Sculpting moments,
a melody of delight,
enhancing guest
journeys, all year long.

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Sun Limited (the "Company") and its subsidiaries (together the "Group") and of the Company standing alone as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Sun Limited's consolidated and separate financial statements set out on pages 85 to 151 comprise:

- the statements of financial position as at 30 June 2023;
- the statements of profit or loss for the year then ended;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUN LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of land and buildings (see note 4 to the financial statements) - Consolidated financial statements. As at 30 June 2023, the Group had land and buildings carried at fair value of MUR 17.2 billion (2022: MUR 16.5 billion), included as part of its property, plant and equipment in the consolidated statement of financial position. The fair value gain recorded in the current financial period amounted to MUR 970.7 million (2022: MUR 2.1 billion). It is the Group's policy that land and buildings are stated at fair value based on periodic valuations, conducted by an independent external valuer, less subsequent depreciation and impairment of buildings. The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair values are computed by the external valuer using factual information and professional judgement concerning market conditions and factors impacting the individual properties. The fair value of land and buildings was considered as a key audit matter due to its significance on the consolidated statement of financial position and due to the fact that it is inherently subjective as it involves significant estimates and judgement which might materially affect the carrying value of the revalued assets.	We obtained the valuation reports from management. We assessed the competence, qualifications, experience, and independence of the external independent valuer. With the support of our internal valuation specialists, our audit procedures included the following: • We assessed the appropriateness of the valuation methodology used by the external valuer for determining the fair value of land and buildings of the Group by comparing it to similar valuations in the market. • We discussed and challenged key inputs and assumptions used by the external valuers. • We assessed the reasonableness of the fair values attributed to the different properties of the Group and the significant assumptions used by the external independent valuer in this exercise by benchmarking against relevant available industry data related to the increase in construction costs and inflation. We have also assessed whether appropriate disclosures were made by management in the financial statements.
Impairment of goodwill (see note 7 to the financial statements) - Consolidated financial statements. The Group has goodwill for which indicators of impairment exist as at 30 June 2023. The Directors determined that there was no impairment on the carrying amount of the Group's goodwill as at 30 June 2023 (2022: MUR Nil). The Directors assessed the recoverable amount of goodwill as at 30 June 2023 using the discounted cash flow model to determine the recoverable amount of the cash generating units (CGU) to which the goodwill relates. The assessment of the recoverable of the cash generating units requires the use of a number of key assumptions and judgements, including the estimated future cash flows, long-term growth rates, profitability levels and discount rates applied. This was an area of focus in light of the amounts involved and the level of judgement and estimation required from management.	We obtained management's workings of the recoverable amount of the CGU. With the support of our internal valuation specialists, our audit procedures included the following: • We tested the assumptions used in the cash flow model by comparing these assumptions to our independently derived expectations, which are based on the historical performance of the business, as well as the expectations for the market in which the CGU operates. The budgeted figures used in the cash flow model were compared to historical performance of the GCU in order to assess the reasonableness of the forecasted cash flows. • Terminal growth rate has been assessed for reasonableness based on market expected long-term growth rates. • In order to determine the reasonableness of the discount rate, the rate used in the cash flow models (on a sample basis) were compared to a range of discount rates independently calculated by us, based on the market in which the CGU operate and taking into account the nature of the CGU. We also verified the mathematical accuracy of the model. We have also assessed whether appropriate disclosures were made by management in the financial statements.

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of interest in subsidiaries (see note 8 to the financial statements) - Separate financial statements. As at 30 June 2023, the Company held unquoted investments comprising of investments in subsidiaries amounting to MUR 20.6 billion (2022: MUR 18.1 billion) which are carried at fair value in the separate financial statements. The fair values of the unquoted investments are determined by applying valuation methodologies which include the discounted cash flow approach and the net asset value approach. The fair value was determined in line with IFRS 13 to which certain valuation methods are subscribed to determine the fair value. The fair values are computed by the external valuer using factual information and professional judgement concerning market conditions and factors impacting the individual companies. The fair value of investments in subsidiaries was a key area of audit focus owing to their magnitude, the estimation uncertainties in the assumptions, and the degree of judgement required from management.	We obtained the fair value workings from management. We assessed the competence, qualifications, experience, and independence of the external independent valuer. With the support of our internal valuation specialists, our audit procedures included the following: • We assessed the appropriateness of the valuation methodologies and models used. • We assessed the reasonableness of the assumptions underlying the cash flow models used to determine the recoverable amount of the investments, by comparing these assumptions to our independently derived expectations, based on independent external market data and forecasts. We have also assessed whether appropriate disclosures were made by management in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the statement of compliance, the corporate governance report, the other statutory disclosures, the statement of directors' responsibilities and the company secretary's certificate but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN LIMITED

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

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

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

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

Mauritian Financial Reporting Act 2004

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

Other Matter

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

PricewaterhouseCoopers

15 September 2023

Olivier Rey, licensed by FRC

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

		THE GROUP		THE COMPANY	
	Note	2023	2022	2023	2022
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	18,070,344	17,183,844	14,791	8,209
Right-of-use assets	5	1,595,986	1,625,698	-	-
Operating equipment	6	21,225	15,923	-	-
Intangible assets	7	238,196	237,087	8,012	7,792
Interest in subsidiaries	8	-	-	20,604,903	18,057,235
Interest in associate	9	258,089	285,207	285,207	285,207
Interest in joint venture	10	89,540	63,693	-	-
Deferred tax assets	19	68,454	101,906	31,101	33,058
Employee benefit asset	20	172	34,913	-	5,014
Other investments	11	166,287	165,502	-	-
Other financial assets	12	13,995	16,920	306,995	1,750,237
		20,522,288	19,730,693	21,251,009	20,146,752
CURRENT ASSETS					
Inventories	13	139,700	103,563	-	-
Trade and other receivables	14	747,599	591,713	169,019	574,132
Current tax asset	24	3,433	558	-	-
Cash and short-term deposits	33(ii)	1,822,217	1,582,833	802,740	769,565
		2,712,949	2,278,667	971,759	1,343,697
TOTAL ASSETS		23,235,237	22,009,360	22,222,768	21,490,449
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Stated capital	15	1,945,451	1,945,451	1,945,451	1,945,451
Share premium	15	3,138,833	3,138,833	3,138,833	3,138,833
Convertible bonds	16	3,086,192	2,812,392	-	-
Reserves	17	6,740,032	6,046,738	11,235,463	8,624,303
(Accumulated losses)/Retained profits		(2,612,196)	(3,496,449)	2,907,743	2,954,997
		12,298,312	10,446,965	19,227,490	16,663,584
Treasury shares	15	(1,454,314)	(1,451,389)	(1,454,314)	(1,451,389)
Equity attributable to owners of the Company		10,843,998	8,995,576	17,773,176	15,212,195
Non-controlling interests		926,097	844,748	-	-
TOTAL EQUITY		11,770,095	9,840,324	17,773,176	15,212,195
NON-CURRENT LIABILITIES					
Loans and other borrowings	18	4,433,102	5,555,645	2,160,515	3,052,965
Lease liabilities	5	1,664,250	1,664,674	-	-
Deferred tax liability	19	1,516,553	1,252,489	-	-
Provisions	22	20,940	33,738	7,573	15,373
Contract liabilities	23	82,349	85,844	-	-
Employee benefit liability	20	288,446	219,672	25,066	4,212
		8,005,640	8,812,062	2,193,154	3,072,550
CURRENT LIABILITIES					
Loans and other borrowings	18	884,183	1,336,320	425,685	692,545
Lease liabilities	5	48,783	117,734	-	26,782
Dividend payable	32	348,728	-	348,728	-
Trade and other payables	21	2,076,351	1,889,483	1,463,854	2,479,753
Current tax liability	24	101,457	13,437	18,171	6,624
		3,459,502	3,356,974	2,256,438	3,205,704
TOTAL LIABILITIES		11,465,142	12,169,036	4,449,592	6,278,254
TOTAL EQUITY AND LIABILITIES		23,235,237	22,009,360	22,222,768	21,490,449

Approved by the Board of Directors and authorised for issue on 15 September 2023

Jean-Pierre Dalais
Chairman

Mushtaq N. Oosman
Chairman of the Audit & Risk Committee

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
		Rs'000	Rs'000	Rs'000	Rs'000
Revenue	25	8,104,710	4,840,319	402,383	264,195
Other income	27	27,870	324,576	-	1,638
Total revenue		8,132,580	5,164,895	402,383	265,833
Operating expenses	26	(5,684,877)	(3,952,626)	(198,503)	(120,114)
Earnings before interest, tax, depreciation and amortisation and impairment reversals		2,447,703	1,212,269	203,880	145,719
Impairment reversals of financial and non-financial assets	29	9,708	10,816	37,750	113,268
Earnings before interest, tax, depreciation and amortisation		2,457,411	1,223,085	241,630	258,987
Depreciation and amortisation	28	(527,167)	(561,719)	(8,840)	(34,154)
Operating profit		1,930,244	661,366	232,790	224,833
Finance costs	30	(454,321)	(487,709)	(132,168)	(196,098)
Finance income	30	279,365	58,274	235,636	270,190
Share of result of joint venture	10	24,700	19,515	-	-
Impairment of investment in associate	9(a)	-	-	-	(107,438)
Profit before tax		1,779,988	251,446	336,258	191,487
Income tax (charge)/credit	24(b)	(261,452)	(51,366)	(17,122)	5,822
Profit for the year		1,518,536	200,080	319,136	197,309
Profit attributable to:					
Owners of the Company		1,467,491	185,704	319,136	197,309
Non-controlling interests		51,045	14,376	-	-
		1,518,536	200,080	319,136	197,309
Earnings per share for profit attributable to the equity holders of the Company:					
Basic and diluted earnings per share (Rs.)	31	8.42	1.06		

