rs
Quoted investment - FVTPL		
At beginning of year	66,750	58,050
Fair value gain/ (loss)	5,250	8,700
At end of year	72,000	66,750

The listed equity shares are denominated in MUR and are publicly traded on the Stock Exchange of Mauritius. Fair value has been determined by reference to their respective quoted closing prices at the reporting date.

15. Other financial assets

Other financial assets include fixed deposits inclusive of interest receivable placed with a bank.

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Fixed deposits with initial maturity of more than 3 months:				
- Between 6 to 12 months	91,286	486,992,323	91,286	486,992,323
	91,286	486,992,323	91,286	486,992,323

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For the year ended 30 June 2022

16. Cash and cash equivalents

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Fixed deposits with initial maturity of less than 3 months	320,886,201	158,123,100	320,886,201	158,123,100
Cash in hand in: MUR	344,697	184,850	344,697	184,850
Cash at bank in:				
MUR	72,661,188	50,102,287	66,801,382	44,236,123
EUR	151,554	83,737	151,554	83,737
USD	449,527,074	252,413,565	449,527,074	252,413,565
	843,570,714	460,907,539	837,710,908	455,041,375

Cash and cash equivalents are stated net of overdrawn balances on sweeping accounts.

17. Stated capital

The Group and the Company	2022		2021	
	Number	Rs	Number	Rs
Issued and fully paid:				
At beginning and end of year	290,720	290,720,000	290,720	290,720,000

18. Container lease purchase

The Group and the Company	2022 Rs	2021 Rs
At 01 July	7,259,556	13,759,186
Repayments during the year	(6,232,688)	(7,899,565)
Additions	398,186	499,642
Exchange difference	548,682	900,293
At 30 June	1,973,736	7,259,556

	2022 Rs	2021 Rs
Analysed as follows:-		
Non-current	185,061	1,704,468
Current	1,788,675	5,555,088
	1,973,736	7,259,556

Finance lease relates to containers with lease terms of 5 years. The Company has option to purchase the leased containers for a nominal amount at the conclusion of the lease arrangements.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

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

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Notes to the consolidated financial statements

For the year ended 30 June 2022

19. Retirement benefit obligations

The Group and the Company	2022	2021
	Rs	Rs
<i>Amounts recognised in the statement of financial position as non-current liabilities</i>		
-Pension benefits	57,208,476	50,778,306
Amount recognised in profit or loss		
-Pension benefits	4,429,957	3,741,997
Amount recognised in other comprehensive income		
-Pension benefits	(6,760,297)	(3,558,015)

The plan is a defined benefit arrangement for the employees and it is a funded scheme. The assets of the fund are held independently and administered by State Insurance Company of Mauritius Ltd (SICOM), an insurance company.

The amounts recognised in the statement of financial position are as follows:

The Group and the Company	2022	2021
	Rs	Rs
Defined benefit obligations	119,936,487	110,503,405
Fair value of plan assets	(62,728,011)	(59,725,099)
Liability recognised in the statement of financial position	57,208,476	50,778,306

The movement in the present value of the defined benefit obligations, wholly funded, over the year is as follows:

The Group and the Company	2022	2021
	Rs	Rs
At 01 July	110,503,405	98,988,421
Current service cost	2,745,523	2,841,794
Interest cost	5,746,177	3,662,572
Actuarial loss	(2,553,375)	230,345
Benefits paid	3,494,757	4,780,273
At 30 June	119,936,487	110,503,405

The movement in the fair value of plan assets for the year is as follows:

The Group and the Company	2022	2021
	Rs	Rs
At 01 July	59,725,099	51,381,332
Expected return on plan assets	3,185,853	1,995,932
Employer contributions	4,760,084	4,128,795
Employee contributions	1,122,787	1,013,794
Assets loss	(2,800,272)	(17,012)
Benefits paid and other outgoing expenses	(3,265,540)	1,222,258
At 30 June	62,728,011	59,725,099

Mauritius Shipping Corporation Limited

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For the year ended 30 June 2022

19. Retirement benefit obligations (Contd)

The amounts recognised in profit or loss are as follows:

The Group and the Company	2022	2021
	Rs	Rs
Current service cost	2,745,523	2,841,794
Employee contribution	(1,122,787)	(1,013,794)
Fund expenses	246,897	247,357
Interest expense	2,560,324	1,666,640
Total included in employee benefit expenses (Note 22(ii))	4,429,957	3,741,997

The amounts recognised in other comprehensive income:

The Group and the Company	2022	2021
	Rs	Rs
Remeasurement:		
Liability gain	3,494,757	4,780,273
Assets gain	3,265,540	(1,222,258)
Total recognised in other comprehensive income	6,760,297	3,558,015

Movement in liability recognised in statement of financial position:

The Group and the Company	2022	2021
	Rs	Rs
At 01 July	50,778,306	47,607,089
Amount recognised in profit or loss	4,429,957	3,741,997
Contributions paid	(4,760,084)	(4,128,795)
Amount recognised in other comprehensive income	6,760,297	3,558,015
At 30 June	57,208,476	50,778,306

Distribution of plan assets - % of assets.

The Group and the Company	2022	2021
	%	%
Fixed interest securities and cash	57%	56%
Loans	1%	0.6%
Local equities	14%	12.2%
Overseas bonds and equities	27%	30.5%
Properties	1%	0.5%
Others	0%	0.2%
	100%	100%

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Notes to the consolidated financial statements

For the year ended 30 June 2022

19. Retirement benefit obligations (Contd)

The assets of the plan form part of SICOM Pooled Pension Fund. The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The Group and the Company	2022	2021
	Rs	Rs
Fair value of plan assets	62,728,011	59,725,099
Present value of defined benefit obligations	(119,936,487)	(110,503,405)
Deficit	(57,208,476)	(50,778,306)

Components of the amount recognised in other comprehensive income

The Group and the Company	2022	2021
	Rs	Rs
Experience gain on plan liabilities	(3,494,757)	(4,780,273)
Experience gain/(loss) on plan assets	(3,265,540)	1,222,258
	(6,760,297)	(3,558,015)

Weighted average duration of the defined benefit obligation is 16 years (calculated as a % change in present value of liabilities for a 1% change in discount rate.)

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

The cost of providing the benefits is determined using the Protected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

The Group and the Company	2022	2021
	%	%
Discount rate	5.40%	5.20%
Future salary increases	3.50%	3.00%
Future pension increases	2.50%	2.00%
Mortality before retirement	Nil	Nil
Mortality in retirement	PA (90) Tables rated down by 2 years	PA (90) Tables rated down by 2 years
Retirement age	65 years	65 years

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19. Retirement benefit obligations (Contd)

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

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 16.7M (increase by Rs 21.3M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligations would increase by Rs 9.2M (decrease by Rs 7.9M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 2.4M (decrease by Rs 2.4M) if all assumptions were held unchanged.

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

20. Trade and other payables

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Trade payables	90,327,868	95,271,663	90,262,840	95,271,663
Other payables and accruals	8,376,792	9,649,470	8,376,792	9,584,443
Advance payment from customers	2,385,590	453,298	2,385,590	453,298
Deferred income	8,084,862	8,914,673	8,084,862	8,914,673
At end of year	109,175,112	114,289,104	109,110,084	114,224,077

The average credit period for local purchases and foreign suppliers are 45 days and 60 days respectively. No interest is charged on trade payables for overdue balances. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

Deferred income relates to refund of performance bonuses for directors for the financial years 2015 to 2019.

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For the year ended 30 June 2022

21. Revenue

Revenue represents amounts invoiced to clients in respect of tickets for passengers, freight income, chartering fees, government grants, agency fees, sales of duty free and other products on board of vessel, net of returns, taxes and discounts.