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
		Rs'000	Rs'000	Rs'000	Rs'000
Profit for the year		1,518,536	200,080	319,136	197,309
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Revaluation of land and buildings	4	970,709	2,101,852	-	-
Revaluation of interest in subsidiaries	8	-	-	2,611,160	(882,235)
Revaluation of other investments	11	785	(244)	-	-
Remeasurements of retirement benefit obligations	20	(69,458)	49,799	(21,280)	25,216
Income tax relating to these items	19	(135,850)	(329,895)	3,618	(4,287)
		766,186	1,821,512	2,593,498	(861,306)
Items that may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		(931)	(5,910)	-	-
Share of other comprehensive income of joint venture	10	6,187	(5,099)	-	-
(Losses)/gains on cash flow hedges		(185,704)	440,505	-	-
		(180,448)	429,496	-	-
Other comprehensive income for the year, net of tax		585,738	2,251,008	2,593,498	(861,306)
Total comprehensive income for the year		2,104,274	2,451,088	2,912,634	(663,997)
Total comprehensive income attributable to:					
Owners of the Company		2,022,673	2,283,451	2,912,634	(663,997)
Non-controlling interests		81,601	167,637	-	-
		2,104,274	2,451,088	2,912,634	(663,997)

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

THE GROUP

	Note	Stated capital	Share premium	Convertible bonds	Revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Accumulated losses	Treasury shares	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company										
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2021		1,945,451	3,138,833	2,264,792	3,954,997	569,602	(533,313)	(3,646,945)	(1,451,389)	6,242,028	677,011	6,919,039
Other comprehensive income for the year		-	-	-	1,647,823	(11,009)	418,441	42,492	-	2,097,747	153,261	2,251,008
Profit for the year		-	-	-	-	-	-	185,704	-	185,704	14,376	200,080
Total comprehensive income for the year		-	-	-	1,647,823	(11,009)	418,441	228,196	-	2,283,451	167,637	2,451,088
Change in ownership interest that do not result in a loss of control		-	-	-	197	-	-	(297)	-	(100)	100	-
Convertible bonds	16	-	-	547,600	-	-	-	(77,403)	-	470,197	-	470,197
Total transactions with owners of the Company		-	-	547,600	197	-	-	(77,700)	-	470,097	100	470,197
At 30 June 2022		1,945,451	3,138,833	2,812,392	5,603,017	558,593	(114,872)	(3,496,449)	(1,451,389)	8,995,576	844,748	9,840,324
Other comprehensive income for the year		-	-	-	777,194	5,256	(170,285)	(56,983)	-	555,182	30,556	585,738
Profit for the year		-	-	-	-	-	-	1,467,491	-	1,467,491	51,045	1,518,536
Total comprehensive income for the year		-	-	-	777,194	5,256	(170,285)	1,410,508	-	2,022,673	81,601	2,104,274
Purchase of treasury shares	15	-	-	-	-	-	-	-	(2,925)	(2,925)	-	(2,925)
Dividends	32	-	-	-	-	-	-	(348,728)	-	(348,728)	(252)	(348,980)
Convertible bonds	16	-	-	273,800	-	-	-	(96,398)	-	177,402	-	177,402
Movement in reserves arising on winding up of subsidiaries		-	-	-	-	81,129	-	(81,129)	-	-	-	-
Total transactions with owners of the Company		-	-	273,800	-	81,129	-	(526,255)	(2,925)	(174,251)	(252)	(174,503)
At 30 June 2023		**1,945,451**	**3,138,833**	**3,086,192**	**6,380,211**	**644,978**	**(285,157)**	**(2,612,196)**	**(1,454,314)**	**10,843,998**	**926,097**	**11,770,095**

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023 (CONT'D)

THE COMPANY

	Note	Stated capital	Share premium	Investment revaluation reserve	Retained profits	Treasury shares	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2021		1,945,451	3,138,833	9,506,538	2,736,759	(1,451,389)	15,876,192
Other comprehensive income for the year		-	-	(882,235)	20,929	-	(861,306)
Profit for the year		-	-	-	197,309	-	197,309
Total comprehensive income for the year		-	-	(882,235)	218,238	-	(663,997)
At 30 June 2022		1,945,451	3,138,833	8,624,303	2,954,997	(1,451,389)	15,212,195
Other comprehensive income for the year		-	-	2,611,160	(17,662)	-	2,593,498
Profit for the year		-	-	-	319,136	-	319,136
Total comprehensive income for the year		-	-	2,611,160	301,474	-	2,912,634
Purchase of treasury shares		-	-	-	-	(2,925)	(2,925)
Dividends	32	-	-	-	(348,728)	-	(348,728)
Total transactions with owners of the Company		-	-	-	(348,728)	(2,925)	(351,653)
At 30 June 2023		**1,945,451**	**3,138,833**	**11,235,463**	**2,907,743**	**(1,454,314)**	**17,773,176**

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		THE GROUP		THE COMPANY	
	Note	**2023**	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
OPERATING ACTIVITIES					
Profit before tax from continuing operations		**1,779,988**	251,446	**336,258**	191,487
Adjustment for:					
Depreciation and amortisation	28	**527,167**	561,719	**8,840**	34,154
Write off of intangible assets	7	**-**	209	**-**	-
Write off of property, plant and equipment	4	**602**	2,701	**-**	-
Write off of right-of-use assets	5	**-**	(201)	**-**	-
Operating equipment usage	6	**4,899**	3,901	**-**	-
Finance costs	30	**454,321**	487,709	**132,168**	196,098
Finance income	30	**(279,365)**	(58,274)	**(235,636)**	(270,190)
Movement in provisions		**(12,798)**	10,749	**(7,800)**	(7,616)
Loss/(profit) on disposal of property, plant and equipment		**404**	(1,788)	**-**	169
Share of results of joint venture	10	**(24,700)**	(19,515)	**-**	-
Impairment reversals of assets	29	**(9,708)**	(10,816)	**(37,750)**	(113,268)
Impairment of investment in associate	9	**-**	-	**-**	107,438
Loss/(gain) on lease re-assessment	27	**257**	(73,226)	**-**	-
Write off of investment in subsidiaries	8	**-**	-	**-**	20
Amortised cost on borrowings	33(iii)	**139**	17,376	**-**	8,777
Investment income	25	**-**	-	**(27,118)**	(107,438)
Unrealised exchange differences		**173,425**	148,634	**108,547**	89,506
Land lease concession	27	**-**	13,802	**-**	-
Movement in employee benefit liability		**34,057**	(32,194)	**4,588**	431
		868,700	1,050,786	**(54,161)**	(61,919)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		**2,648,688**	1,302,232	**282,097**	129,568
Movement in working capital	33(i)	**(66,807)**	474,092	**977,799**	548,885
CASH GENERATED FROM OPERATIONS		**2,581,881**	1,776,324	**1,259,896**	678,453
Income taxes paid	24	**(14,701)**	(1,576)	**-**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,567,180**	1,774,748	**1,259,896**	678,453
INVESTING ACTIVITIES					
Finance income	30	**38,601**	8,382	**-**	-
Purchase of property, plant and equipment		**(362,665)**	(250,648)	**(9,040)**	(608)
Additions to right-of-use assets		**(3,497)**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	2,412	**-**	152
Purchase of intangible assets	7	**(9,513)**	(1,300)	**(6,602)**	-
Purchase of operating equipment	6	**(18,693)**	(11,857)	**-**	-
Dividend received from joint venture	10	**5,040**	-	**-**	-
Loan (granted)/repaid		**-**	(917)	**745,860**	408,221
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		**(350,727)**	(253,928)	**730,218**	407,765
FINANCING ACTIVITIES					
Proceeds from borrowings	33	**917,680**	830,000	**275,000**	780,000
Repayment of borrowings	33	**(2,711,508)**	(2,243,793)	**(2,132,355)**	(1,690,118)
Net proceeds from convertible bonds	16	**275,000**	550,000	**-**	-
Lease payments	33	**(195,275)**	(107,755)	**-**	-
Dividend paid to non-controlling interests		**(252)**	-	**-**	-
Interest paid		**(310,420)**	(423,495)	**(146,845)**	(242,287)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(2,024,775)**	(1,395,043)	**(2,004,200)**	(1,152,405)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**191,678**	125,777	**(14,086)**	(66,187)
Cash and cash equivalents at 1 July		**1,580,714**	1,547,858	**769,565**	894,553
Net foreign exchange difference		**49,825**	(92,921)	**47,261**	(58,801)
CASH AND CASH EQUIVALENTS AT 30 JUNE	33(ii)	**1,822,217**	1,580,714	**802,740**	769,565

The notes set out on pages 91 to 151 form an integral part of the financial statements. Auditors' report on pages 80 to 84.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Sun Limited and its subsidiaries. The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRSs adopted in the year commencing 1 July 2022.

2.1 Basis of preparation

(a) *Compliance with IFRS*

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

(b) *Historical cost convention*

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

(c) *New and amended standards adopted by the Group*

The Group has considered the following standards and amendments for the first time for their annual reporting period commencing 1 July 2022:

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.
- Amendments to IAS 37, 'provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

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

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group:

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8: The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. Effective for annual periods beginning on or after 1 January 2023.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction: These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Effective for annual periods beginning on or after 1 January 2023.
- Amendment to IFRS 16 – Leases on sale and leaseback: These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective for annual periods beginning on or after 1 January 2024.
- Amendment to IAS 1 – Non current liabilities with covenants: These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Effective for annual periods beginning on or after 1 January 2024.

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

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

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of Sun Limited and its subsidiaries as at 30 June 2023.

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

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

2.3 Foreign currency

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

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

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

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

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

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

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

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

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

2.3 Foreign currency (cont'd)

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

3. GOING CONCERN

At 30 June 2023, the Group had accumulated losses of Rs 2.61 billion (2022: Rs 3.50 billion) and the Company had accumulated profits of Rs 2.91 billion (2022: Rs 2.95 billion). The Group and the Company had net current liabilities of Rs 0.75 billion (2022: Rs 1.08 billion) and Rs 1.28 billion (2022: Rs 1.86 billion) respectively at 30 June 2023.

With cash and cash equivalents at year end of Rs 1.82 billion and undrawn overdraft facilities, management considers the Group to have sufficient financial resources in order to meet any short-term external obligations especially in the low seasons period.

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

4. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

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

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

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

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

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

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

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

Accounting policies (cont'd)

The annual rates are as follows:

Buildings, improvements to leasehold land and sites	2% to 5%
Plant and Machinery	10% to 20%
Hotel furniture and soft furnishings	10% to 25%
Motor vehicles and boats	10% to 25%
Computers and telecommunication equipment	10% to 33%
Operating equipment	20% to 33%

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

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

Impairment testing, including recognition and measurement of an impairment charge

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

Significant judgements

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

Sources of estimation uncertainty

The Group accounts for land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to determine the fair value as at 30 June 2023.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

(a) **THE GROUP**

	Land and buildings, Improvements to leasehold land and sites	Capital work in progress	Plant and machinery	Hotel furniture and soft furnishings	Motor vehicles and boats	Computers and telecommunication equipment	Total
COST OR VALUATION	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 1 July 2021	15,182,688	21,405	1,742,789	2,087,904	73,063	207,113	19,314,962
Additions	29,571	133,014	32,430	7,716	969	16,900	220,600
Transfers	123,434	(146,961)	655	22,171	-	701	-
Disposals	-	-	(400)	(3,374)	(431)	-	(4,205)
Revaluation adjustment	1,397,366	-	-	-	-	-	1,397,366
Assets written off	-	(45)	(85)	(3,578)	-	-	(3,708)
Retranslation difference	(8)	-	(199)	(394)	-	(732)	(1,333)
At 30 June 2022	16,733,051	7,413	1,775,190	2,110,445	73,601	223,982	20,923,682
Additions	23,795	135,673	97,055	82,601	6,105	17,436	362,665
Transfers	(684)	(7,332)	7,977	6	-	33	-
Disposals	-	-	-	(833)	-	(50)	(883)
Revaluation adjustment	726,734	-	-	-	-	-	726,734
Assets written off	-	-	(9)	(9,728)	-	(2,935)	(12,672)
Retranslation difference	-	-	160	(181)	-	(501)	(522)
At 30 June 2023	**17,482,896**	**135,754**	**1,880,373**	**2,182,310**	**79,706**	**237,965**	**21,999,004**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 July 2021	720,378	-	1,354,411	1,687,142	44,918	186,477	3,993,326
Charge for the year	253,843	-	85,541	100,796	8,756	10,949	459,885
Disposals	-	-	(97)	(3,374)	(110)	-	(3,581)
Revaluation adjustment	(704,486)	-	-	-	-	-	(704,486)
Impairment charges (note 29)	(3,179)	-	-	-	-	-	(3,179)
Assets written off	-	-	(23)	(984)	-	-	(1,007)
Retranslation difference	-	-	(151)	(341)	-	(628)	(1,120)
At 30 June 2022	266,556	-	1,439,681	1,783,239	53,564	196,798	3,739,838
Charge for the year	259,570	-	83,910	85,486	6,402	10,541	445,909
Disposals	-	-	-	(474)	-	(5)	(479)
Revaluation adjustment	(243,975)	-	-	-	-	-	(243,975)
Assets written off	-	-	(9)	(9,126)	-	(2,935)	(12,070)
Retranslation difference	-	-	122	(221)	-	(464)	(563)
At 30 June 2023	**282,151**	**-**	**1,523,704**	**1,858,904**	**59,966**	**203,935**	**3,928,660**
NET BOOK VALUE							
At 30 June 2023	**17,200,745**	**135,754**	**356,669**	**323,406**	**19,740**	**34,030**	**18,070,344**
At 30 June 2022	16,466,495	7,413	335,509	327,206	20,037	27,184	17,183,844

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

(b) THE COMPANY

	Plant and machinery	Furniture and soft furnishings	Motor vehicles	Computers and telecom-munication equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At 1 July 2021	14,021	35,428	14,278	19,917	83,644
Additions	-	-	-	608	608
Disposals	-	-	(431)	-	(431)
At 30 June 2022	14,021	35,428	13,847	20,525	83,821
Additions	-	187	2,610	6,243	9,040
At 30 June 2023	**14,021**	**35,615**	**16,457**	**26,768**	**92,861**
ACCUMULATED DEPRECIATION					
At 1 July 2021	13,048	34,013	7,092	18,360	72,513
Charge for the year	151	310	2,187	561	3,209
Disposals	-	-	(110)	-	(110)
At 30 June 2022	13,199	34,323	9,169	18,921	75,612
Charge for the year	73	288	1,325	772	2,458
At 30 June 2023	**13,272**	**34,611**	**10,494**	**19,693**	**78,070**
NET BOOK VALUE					
At 30 June 2023	**749**	**1,004**	**5,963**	**7,075**	**14,791**
At 30 June 2022	822	1,105	4,678	1,604	8,209

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Net book value	**9,520,546**	9,757,005

(d) The Group's policy is to revalue its freehold land and buildings at least every three years. During the COVID-19 pandemic, revaluation exercises were being carried out every year to determine if there were any significant changes to the fair values of the property, plant and equipment and last revaluation dated at 30 June 2022. The Group has again carried out a revaluation exercise at 30 June 2023 in order to align with the year of revaluation of its parent company, CIEL Limited. The Chartered Valuers, Elevante Property Services Ltd revalued the freehold land and buildings and revaluation adjustment was accounted for those properties where there is no indication of impairment of the cash generating units.

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

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

(e) Management assessed the recoverable amount of assets for which indicators of impairment exists as at 30 June 2023 and details of assessment have been disclosed under note 29.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

(f) **Hierarchy level**

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

	THE GROUP		
	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000
2023			
Freehold land	-	**3,653,500**	-
Buildings and improvement to leasehold land	-	-	**12,767,357**
Site improvements	-	-	**779,888**
	-	**3,653,500**	**13,547,245**
2022			
Freehold land	-	3,544,983	-
Buildings and improvement to leasehold land	-	-	12,324,180
Site improvements	-	-	597,332
	-	3,544,983	12,921,512

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

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

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

	Valuation technique and key inputs	Sensitivity used	Effect on fair value Increase/(decrease)	
			2023	2022
			Rs'000	Rs'000
Buildings and improvement to leasehold land	Depreciated replacement cost approach	1% increase/(decrease) in current cost of replacing property	**127,674**	123,242
Site improvements	Depreciated replacement cost approach	1% increase/(decrease) in current cost of replacing property	**7,799**	5,973

5. LEASES

Accounting policies

(i) The Group as a lessee

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

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

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

5. LEASES (CONT'D)

Accounting policies (cont'd)

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

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

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

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

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

(ii) The Company as a sublessor

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

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

(iii) Sale and leaseback

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

Significant judgements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. LEASES (CONT'D)

(a) THE GROUP

This note provides information where the Group is a lessee.

Amounts recognised in the Statements of Financial Position

(i) ***Right-of-use assets***

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2021	1,498,175	20,140	1,518,315
Additions	2,087	5,254	7,341
Assets written off	(3,421)	(1,571)	(4,992)
Depreciation	(55,547)	(9,630)	(65,177)
Lease re-assessment	170,211	-	170,211
At 30 June 2022	1,611,505	14,193	1,625,698
Additions	2,767	6,255	9,022
Depreciation	(56,215)	(8,205)	(64,420)
Lease re-assessment	25,686	-	25,686
At 30 June 2023	**1,583,743**	**12,243**	**1,595,986**

(ii) ***Lease liabilities***

	Leasehold Land and buildings	Others	Total
	Rs'000	Rs'000	Rs'000
At 1 July 2021	1,767,708	22,770	1,790,478
Additions	2,087	5,254	7,341
Assets written off	(3,587)	(1,606)	(5,193)
Interest expense (note 30)	110,631	1,128	111,759
Payments	(203,937)	(11,256)	(215,193)
Lease re-assessment	96,985	-	96,985
Reversal of amount waived	13,802	-	13,802
Exchange differences	(17,571)	-	(17,571)
At 30 June 2022	1,766,118	16,290	1,782,408
Additions	-	5,525	5,525
Interest expense (note 30)	107,772	705	108,477
Payments	(212,676)	(9,717)	(222,393)
Lease re-assessment	25,943	-	25,943
Exchange differences	13,073	-	13,073
At 30 June 2023	**1,700,230**	**12,803**	**1,713,033**

	2023	2022
	Rs'000	Rs'000
Current liabilities	48,783	117,734
Non-current liabilities	1,664,250	1,664,674
	1,713,033	1,782,408

Lease liabilities relate to:

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

The Group's leases are secured by the lessors' title to the leased assets and carry average interest rate ranging from 2.20% to 7.05% (2022: 2.20% to 7.05%) per annum.