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Freight income	340,354,418	426,707,626	340,354,418	426,707,626
Passenger income	-	-	-	-
Chartering income	176,873,753	126,559,254	176,873,753	126,559,254
Government grant for chartering MV Black Rhino	-	-	-	-
Agency fees	17,695,378	14,356,161	17,695,378	14,356,161
	534,923,549	567,623,041	534,923,549	567,623,041

22. Expenses by nature

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Operating costs				
Bunkering	114,981,121	58,110,223	114,981,121	58,110,223
Container handling charges	57,781,382	56,411,519	57,781,382	56,411,519
Crew costs	40,923,467	34,559,180	40,923,467	34,559,180
Cargo handling charges	34,186,090	35,036,497	34,186,090	35,036,497
Depreciation of vessel (Note 7)	40,748,558	40,074,877	40,748,558	40,074,877
Depreciation of right-of-use asset	118,492,195	81,868,337	118,492,195	81,868,337
Vessel repairs and maintenance	24,985,638	17,765,984	24,985,638	17,765,984
Port dues	28,313,245	26,785,425	28,313,245	26,785,425
Insurance	13,806,915	11,988,877	13,806,915	11,988,877
Victualling crew	7,597,168	6,179,464	7,597,168	6,179,464
Depreciation of containers (Note 8)	4,716,190	4,447,433	4,716,190	4,447,433
Passenger related expenses	1,987,888	1,678,234	1,987,888	1,678,234
Vessel expenses	1,045,190	2,341,423	1,045,190	2,341,423
Custom clearance	702,575	761,901	702,575	761,901
Container repairs	6,381,125	3,181,920	6,381,125	3,181,920
Other expenses	6,005,644	4,148,917	6,005,644	4,148,917
	502,654,391	385,340,211	502,654,391	385,340,211

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For the year ended 30 June 2022

22. Expenses by nature (Contd)

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Administrative expenses				
Staff costs (Note (ii) below)	49,072,204	42,915,634	49,072,203	42,915,634
Rent	75,000	-	75,000	-
Depreciation of plant and equipment (Note 8)	1,963,175	1,785,321	1,963,175	1,785,321
Depreciation of right-of-use asset	3,663,728	3,454,780	3,663,728	3,454,780
Motor vehicle running expenses	886,638	757,706	886,638	757,706
Telephone and telex	1,095,886	1,095,023	1,095,886	1,095,023
Allowance for expected credit losses (Note 13)	12,474,697	16,231,071	12,474,697	16,231,071
Directors' remuneration (Note (i) below)	511,216	(285,543)	511,216	(285,543)
Electricity	484,059	453,202	484,059	453,202
Printing, postage and stationery	1,211,182	852,204	1,211,182	852,204
Insurance	457,886	536,238	457,886	536,238
Office repairs and maintenance	130,266	35,510	130,266	35,510
Overseas travelling	1,207,329	58,888	1,207,329	58,888
Bank charges	767,651	535,737	761,291	528,377
Legal and professional fees	1,665,687	1,232,617	1,632,687	1,179,967
Licences	781,011	542,327	781,011	542,327
Auditors' fees	440,250	400,000	440,250	400,000
Other expenses	1,143,690	1,057,494	1,136,690	1,052,994
	78,031,555	71,658,209	77,985,194	71,593,699
Total operating costs and administrative expenses	580,685,946	456,998,420	580,639,585	456,933,910

“Other expenses” consist of other operating costs incurred in the day-to-day operations of the Group and the Company.

(i) Directors' remuneration

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
- Executive director	1,685,431	98,400	1,685,431	98,400
- Non-executive directors	905,104	1,350,742	905,104	1,350,742
	2,590,535	1,449,142	2,590,535	1,449,142

The remuneration of non-executive directors comprises of board fees, chairman remuneration and underprovision of special allowance made in prior years.

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Notes to the consolidated financial statements

For the year ended 30 June 2022

22. Expenses by nature (Contd)
(ii) Staff costs

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Salaries and allowances	42,401,887	36,387,389	42,401,887	36,387,389
Social security costs	1,905,770	1,432,282	1,905,770	1,432,282
Pension costs – defined benefit scheme (Note 19)	4,429,957	3,741,997	4,429,957	3,741,997
Provision for bonus	334,590	1,353,966	334,590	1,353,966
	49,072,204	42,915,634	49,072,204	42,915,634
Number of employees at end of year	52	55	52	55

23. Other income

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Dividend income	-	-	1,003,000	700,000
Profit on disposal of plant and equipment	-	-	-	-
Income from container lease	6,090,570	4,993,760	6,090,570	4,993,760
Rent received	-	(51,000)	-	(51,000)
Others	12,542,307	27,048,383	12,542,307	27,048,383
	18,632,877	31,991,143	19,635,877	32,691,143

24. Finance income

The finance income consists of interest on fixed deposits made during the year.