5. LEASES (CONT'D)

(a) THE GROUP (CONT'D)

(ii) Lease liabilities (cont'd)

Effective 1 July 2021, the Government amended the State Lands Act to change the timing of payment of annual rental for hospitality operators from 1 July of each year (payable in advance) to 30 June of each year (payable in arrear). This amendment resulted in a decrease in the present value of future cashflows recognised under lease liabilities (IFRS 16). Lease liabilities were subsequently adjusted and the impact of the re-assessment was credited to profit or loss as a gain under other income during the year ended 30 June 2022 (note 27).

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

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

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**155,227**	224,359	**48,783**	117,734
After one year but before two years	**138,158**	147,197	**33,390**	42,904
After two years but before three years	**136,707**	134,418	**33,474**	32,033
After three years but before five years	**272,107**	265,478	**70,452**	65,227
After five years	**4,223,722**	4,248,261	**1,526,934**	1,524,510
	4,770,694	4,795,354	**1,664,250**	1,664,674
	4,925,921	5,019,713	**1,713,033**	1,782,408
Less: Future finance charges	**(3,212,888)**	(3,237,305)	**-**	-
	1,713,033	1,782,408	**1,713,033**	1,782,408

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

	2023	2022
	Rs'000	Rs'000
(Loss)/gain on lease reassessment (note 27)	**(257)**	73,226
Depreciation charge of right-of-use assets (note 28)	**(64,420)**	(65,177)
Interest expense (included in finance costs) (note 31)	**(108,477)**	(111,759)
Expense relating to leases of low-value assets and short term leases	**(76,979)**	(20,424)

(b) THE COMPANY

(i) Right-of-use assets

At 1 July 2019, the lease of Ambre Resort by Sun Limited from Armand Apavou & Co Ltd was recognised as a right-of-use asset. Sun Limited subsequently subleased the Ambre Resort to its subsidiary company, Ambre Resort Ltd up to September 2022, which resulted in a derecognition of the right-of-use asset in 2020.

(ii) Lease liabilities

	Leasehold building	
	2023	2022
	Rs'000	Rs'000
At 01 July	**26,782**	129,647
Interest expense	**336**	4,573
Payments*	**(27,118)**	(107,438)
At 30 June	**-**	26,782

	2023	2022
	Rs'000	Rs'000
Current liabilities	**-**	26,782

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

5. LEASES (CONT'D)

(b) THE COMPANY (CONT'D)

(ii) Lease liabilities (cont'd)

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

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Repayable:				
Within one year	**-**	27,118	**-**	26,782
Less: Future finance charges	**-**	(336)	**-**	-
	-	26,782	**-**	26,782

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

	2023	2022
	Rs'000	Rs'000
Interest expense (included in finance costs)	**(336)**	(4,573)
Expense relating to leases of low-value assets that are not shown above as short-term leases	**(1,163)**	(2,969)

6. OPERATING EQUIPMENT

Accounting policies

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**15,923**	9,061	**-**	-
Additions	**18,693**	11,857	**-**	-
Transfer from inventories	**-**	2,271	**-**	-
Charge for the year (note 28)	**(8,492)**	(3,365)	**-**	-
Usage	**(4,899)**	(3,901)	**-**	-
At 30 June	**21,225**	15,923	**-**	-

7. INTANGIBLE ASSETS

Accounting policies

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

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

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

Goodwill

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

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

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

7. INTANGIBLE ASSETS (CONT'D)

Accounting policies (cont'd)

Impairment testing

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

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

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

Recognition and measurement of an impairment charge

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

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

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

Sources of estimation uncertainty

Impairment of goodwill and assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

7. INTANGIBLE ASSETS (CONT'D)

Significant judgements

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

ANNUAL IMPAIRMENT TESTING

For purposes of testing goodwill and assets for impairment, our CGUs, or groups of CGUs, correspond to the operating segments as disclosed in note 41.

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

		2023		2022	
		Sun*life* resorts*	Resorts managed by external operators**	Sun managed resorts*	Resorts managed by external operators**
Carrying value of Goodwill	Rs'000	-	223,689	-	223,689
Carrying value of property, plant and equipment	Rs'000	8,927,525	8,875,664	8,396,191	8,514,657
Recoverable amount method		Value in use and market value	Value in use	Value in use and market value	Value in use
Period of projected cash flows	Years	10	10	10	10
Terminal capitalisation rate	%	9.75%	9.00 - 9.25%	9.50%	9.0%
Discount rates	%	13.57%	12.82% - 13.07%	12.00%	11.5%

**Sunlife resorts refer to Wolmar Sun Hotels Limited, Long Beach Resort Ltd, City and Beach Hotels (Mauritius) Limited and Loisirs des Iles Ltée. Wolmar Sun Hotels Limited, Long Beach Resort Ltd and City and Beach Hotels (Mauritius) Limited were valued based on projected cash flows and Loisirs des Iles Ltée was valued based on sales comparison approach.*

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

For those assets and goodwill where the carrying values of the CGUs, or groups of CGUs, exceeded their recoverable amounts, an impairment charge was accounted for and disclosed under note 29.

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

	2023		2022	
	From	To	From	To
Change in discount rate				
Anahita Hotel Limited	12.82%	17.95%	11.50%	16.16%
City and Beach Hotels (Mauritius) Limited	13.57%	28.82%	12.00%	26.57%
Long Beach Resort Ltd	13.57%	17.58%	12.00%	22.91%
Wolmar Sun Hotels Limited	13.57%	27.02%	12.00%	24.23%
SRL Touessrok Hotel Ltd	13.07%	13.98%	11.50%	15.60%

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

7. INTANGIBLE ASSETS (CONT'D)

(a) **THE GROUP**

	Goodwill	Computer software	Total
	Rs'000	Rs'000	Rs'000
COST			
At 1 July 2021	225,016	182,262	407,278
Additions	-	1,300	1,300
Write off	-	(209)	(209)
Retranslation difference	-	(542)	(542)
At 30 June 2022	225,016	182,811	407,827
Additions	-	9,513	9,513
Retranslation difference	-	(543)	(543)
At 30 June 2023	**225,016**	**191,781**	**416,797**
ACCUMULATED AMORTISATION			
At 1 July 2021	-	137,884	137,884
Charge for the year	-	33,292	33,292
Retranslation difference	-	(436)	(436)
At 30 June 2022	-	170,740	170,740
Charge for the year	-	8,346	8,346
Retranslation difference	-	(485)	(485)
At 30 June 2023	**-**	**178,601**	**178,601**
NET BOOK VALUE			
At 30 June 2023	**225,016**	**13,180**	**238,196**
At 30 June 2022	225,016	12,071	237,087

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Hotel property CGU - Anahita Hotel Limited	**223,689**	223,689
Tour operator CGU	**1,327**	1,327
	225,016	225,016

(c) **THE COMPANY**

	Computer software	
	2023	2022
	Rs'000	Rs'000
COST		
At 1 July	**117,703**	117,703
Additions	**6,602**	-
At 30 June	**124,305**	117,703
ACCUMULATED AMORTISATION		
At 1 July	**109,911**	78,966
Charge for the year	**6,382**	30,945
At 30 June	**116,293**	109,911
NET BOOK VALUE		
At 30 June	**8,012**	7,792

8. INTEREST IN SUBSIDIARIES

Accounting policies

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

Significant judgements

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

THE COMPANY	2023	2022
	Rs'000	Rs'000
At valuation		
At 1 July	**18,057,235**	18,761,367
Additions	**-**	178,123
Write off during the year	**-**	(20)
Fair value adjustments accounted as other comprehensive income	**2,611,160**	(882,235)
Fair value adjustments accounted in profit and loss	**(63,492)**	-
At 30 June	**20,604,903**	18,057,235

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

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

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

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

Fair value movement of investment in subsidiaries:	Decrease of 0.5% in discount rate	Increase of 0.5% in terminal growth rate	Increase of 1% in occupancy rate
	Rs'000	Rs'000	Rs'000
2023	**1,262,685**	**643,760**	**622,849**
2022	1,010,004	619,724	423,724

8. INTEREST IN SUBSIDIARIES (CONT'D)

(a) **Unquoted Investments, at valuation**

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

8. INTEREST IN SUBSIDIARIES (CONT'D)

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

	Country of incorporation and operation	Business Activity	Period end	Stated capital 30 June 2023	2023 Proportion of ownership interest and voting rights held – Direct Ordinary shares	Direct Preference shares	Indirect Ordinary shares	Proportion of ownership interests held by non-controlling interests – Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited[1]	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd[3]	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited[2]	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun*life* Hotel Management Ltd (Previously known as Sun Resorts Hotel Management Ltd)	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
SRL Touessrok IHS Villas Ltd[1]	Mauritius	Non-trading	30 June	**	-	-	100.00	-	-
GreenSun Management Ltd[1]	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

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

[2] These companies were wound up during the year ended 30 June 2023.

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

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

8. INTEREST IN SUBSIDIARIES (CONT'D)

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

				2022					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2022	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Ambre Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
Anahita Hotel Limited	Mauritius	Resort	30 June	1,060,443	100.00	-	-	-	-
City and Beach Hotels (Mauritius) Limited	Mauritius	Resort	30 June	15,532	99.82	99.99	-	0.18	0.01
Loisirs des Iles Ltée	Mauritius	Golf & Restaurant Property	30 June	60,800	99.96	100.00	-	0.04	-
Long Beach IHS Ltd	Mauritius	Developer	30 June	**	100.00	-	-	-	-
Long Beach Resort Ltd	Mauritius	Resort	30 June	10	-	-	100.00	-	-
CTL Retail Ltd(4)	Mauritius	Retail	30 June	10,001	-	-	100.00	-	-
SRL Kanuhura Ltd(3)	BVI / Maldives	Resort	31 December	1,403	-	-	100.00	-	-
SRL Maldives Ltd	Seychelles	Hotel Investment	30 June	1,262,250	-	-	100.00	-	-
SRL Management Ltd	Seychelles	Management	30 June	589,050	-	-	100.00	-	-
SRL Marketing Ltd	UK	Marketing Office	30 June	64	-	-	100.00	-	-
SRL Property Ltd*	Mauritius	Non-trading	30 June	**	100.00	-	-	-	-
SRL Touessrok Hotel Ltd	Mauritius	Hotel	30 June	3,327,500	74.00	-	-	26.00	-
Sun Centralised Services Ltd(2)	Mauritius	Non-trading	30 June	10	-	-	100.00	-	-
Sun Training Institute Ltd	Mauritius	Training	30 June	100	-	-	100.00	-	-
Sun Hotel Holdings Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Sun International Management Ltd	Mauritius	Investment	30 June	36	-	-	100.00	-	-
Sun Leisure Hotels Limited	Mauritius	Property	30 June	25	100.00	-	-	-	-
Sun Leisure Investments Limited(1)	Mauritius	Non-trading	30 June	14,264	99.89	-	-	0.11	-
Sun Logistics Ltd	Mauritius	Logistics	30 June	10	-	-	100.00	-	-
Sun Resorts (Seychelles) Limited(1)	Seychelles	Non-trading	30 June	44	-	-	100.00	-	-
Sun Resorts CSR Fund Ltd	Mauritius	Charitable Fund	30 June	1	-	-	100.00	-	-
Sun Resorts France Sarl	France	Marketing Office	30 June	4,219	-	-	100.00	-	-
Sun Resorts Hotel Management Ltd	Mauritius	Hotel Management	30 June	10	100.00	-	-	-	-
Sun Resorts International Limited	Mauritius	Investment	30 June	1,522,624	100.00	-	-	-	-
Sun Styled Boutiques Ltd	Mauritius	Retail	30 June	600	100.00	-	-	-	-
Sun Support Ltd	Mauritius	Investment	30 June	10	100.00	-	-	-	-
Supply Chain Experts Ltd	Mauritius	Procurement	30 June	10	-	-	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. INTEREST IN SUBSIDIARIES (CONT'D)

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

				2022					
				Stated capital	Proportion of ownership interest and voting rights held			Proportion of ownership interests held by non-controlling interests	
					Direct		Indirect		
	Country of incorporation and operation	Business Activity	Period end	30 June 2022	Ordinary shares	Preference shares	Ordinary shares	Ordinary shares	Preference shares
				Rs'000	%	%	%	%	%
Washright Services Limited	Mauritius	Laundry	30 June	10,000	100.00	-	-	-	-
Wolmar Sun Hotels Limited	Mauritius	Resort	30 June	25	100.00	-	-	-	-
World Leisure Holidays (Pty) Ltd	South Africa	Tour Operator	30 June	1,363	-	-	100.00	-	-
Sun Hotels & Resorts GMBH	Germany	Marketing Office	30 June	993	-	-	100.00	-	-
GreenSun Management Ltd(1)	Mauritius	Non-trading	30 June	10	100.00	-	-	-	-

(1) These companies were non-trading as at 30 June 2020, 30 June 2021 and 30 June 2022.
(2) This company was wound up during the year ended 30 June 2022.
(3) The assets of SRL Kanuhura Ltd were disposed on 3 May 2021 and the company is in the process of being wound up at 30 June 2022.
(4) Effective 30 June 2022, the Management has taken the decision to close out the retail outlet, CTL Retail Ltd, in order to focus on the hotel retail operations and the brand-led transformation strategy.

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

(b) Subsidiaries with material non-controlling interests

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

Name	Principal place of business	Proportion of interest held by NCI	Profit allocated to non-controlling interest during the year		Accumulated non-controlling interest at	
			2023	2022	2023	2022
			Rs'000	Rs'000	Rs'000	Rs'000
SRL Touessrok Hotel Ltd	Mauritius	26%	50,552	14,205	922,621	848,373

8. INTEREST IN SUBSIDIARIES (CONT'D)

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

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

Name	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit from continuing operations	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non-controlling interest
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2023	**360,760**	**5,083,078**	**316,919**	**1,578,377**	**1,447,921**	**194,430**	**116,998**	**311,428**	**-**
30 June 2022	151,315	4,970,692	366,784	1,492,249	925,194	54,634	587,720	642,354	-

(ii) Summarised cash flow information:

Name	Operating activities	Investing activities	Financing activities	Net increase in cash and cash equivalents
SRL Touessrok Hotel Ltd	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2023	**374,618**	**(31,140)**	**(152,351)**	**191,127**
30 June 2022	350,621	(15,997)	(234,985)	99,639

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

9. INTEREST IN ASSOCIATE

Accounting policies

Separate financial statements

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

Consolidated financial statements

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

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

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

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

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

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

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

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

9. INTEREST IN ASSOCIATE (CONT'D)

Accounting policies (cont'd)

(a)

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**285,207**	392,645	**285,207**	392,645
Dividend income	**(27,118)**	(107,438)	**-**	-
Impairment charges (note 9(e))	**-**	-	**-**	(107,438)
At 30 June	**258,089**	285,207	**285,207**	285,207

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

Name	Period end	Nature of business	Principal place of business	Proportion of ownership interest and voting rights held	
2023 & 2022				**Direct**	**Indirect**
EastCoast Hotel Investment Ltd	31 December	Investment holding	Mauritius	30%	-

Due to the lack of information available on the financial results of the associate, a recoverable amount approach has been adopted to determine the value of the investment at year end. The assessment has been carried out by determining the total recoverable amount of EastCoast Hotel Investment Ltd based on the value-in-use calculations. These calculations are determined by discounting future contractual dividend income from its associate at a discount rate of 10.70% (2022: 10.42%) until financial year 2025. The discount rate which represents the current market assessment of the risk specific to the associate taking into consideration the time value of money and the weighted average cost of capital (WACC) is a key assumption.

If the discount rate applied to the cash flow projections had been 1% higher than management's estimates, the Group's and Company's recoverable amount would have decreased by Rs 4.4m (2022: Rs 3.6m).

10. INTEREST IN JOINT VENTURE

Accounting policies

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

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

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

(a)

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**63,693**	49,277	**-**	-
Dividend income	**(5,040)**	-	**-**	-
Share of results after income tax	**24,700**	19,515	**-**	-
Share of other comprehensive income	**6,187**	(5,099)	**-**	-
At 30 June	**89,540**	63,693	**-**	-

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

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

(c) Summarised financial information

	Solea Vacances SA	
	2023	2022
	Rs'000	Rs'000
Statement of financial position		
Current assets	**465,375**	316,680
Non-current assets	**13,456**	4,936
Current liabilities	**343,704**	235,324
Non-current liabilities	**-**	-
Cash and cash equivalents	**107,557**	17,239
Current financial liabilities	**343,704**	235,324

	Solea Vacances SA	
	2023	2022
	Rs'000	Rs'000
Statement of profit or loss and other comprehensive income		
Revenue	**2,187,376**	1,223,148
Profit for the year	**49,400**	39,030
Depreciation and amortisation	**(1,950)**	(858)
Net finance income	**83**	510
Income tax charge	**(9,165)**	-

10. INTEREST IN JOINT VENTURE (CONT'D)

(d) Reconciliation of summarised financial information

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

	Solea Vacances SA	
	2023	2022
	Rs'000	Rs'000
Net assets	**67,563**	43,146
Goodwill	**21,977**	20,547
Interest in joint venture	**89,540**	63,693

11. OTHER INVESTMENTS

Accounting policies

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

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

Sources of estimation uncertainty

Fair value of securities not quoted in an active market

The Group would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer also to note 39.7.

AT VALUATION	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Fair value through other comprehensive income				
Listed equity investments				
At 1 July	**-**	3	**-**	3
Impairment charges	**-**	(3)	**-**	(3)
At 30 June	**-**	-	**-**	-
Unlisted equity investments				
At 1 July	**165,502**	170,376	**-**	5,547
Transfer from other financial assets	**-**	917	**-**	-
Impairment charges	**-**	(5,547)	**-**	(5,547)
Fair value adjustments	**785**	(244)	**-**	-
At 30 June	**166,287**	165,502	**-**	-
Total	**166,287**	165,502	**-**	-

At 30 June 2022, the unquoted investments of Rs 5.5m, which were included under unlisted equity, were fully impaired by the Directors as the fair values cannot be reliably measured. All unquoted investments are classified under level 3 of the fair value hierarchy.

The investments are denominated in Mauritian Rupee.

The fair value of investments would be estimated to be Rs 16.6m (2022: Rs 16.6m) lower/higher following a 10% change in the net asset values.

12. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Loans under Executive Share Scheme	13,995	16,920	13,995	16,920
Loans to subsidiaries (note 35(i))	-	-	293,000	1,733,317
	13,995	16,920	306,995	1,750,237

(a) Loans under Executive Share Scheme

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

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

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

(b) Finance lease receivables

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

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Receivable: Within one year	-	20,160
Effect of discounting	-	(249)
Total finance lease receivables	-	19,911
Included in the financial statements as:		
Current assets (note 14)	-	19,911
Total finance lease receivable from subsidiary company	-	19,911

(c) Loans to subsidiaries

The loans to subsidiaries are unsecured with no fixed term of repayment and are interest bearing at 6.75% per annum (2022: 6.25%).