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Interest income on:				
Interest on fixed deposits	1,791,356	7,010,655	1,791,356	7,010,655

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25. Finance costs

Finance costs consist of interest on lease liabilities.

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Interest expense on:				
Interest on leases	7,314,064	3,552,325	7,314,064	3,552,325
	7,314,064	3,552,325	7,314,064	3,552,325

26. Taxation
26.1 Income tax expense
The Company

The Company had an income tax expense of **Rs 5,646,105** for the year ended 30 June 2022 (2021: Rs 24,563,097).

The Subsidiary

The subsidiary is liable to income tax at the rate of 15% on their chargeable income and at 30 June 2022, they had no income tax liabilities (2021: Rs Nil).

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

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

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

26.2.1 Amount recognised in profit of loss

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Current tax expense	4,611,240	29,974,951	4,611,240	29,948,781
Movement in deferred taxation (Note 27.4)	(9,243,301)	(4,851,982)	(9,243,301)	(4,851,982)
Reported in statement of comprehensive income	(4,632,061)	25,122,969	(4,632,061)	25,096,799
Reported in other comprehensive income	(1,014,045)	(533,702)	(1,014,045)	(533,702)
Tax expense reported in statement of comprehensive income	(5,646,106)	24,589,267	(5,646,106)	24,563,097

Mauritius Shipping Corporation Limited

Notes to the consolidated financial statements

For the year ended 30 June 2022

26. Taxation (Contd)
26.2.2 Statement of financial position

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Non-current				
Deferred tax asset	(24,388,937)	(14,363,681)	(24,388,937)	(14,131,592)
Current				
Current tax liabilities (Note 26.3)	(23,243,618)	138,157	(23,243,618)	(170,306)

26.3 Movement in current tax liabilities

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 01 July	138,157	8,355,583	(170,306)	8,073,290
Charge for the year	890,322	27,935,026	890,322	27,908,856
Tax paid during the year	-	(8,075,258)	-	(8,075,258)
Tax deducted at source	(4,969,833)	(3,889,520)	(4,661,370)	(3,889,520)
Tax deducted under the Advance Payment Scheme	(23,023,183)	(26,227,599)	(23,023,183)	(26,227,599)
CSR activities (Note 26.6)	3,720,919	2,039,925	3,720,919	2,039,925
	(23,243,618)	138,157	(23,243,618)	(170,306)

26.4 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%.

The movement on the deferred taxation is as follows:

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 01 July	(14,363,679)	(8,977,994)	(14,131,592)	(8,745,907)
Movement reported in statement of comprehensive income	(9,243,301)	(4,851,983)	(9,243,301)	(4,851,983)
Movement reported in other comprehensive income	(1,014,045)	(533,702)	(1,014,045)	(533,702)
Net balance	(24,621,025)	(14,363,679)	(24,388,938)	(14,131,592)

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26. Taxation (Contd)
26.4 Deferred taxation (Contd)

The Group	01 July 2021 Rs	Charged/ (credited) to profit or loss Rs	Credited to other comprehensive income Rs	30 June 2022 Rs
Deferred tax liability				
Accelerated depreciation	(1,890,006)	(7,421,616)	-	(9,311,622)
Deferred tax asset				
Retirement benefit obligations	(7,616,745)	-	(1,014,044)	(8,630,789)
Provision for bad debts	(4,856,930)	(1,821,685)		(6,678,615)
Net deferred tax assets	(14,363,681)	(9,243,301)	(1,014,044)	(24,621,025)