13. INVENTORIES

Accounting policy

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages	70,521	55,692	-	-
Operating supplies	26,880	20,378	-	-
Spare parts	7,120	3,812	-	-
Fabric and linen	10,435	7,878	-	-
Retail products	24,744	15,803	-	-
	139,700	103,563	-	-

(a) The inventories' pledged as security for the debts of the Group have been disclosed under note 18 (g). Write downs of inventories for the current year amount to Rs Nil (2022: Rs Nil).

(b) Cost of inventories expensed in food and beverages amounts to Rs 809.8m for the Group (2022: Rs 475.8m).

14. TRADE AND OTHER RECEIVABLES

Accounting policies and significant judgements

Refer to note 39 on accounting policies and significant judgements on financial assets

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	413,547	345,180	-	-
Less: provision for impairment (note (iv))	(16,145)	(21,996)	-	-
Trade receivables - net	397,402	323,184	-	-
Prepayments	140,899	181,198	-	-
Other receivables	98,238	76,697	7,902	12,931
VAT recoverable	-	-	2,461	2,733
Finance lease receivables (note 12(b))	-	-	-	19,911
Derivative financial assets (note 14(e))	54,552	-	50,994	-
Amounts due by related parties, net of provision for impairment (note 35(i))	56,508	10,634	107,662	538,557
	747,599	591,713	169,019	574,132

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

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

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

(iii) Ageing of past due trade debtors

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Within 31 - 60 days	100,469	55,298	-	-
Within 61 - 90 days	22,711	44,468	-	-
Over 90 days	25,779	38,434	-	-
Total	148,959	138,200	-	-

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

(iv) Movement in provision for impairment

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	21,996	38,848	-	-
Movement in impairment loss recognised on trade receivables:				
- Provision for receivable impairment	(56)	(4,695)	-	-
- Impairment loss reversed	(42)	(2,464)	-	-
Receivable written off during the year as uncollectible	(5,753)	(9,693)	-	-
At 30 June	16,145	21,996	-	-

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(v) The provision for impairment on amount receivables from related parties for the Company has been disclosed under note 35(i).

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

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

(c)

		Trade receivables - days past due				
		Current	Within 31 - 60 days	Within 61 - 90 days	Over 90 days	Total
(i)	**The Group**					
	30 June 2023					
	Expected credit loss rate (%)	2.0%	5.2%	1.2%	21.2%	
	Gross carrying amount (Rs'000)	264,588	100,469	22,711	25,779	
	Loss allowance (Rs'000)	**5,211**	**5,191**	**267**	**5,476**	**16,145**
	30 June 2022					
	Expected credit loss rate (%)	1.9%	7.3%	1.4%	34.7%	
	Gross carrying amount (Rs'000)	206,980	55,298	44,468	38,434	
	Loss allowance (Rs'000)	4,018	4,039	601	13,338	21,996

(d) The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are reviewed annually or when there is a significant increase in external factors, potentially impacting credit risk and are updated where management's expectations of credit losses change. As at 30 June 2023, management has continued to adopt a conservation approach by maintaining a high provision on trade receivables that are due for more than 180 days.

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

		Notional amount		Carrying amount	
		Selling currency	Buying currency	Assets	Liabilities
		Amount '000	Rs'000	Rs'000	Rs'000
(i)	**The Group**				
	30 June 2023				
	EUR to MUR	42,800	2,168,411	45,962	-
	USD to MUR	700	31,535	-	(15)
	GBP to MUR	20,100	1,160,338	8,590	-
	ZAR to MUR	64,000	154,685	-	(1,120)
				54,552	**(1,135)**
(ii)	**The Company**				
	30 June 2023				
	EUR to MUR	41,300	2,093,106	44,997	-
	USD to MUR	700	31,535	-	(15)
	GBP to MUR	16,500	951,508	5,997	-
	ZAR to MUR	64,000	154,685	-	(1,120)
				50,994	**(1,135)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

15. STATED CAPITAL

Accounting policies

(a) *Ordinary shares*

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

(b) *Treasury shares*

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

	THE GROUP AND THE COMPANY				
	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
Issued and fully paid ordinary shares		Rs'000	Rs'000	Rs'000	Rs'000
At 1 July 2022	194,545,072	1,945,451	3,138,833	(1,451,389)	3,632,895
Movement during the year	-	-	-	(2,925)	(2,925)
At 30 June 2023	**194,545,072**	**1,945,451**	**3,138,833**	**(1,454,314)**	**3,629,970**

In the issued and fully paid ordinary shares above, the Company held 20,181,046 treasury shares (2022: 20,118,546), for which the Company has the right to reissue these shares at a later date. Fully paid up ordinary shares have a par value of Rs 10 each, carry one voting right and a right to dividend.

16. CONVERTIBLE BONDS

Accounting policy

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**2,812,392**	2,264,792	**-**	-
Additions	**275,000**	550,000	**-**	-
Front-end fee transferred from prepayment	**(1,200)**	(2,400)	**-**	-
At 30 June	**3,086,192**	2,812,392	**-**	-
Interest accrued accounted under Statements of changes in equity at 30 June	**96,398**	77,403	**-**	-

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

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

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

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

17. RESERVES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Property revaluation (note (a))	**6,360,303**	5,583,894	**-**	-
Investment revaluation (note (b))	**19,908**	19,123	**11,235,463**	8,624,303
Cash flow hedge reserve (note (c))	**(285,157)**	(114,872)	**-**	-
Foreign currency translation (note (d))	**644,978**	558,593	**-**	-
	6,740,032	6,046,738	**11,235,463**	8,624,303

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

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

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

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

18. LOANS AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current liabilities				
Bank loans (note (a))	**3,360,822**	3,259,025	**530,515**	1,058,665
Bonds (note (b))	**1,072,280**	2,296,620	**-**	1,294,300
Loan from subsidiaries (note (d) and note 35(i))	**-**	-	**1,630,000**	700,000
	4,433,102	5,555,645	**2,160,515**	3,052,965
Current liabilities				
Bank loans (note (a))	**500,755**	922,641	**83,119**	670,990
Bonds (note (b))	**336,024**	364,480	**336,024**	-
Bank overdrafts (note (c) and note 33)	**-**	2,119	**-**	-
	836,779	1,289,240	**419,143**	670,990
Accrued interests	**47,404**	47,080	**6,542**	21,555
	884,183	1,336,320	**425,685**	692,545
Total loans and other borrowings	**5,317,285**	6,891,965	**2,586,200**	3,745,510

The maturity of the loans and other borrowings ranges between years 2023 - 2032.

18. LOANS AND OTHER BORROWINGS (CONT'D)

(a) **Bank loans**

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	500,755	922,641	83,119	670,990
After one year but before two years	652,013	662,855	82,985	312,156
After two years but before three years	700,854	672,316	85,246	232,245
After three years but before five years	1,246,233	1,154,189	202,417	255,301
After five years	761,722	769,665	159,867	258,963
Non-current liabilities	3,360,822	3,259,025	530,515	1,058,665
Total	3,861,577	4,181,666	613,634	1,729,655
Included in the above loans are:				
US Dollar loans	-	192,630	-	182,667
Euro loans	3,057,506	2,792,643	514,012	1,131,601
Great Britain Pound loans	141,122	133,461	-	-
Mauritian Rupee loans	662,949	1,062,932	99,622	415,387
Total	3,861,577	4,181,666	613,634	1,729,655

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	%	%	%	%
Average interest rate	5.16	3.81	4.87	3.64

(b) **Bonds**

The maturity of the bonds ranges between 2023 to 2030. The bonds are arranged at floating and fixed interest rates and the average interest as at the end of reporting period was 3.74% per annum (2022: 4.28%).

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Repayable:				
Within one year	336,024	364,480	336,024	-
After one year but before two years	414,290	1,294,300	-	1,294,300
After two years but before three years	-	387,260	-	-
After three years but before five years	414,290	387,260	-	-
After five years	243,700	227,800	-	-
Non-current liabilities	1,072,280	2,296,620	-	1,294,300
Total	1,408,304	2,661,100	336,024	1,294,300

18. LOANS AND OTHER BORROWINGS (CONT'D)

(c) **Bank overdrafts**

The average interest rate of bank overdrafts was as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	%	%	%	%
Average interest rate	6.08	4.16	6.08	4.16

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

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

(f) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates, as well as the currency profile, have been detailed in note 39.6.

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Current	Rs'000	Rs'000	Rs'000	Rs'000
Fixed and floating charges				
Cash and cash equivalents	1,509,317	1,280,133	802,740	769,565
Trade and other receivables	319,174	258,914	58,896	12,930
Inventories	109,139	85,182	-	-
Total current assets pledged as security	1,937,630	1,624,229	861,636	782,495
Non-current				
First Mortgage				
Freehold land and buildings	17,109,100	16,357,844	-	-
Fixed and floating charges				
Property, plant and equipment	344,941	324,065	745	818
Intangible assets	11,841	10,930	8,012	7,792
Investment in subsidiaries	-	-	20,604,903	18,057,235
Investment in associates	285,207	285,207	285,207	285,207
	641,989	620,202	20,898,867	18,351,052
Total non-current assets pledged as security	17,751,089	16,978,046	20,898,867	18,351,052
Total assets pledged as security	19,688,719	18,602,275	21,760,503	19,133,547

19. DEFERRED TAX

Accounting policy

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

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

Significant judgements

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

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	68,454	101,906	31,101	33,058
Deferred tax liabilities	(1,516,553)	(1,252,489)	-	-
	(1,448,099)	(1,150,583)	31,101	33,058

Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets not recognised was Rs 91.3m (2022: Rs 139.7m) for the Group due to uncertainty of future profit streams. The tax losses due to operations expire on a rolling basis over 5 years whereas capital allowances can be utilised indefinitely.