The Company	01 July 2021 Rs	Charged/ (credited) to profit or loss Rs	Credited to other comprehensive income Rs	30 June 2022 Rs
Deferred tax liability				
Accelerated depreciation	(1,890,006)	(7,421,616)	-	(9,311,622)
Deferred tax asset				
Retirement benefit obligations	(7,616,745)	-	(1,014,044)	(8,630,789)
Provision for bad debts	(4,624,841)	(1,821,685)		(6,446,526)
Net deferred tax assets	(14,131,592)	(9,243,301)	(1,014,044)	(24,388,937)

The Group	01 July 2020 Rs	Charged/ (credited) to profit or loss Rs	Credited to other comprehensive income Rs	30 June 2021 Rs
Deferred tax liability				
Accelerated depreciation	585,335	(2,475,341)	-	(1,890,006)
Deferred tax asset				
Retirement benefit obligations	(7,141,062)	58,019	(533,702)	(7,616,745)
Provision for bad debts	(2,422,269)	(2,434,661)	-	(4,856,930)
Net deferred tax assets	(8,977,996)	(4,851,983)	(533,702)	(14,363,681)

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26. Taxation (Contd)
26.4 Deferred taxation (Contd)

The Company	01 July 2020 Rs	Charged/ (credited) to profit or loss Rs	Credited to other comprehensive income Rs	30 June 2021 Rs
Deferred tax liability				
Accelerated depreciation	585,335	(2,475,341)	-	(1,890,006)
Deferred tax asset				
Retirement benefit obligations	(7,141,062)	58,019	(533,702)	(7,616,745)
Provision for bad debts	(2,190,180)	(2,434,661)	-	(4,624,841)
Net deferred tax assets	(8,745,907)	(4,851,983)	(533,702)	(14,131,592)

26.5 Income tax reconciliation

The tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Profit before tax	76,170,311	221,716,489	76,221,065	221,542,013
Tax at the rate of 15%	11,425,547	33,257,473	11,433,160	33,231,302
Expenses not deductible for tax purposes	29,111,635	23,280,549	29,111,635	23,280,549
Income not subject to tax	(39,654,473)	(28,602,995)	(39,654,473)	(28,602,995)
Share of loss of associates	-	-	-	-
CSR activities (Note 26.6 below)	3,720,919	2,039,925	3,720,919	2,039,925
Deferred tax not recognised	7,613	-	-	-
Tax charged	4,611,240	29,974,952	4,611,240	29,948,781

26.6 Contribution to CSR activities

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
2% of preceeding chargeable income	3,720,919	2,039,925	3,720,919	2,039,925

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27. Earnings per share

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

	The Group		The Company	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Profit for the year attributable to equity holders (Rs)	80,802,372	196,593,520	80,853,127	196,445,214
Number of shares in issue	290,720	290,720	290,720	290,720
Basic/diluted earnings per share (Rs)	278	676	278	665

As there are no other instruments that may have a potential dilutive effect, the basic and diluted earnings per share are the same.

28. Reconciliation of liabilities arising from financing activities
Net debt reconciliation:

	2022	2021
	Rs	Rs
Net debt		
Container lease purchase:		
- Repayable within one year	1,788,675	5,555,088
- Repayable after one year	185,061	1,704,468
Lease liabilities		
- Repayable within one year	37,987,543	85,254,352
- Repayable after one year	2,870,249	6,663,715
	42,831,528	99,177,623

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28. Reconciliation of liabilities arising from financing activities