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	1,150,583	774,238	(33,058)	(31,523)
Recognised in profit or loss (note 24(b))	161,138	45,629	5,575	(5,822)
Recognised in other comprehensive income	135,850	329,895	(3,618)	4,287
Exchange difference	528	821	-	-
At 30 June	1,448,099	1,150,583	(31,101)	(33,058)

19. DEFERRED TAX (CONT'D)

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

(i) THE GROUP

	At 1 July	Recognised in profit or loss	Recognised in other comprehensive income	Exchange difference	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2023					
Temporary differences:					
Accelerated capital allowances	785,822	12,936	-	(5)	798,753
Employee benefit liability	(30,242)	(5,381)	(11,253)	-	(46,876)
Revaluation of property, plant and equipment	898,501	-	147,103	-	1,045,604
Other provisions	(16,075)	5,034	-	533	(10,508)
Contract liabilities	(10,323)	216	-	-	(10,107)
Right-of-use assets	(59,173)	3,512	-	-	(55,661)
Unused tax losses and credits	(417,927)	144,821	-	-	(273,106)
	1,150,583	161,138	135,850	528	1,448,099
2022					
Temporary differences:					
Accelerated capital allowances	768,308	17,512	-	2	785,822
Employee benefit liability	(42,436)	3,710	8,484	-	(30,242)
Revaluation of property, plant and equipment	577,090	-	321,411	-	898,501
Other provisions	(11,475)	(6,214)	-	1,614	(16,075)
Contract liabilities	(10,539)	216	-	-	(10,323)
Right-of-use assets	(63,516)	4,343	-	-	(59,173)
Unused tax losses and credits	(443,194)	26,062	-	(795)	(417,927)
	774,238	45,629	329,895	821	1,150,583

(ii) THE COMPANY

	At 1 July	Recognised in profit or loss	Recognised in other comprehensive income	At 30 June
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
Temporary differences:				
Accelerated capital allowances	(33,195)	6,355	-	(26,840)
Employee benefit liability	137	(780)	(3,618)	(4,261)
	(33,058)	5,575	(3,618)	(31,101)
2022				
Temporary differences:				
Accelerated capital allowances	(27,446)	(5,749)	-	(33,195)
Employee benefit liability	(4,077)	(73)	4,287	137
	(31,523)	(5,822)	4,287	(33,058)

20. EMPLOYEE BENEFIT LIABILITY

Accounting policies

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

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

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

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

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

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

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

(b) *Other retirement benefits*

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

(c) *State plan*

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

(d) *Share based payments*

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

(e) *Severance Commitment*

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

Sources of estimation uncertainty

The cost of defined benefit pension plans and related provisions requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates in respect of inter alia, discount rate, expected returns on plan assets, future salary increases, mortality rate and future pension increases. Due to long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in the assumptions regarding the estimates will impact the carrying amount of the pension obligation. The net employee liability/(asset) at 30 June 2023 is Rs 288.2m for the Group (2022: Rs 184.8m) and Rs 25.1m for the Company (2022: Rs (0.8)m).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. EMPLOYEE BENEFIT PLANS (CONT'D)

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Pension plan (note (a))	**(172)**	(34,913)	**13,947**	(5,014)
Other retirement benefits (note (b))	**288,446**	219,672	**11,119**	4,212
	288,274	184,759	**25,066**	(802)
Analysed as follows:				
Employee benefit asset	**(172)**	(34,913)	**-**	(5,014)
Employee benefit liability	**288,446**	219,672	**25,066**	4,212
At 30 June	**288,274**	184,759	**25,066**	(802)

(a) <u>Pension plan</u>

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

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

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2023 by Aon Solutions Ltd. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) <u>Reconciliation of net defined benefit liability:</u>

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**(34,913)**	45,150	**(5,014)**	17,419
Amount recognised in profit or loss (note 26)	**46,120**	27,257	**6,281**	6,974
Amount recognised in other comprehensive income	**40,276**	(35,973)	**19,889**	(22,483)
Contributions from employer	**(51,655)**	(71,347)	**(7,209)**	(6,924)
At 30 June	**(172)**	(34,913)	**13,947**	(5,014)

<u>Amounts recognised in the statements of financial position:</u>

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**808,312**	786,772	**250,721**	242,504
Fair value of plan assets	**(808,484)**	(821,685)	**(236,774)**	(247,518)
At 30 June	**(172)**	(34,913)	**13,947**	(5,014)

(iii) <u>Reconciliation of present value of the defined benefit obligations:</u>

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**786,772**	731,992	**242,504**	239,319
Current service cost	**49,396**	26,918	**5,629**	6,300
Contributions from employees	**10,106**	6,099	**2,124**	1,052
Interest cost	**38,212**	35,668	**11,915**	11,698
Past service cost	**-**	-	**1,106**	-
Liability experience losses	**12,762**	18,115	**9,846**	-
Liability (gains)/losses due to change in financial assumptions	**(49,139)**	1,408	**(12,795)**	(5,007)
Benefits paid	**(39,797)**	(33,428)	**(11,318)**	(10,907)
Transfer from subsidiary company	**-**	-	**1,710**	49
At 30 June	**808,312**	786,772	**250,721**	242,504

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(a) Pension plan (cont'd)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	821,685	686,842	247,518	221,900
Interest income	41,488	35,329	12,369	11,024
(Losses)/gains on plan assets excluding interest	(76,653)	55,496	(22,838)	17,476
Contributions from employer	51,655	71,347	7,209	6,924
Contributions from employees	10,106	6,099	2,124	1,052
Benefits paid	(39,797)	(33,428)	(11,318)	(10,907)
Transfer from subsidiary company	-	-	1,710	49
At 30 June	808,484	821,685	236,774	247,518

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	49,396	26,918	5,629	6,300
Past service cost	-	-	1,106	-
Net interest on net defined benefit asset	(3,276)	339	(454)	674
Total included in employee benefits	46,120	27,257	6,281	6,974

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Losses/(gains) on plan assets excluding interest	76,653	(55,496)	22,838	(17,476)
Liability experience losses	12,762	18,115	9,846	-
Liability (gains)/losses due to change in financial assumptions	(49,139)	1,408	(12,795)	(5,007)
Total	40,276	(35,973)	19,889	(22,483)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Local quoted equity instruments	185,951	98,602	54,458	89,106
Overseas quoted equity instruments	210,207	369,758	61,561	27,227
Overseas quoted debt instruments	80,848	123,253	23,677	9,901
Local quoted debt instruments	32,339	115,036	9,471	96,532
Local unquoted debt instruments	121,273	-	35,517	-
Cash and others	177,866	115,036	52,090	24,752
Total	808,484	821,685	236,774	247,518

At 30 June 2023, approximately 2% (2022: 2%) of the fund was invested in the shares of Sun Limited.

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
(Surplus)/deficit arising on pension plan	(172)	(34,913)	13,947	(5,014)
Experience losses on plan liabilities	(12,762)	(18,115)	(9,846)	-
Experience (losses)/gains on plan assets	(76,653)	55,496	(22,838)	17,476

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(a) Pension plan (cont'd)

(ix) Sensitivity analysis on defined benefit obligation

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Increase in defined benefit obligations due to 1% decrease in discount rate	125,100	131,543	30,663	34,425
Decrease in defined benefit obligations due to 1% increase in discount rate	99,949	104,383	25,345	28,109

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

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

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

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

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

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

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

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

(xi) Future Cashflows

- The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding policy is to pay contributions to an external legal entity as and when due.
- The Group expects to make a contribution of Rs 53.2m (2022: Rs 73.4m) and the Company of Rs 7.5m (2022: Rs 7.1m) to the defined benefit plans during the next financial year.
- The weighted average duration of the defined benefit obligation is 16.1 years (2022: 15.6 years) for the Group and 12 years (2022: 13 years) for the Company.

(b) Other retirement benefits

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

(i) Reconciliation of other retirement benefits:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	219,672	221,602	4,212	6,564
Amount recognised in profit or loss (note 26)	44,896	27,808	5,516	381
Amount recognised in other comprehensive income	29,182	(13,826)	1,391	(2,733)
Benefits paid	(5,304)	(15,912)	-	-
As at 30 June	288,446	219,672	11,119	4,212

20. EMPLOYEE BENEFIT PLANS (CONT'D)

(b) Other retirement benefits (Cont'd)

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	219,672	221,602	4,212	6,564
Current service cost	22,039	17,153	687	485
Interest cost	11,254	10,655	322	318
Past service cost	11,603	-	4,507	(422)
Liability experience losses/(gains)	47,474	(16,489)	3,654	(2,733)
Liability (gains)/losses due to change in financial assumptions	(18,292)	2,663	(2,263)	-
Benefits paid	(5,304)	(15,912)	-	-
At 30 June	288,446	219,672	11,119	4,212

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	22,039	17,153	687	485
Past service cost	11,603	-	4,507	(422)
Interest on defined benefit liability	11,254	10,655	322	318
Total	44,896	27,808	5,516	381

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Liability experience losses/(gains)	47,474	(16,489)	3,654	(2,733)
Liability (gains)/losses due to change in financial assumptions	(18,292)	2,663	(2,263)	-
	29,182	(13,826)	1,391	(2,733)

(v) Sensitivity analysis on defined benefit obligations:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Increase in defined benefit obligations due to 1% decrease in discount rate	29,250	30,320	862	454
Decrease in defined benefit obligations due to 1% increase in discount rate	34,765	25,187	753	393

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

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

The weighted average duration of the defined benefit obligations is 10.7 years (2022: 15 years) for the Group and 7 years (2022: 11 years) for the Company.