	Short-term liabilities	Long-term liabilities	Short-term liabilities	Long-term liabilities	Total
	Container lease purchase	Container lease purchase	Lease liability	Lease liability	
	Rs	Rs	Rs	Rs	Rs
Net debt as at 01 July 2021	5,555,088	1,704,468	85,254,352	6,663,715	99,177,623
Adoption of IFRS 16	-	-	-	-	-
Revised net debt as at 01 July 2021	5,555,088	1,704,468	85,254,352	6,663,715	99,177,623
<i>Cash flows:</i>					
Repayments	(5,555,088)	(201,804)	(51,060,275)	-	(56,817,167)
Additions	-	-	34,188,312	-	34,188,312
Total cash flows	(5,555,088)	(201,804)	(16,871,963)	-	(22,628,855)
<i>Non-cash:</i>					
Finance costs	-	-	7,314,064	-	7,314,064
Reclassification	1,317,603	(1,317,603)	(35,402,127)	35,402,127	-
Foreign exchange difference	471,072	-	(2,306,783)	(39,195,593)	(41,031,304)
Total non-cash changes	1,788,675	(1,317,603)	(30,394,846)	(3,793,466)	(33,717,240)
At 30 June 2022	1,788,675	185,061	37,987,543	2,870,249	42,831,528
	Short-term liabilities	Long-term liabilities			Total
	Container lease purchase	Container lease purchase			
	Rs	Rs			Rs
Net debt as at 01 July 2020	6,344,762	7,414,424	85,130,283	84,619,363	183,508,832
Adoption of IFRS 16	-	-	-	-	-
Revised net debt as at 01 July 2020	6,344,762	7,414,424	85,130,283	84,619,363	183,508,832

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

	Short-term liabilities		Long-term liabilities		Total
	Container lease purchase		Container lease purchase		
	Rs	Rs	Rs	Rs	Rs
<i>Cash flows:</i>					
Repayments	(6,344,762)	(1,055,161)	(79,660,909)	-	(87,060,832)
Additions	-	-	-	1,829,330	1,829,330
Total cash flows	(6,344,762)	(1,051,161)	(79,660,909)	1,829,330	(85,231,502)
<i>Non-cash:</i>					
Finance cost	-	-	3,552,325	-	3,552,325
Reclassification	4,654,795	(4,654,795)	75,967,372	(75,967,372)	-
Foreign exchange difference	900,293	-	265,281	(3,817,606)	(2,652,032)
Total non-cash changes	5,555,088	(4,654,795)	79,784,978	(79,784,978)	900,293
At 30 June 2021	5,555,088	1,704,468	85,254,352	6,663,715	99,177,623

29. Contingent liabilities and guarantees

The Group had contingent liabilities amounting to **Rs 5,000,000** (2021: Rs 5,000,000) in respect of bank guarantees arising in the ordinary course of business. The Directors consider no material liability is anticipated in respect of these guarantees.

30. Related party transactions

For the years ended 30 June 2022 and 2021, the Group had transactions with its related parties. The nature, volume of transactions and the balances with related parties are as follows:

(i) The Group

Relationship	Nature of Transactions	Volume of transactions Rs	Debit/ (credit) balances at 2022 Rs	Debit/ (credit) balances at 2021 Rs
Associate	Rental fee	-	97,750	97,750
Associate	Stevedoring and container handling service	(2,385,773)	(3,763,662)	(6,149,434)
Directors	Remuneration	829,762	8,084,861	8,914,623

The terms of the amount from/to the related companies are detailed in Note 13.

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30. Related party transactions (Contd)
(ii) The Company

Relationship	Nature of transactions	Volume of transactions Rs	Debit/ (credit) balances at 2022 Rs	Debit/ (credit) balances at 2021 Rs
Subsidiary	Financing	5,865,647	5,905,647	5,865,647
Associate	Rental fee	-	97,750	97,750
Associate	Dividend	(300,000)	1,000,000	700,000
Associate	Stevedoring and container handling service	(2,385,773)	(3,763,662)	(6,149,434)
Directors	Remuneration	829,762	8,084,861	8,914,623

The terms of the loan from/to the related companies are detailed in Note 13.

Directors and key management personnel

Transactions and balances held with the Company's Directors and key management personnel are as follows:

	The Group		The Company	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Salaries and short-term employee benefits	5,888,537	5,649,951	5,888,537	5,649,951

31. Beneficial owner

The Company is controlled by the Government of Mauritius which owns 99.99% of the Company's ordinary shares. The remaining shares are held by three other public sector bodies.

Mauritius Shipping Corporation Limited**Notes to the consolidated financial statements****For the year ended 30 June 2022****32. Events after reporting date**

There have been no material events after the reporting date which would require adjustment to the financial statements for the year ended 30 June 2022 except for the departure of Mr. Krishnaje Lalsing from the board of directors on 30th December 2022.