(c) Actuarial assumptions

The principal actuarial assumptions used for accounting purposes were:	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Discount rate - %	6.0	5.0	6.0	5.0
Future salary increases - %	3.0	2.9	3.3	2.9
Future pension increases - %	1.0	-	1.0	-
Average retirement age (ARA) - Years	65.0	65.0	65.0	65.0
Average life expectancy for under the pension plan:				
: Male at ARA - 60 Years	19.5	19.5	19.5	19.5
: Female at ARA - 60 Years	24.2	24.2	24.2	24.2

21. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	429,951	389,602	14,918	4,228
Capital creditors	12,626	25,319	-	-
Client advances	405,070	513,635	-	-
Derivative financial liabilities (note 14(e))	1,135	-	1,135	-
Accruals and provisions	1,017,340	790,208	198,914	132,660
Interest payable on convertible bonds	188,634	92,236	-	-
Contract liabilities (note 23)	4,659	4,659	-	-
Amounts due to related parties (note 35(i))	16,936	73,824	1,248,887	2,342,865
	2,076,351	1,889,483	1,463,854	2,479,753

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

(b) **Share based payments**

Accounting policy

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

Included in other creditors and accruals are share based payments liabilities of Rs 10.9m (2022: Rs Nil) for the Group and Company relating to the Phantom Share Option Scheme for executives of the Company and its subsidiaries. In accordance with the terms of the plan, executives are granted an option over a number of phantom shares at a base option price which is equal to the market value of the share at the date of the grant of the option. On exercise date, the holder of the options is entitled to a cash or share bonus, which subject to the rules of the plan, is equivalent to the increase of the Group's share price between the grant date and the exercise date. Bonus may be paid either in cash or shares at discretion of the Board. However, the bonus will be primarily be in cash as the coversion of part of the bonus is only retained by the Board as an option. Thus, it is unlikely that any shares if issued, will have a dilutive effect.

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

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

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

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

The number of phantom shares granted is calculated based on a percentage of their annual basic salary and after recommendation by the Corporate Governance, Ethics and the Remuneration and Nomination committee.

- improvement in share price
- improvement in profit after tax

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

	Number of options	
	2023	2022
As at 1 July	136,542	522,047
Granted during the year	1,216,539	-
Forfeited during the year	(125,088)	(104,765)
Expired during the year	(136,542)	(280,740)
As at 30 June	1,091,451	136,542
Vested and exercisable at 30 June	95,580	91,647

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

			Number of options	
Grant Date	Expiry date	Grant Date Fair value	2023	2022
1 July 2019	30 June 2024	35.00	200,456	136,542
1 July 2020	30 June 2025	15.00	485,279	-
1 July 2021	30 June 2026	19.00	405,716	-
As at 30 June			1,091,451	136,542

21. TRADE AND OTHER PAYABLES (CONT'D)

(b) Share based payments (cont'd)

The fair value of the cash settled share based payment arrangements was determined using the Black-Scholes model using the following inputs as at 30 June 2023:

Share price at measurement date	Rs 30.00
Expected volatility	32.89%
Dividend yield	6.67%
Risk-free interest rate	6.71%

None of the options granted has been exercised as at 30 June 2023.

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

22. PROVISIONS

Accounting policy

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

Sources of estimation uncertainty

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Le St Geran Hotel (note (b))	**-**	12,373	**-**	12,373
Anahita Hotel Ltd (note (c))	**5,000**	3,000	**5,000**	3,000
Disputes with employees (note (d))	**13,367**	18,365	**-**	-
Other legal provision (note (e))	**2,573**	-	**2,573**	-
	20,940	33,738	**7,573**	15,373
Included in the financial statements as:				
Non-current liabilities	**20,940**	33,738	**7,573**	15,373
	20,940	33,738	**7,573**	15,373

(a) Movement in provision:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 1 July	**33,738**	22,989	**15,373**	22,989
Provisions for the year	**7,573**	18,365	**4,573**	-
Payment during the year	**(7,998)**	(7,616)	**-**	(7,616)
Unutilised amount reversed	**(12,373)**	-	**(12,373)**	-
At 30 June	**20,940**	33,738	**7,573**	15,373

(b) The provision relates to claims on additional duty in respect of the sale of Le St Geran Hotel by Sun Leisure Investments Ltd. Amount was reversed this year following verdict of Privy Council.

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

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

(e) During the year, a declaration of dispute was issued by the Company to the property owner of one of the hotels in respect of the sub-lease agreement. A dispute for resolution was filed to the Supreme Court in this respect and a provision for legal fees was accounted at 30 June 2023.

23. CONTRACT LIABILITIES

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Invest Hotel Scheme (note (a))	**59,446**	60,718
Golf membership fees (note (b))	**27,562**	29,785
	87,008	90,503
Non-current liabilities	**82,349**	85,844
Current liabilities (note 21)	**4,659**	4,659
	87,008	90,503

(a) **Invest Hotel Scheme**

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

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

Significant judgements

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 July	**60,718**	61,990
Release to profit or loss	**(1,272)**	(1,272)
At 30 June	**59,446**	60,718
Non-current liabilities	**58,174**	59,446
Current liabilities	**1,272**	1,272
	59,446	60,718

(b) **Golf Membership fees**

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 July	**29,785**	33,172
Receipts from new members	**1,164**	-
Release to profit or loss	**(3,387)**	(3,387)
At 30 June	**27,562**	29,785
Non-current liabilities	**24,175**	26,398
Current liabilities	**3,387**	3,387
	27,562	29,785

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

24. TAXATION

Accounting policy

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

Current tax

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

Income Tax

Income tax is calculated at the rate of 0% to 33% (2022: 0% to 33%) for the Group and 17% (2022: 17%) for the Company on the profit for the period as adjusted for income tax purposes.

(a) **Current tax liability**

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At 1 July	12,879	8,652	6,624	6,624
Translation difference	(468)	66	-	-
Payment during the year	(14,701)	(1,576)	-	-
(Under)/overprovision in previous year	1,166	(740)	-	-
Provision for the year	99,148	6,477	11,547	-
At 30 June	98,024	12,879	18,171	6,624
Analysed as follows:				
Current liabilities	101,457	13,437	18,171	6,624
Current tax assets	(3,433)	(558)	-	-
At 30 June	98,024	12,879	18,171	6,624

(b) **Tax charge**

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Income tax:	Rs'000	Rs'000	Rs'000	Rs'000
Provision for the year	99,148	6,477	11,547	-
Under/(over) provision in previous year	1,166	(740)	-	-
Current income tax expense	100,314	5,737	11,547	-
Deferred tax movement (note 19)	161,138	45,629	5,575	(5,822)
Income tax charge/(credit)	261,452	51,366	17,122	(5,822)

(c) **Reconciliation of accounting profit to tax expense**

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	%	%	%	%
Normal rate of taxation applicable to Mauritian companies	17.00	17.00	17.00	17.00
Tax effect of:				
- Expenses that are not deductible in determining taxable profit	0.99	4.52	4.46	2.27
- Over/(under) provision in previous year	0.01	(2.89)	-	(3.02)
- Tax losses for which no deferred income tax asset was recognised	(2.64)	1.87	(6.07)	-
- Income not subject to tax	(0.44)	0.90	(10.29)	(18.77)
- Impairment of financial assets	-	(0.98)	-	(0.51)
- Other adjustments	(0.23)	-	-	-
Effective rate of tax	14.69	20.42	5.10	(3.03)

25. REVENUE

Accounting policy

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

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

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

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

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

Hotel revenues

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue from contracts with customers				
Rooms	4,938,726	2,874,904	-	-
Food and beverages	2,446,612	1,478,124	-	-
Management fees	-	-	225,515	156,757
Others	719,372	487,291	-	-
Total revenue from contracts with customers	8,104,710	4,840,319	225,515	156,757
Investment income	-	-	176,868	107,438
Total revenue	8,104,710	4,840,319	402,383	264,195
Timing of revenue recognition				
Goods transferred at a point in time	2,446,612	1,478,124	-	-
Services transferred over time	5,658,098	3,362,195	225,515	156,757
Total revenue from contracts with customers	8,104,710	4,840,319	225,515	156,757

26. OPERATING EXPENSES

Accounting policy

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Direct costs	**1,545,336**	961,007	**-**	-
Wages and salaries	**1,908,048**	1,442,497	**127,600**	75,528
Social security costs	**139,860**	124,436	**16,435**	11,439
Pension costs (note 20 (a)(ii))	**46,120**	27,257	**6,281**	6,974
Other post-retirement benefits (note 20 (b))	**44,896**	27,808	**5,516**	381
Employee benefits	**2,138,924**	1,621,998	**155,832**	94,322
Rental and lease expenses	**396,070**	231,371	**1,163**	2,969
Utilities	**322,867**	240,552	**266**	387
Marketing expenses	**298,354**	183,032	**-**	-
Repairs and maintenance	**160,257**	137,563	**669**	423
Management fees and services	**165,017**	88,097	**-**	-
Office expenses	**36,245**	19,940	**7,396**	6,608
Travelling expenses	**21,414**	9,987	**1,699**	686
Information and telecommunication expenses	**84,873**	78,235	**5,086**	4,725
Insurance	**69,714**	52,060	**1,009**	960
Professional, legal and consultancy fees	**55,745**	41,185	**10,491**	4,556
Contract services	**119,793**	86,531	**6,044**	-
Credit card commissions	**120,948**	65,279	**-**	-
Business occupation and other taxes	**71,174**	41,280	**1,627**	2,116
Others miscellaneous costs	**78,146**	94,509	**7,221**	2,362
Other expenses	**2,000,617**	1,369,621	**42,671**	25,792
Operating expenses	**5,684,877**	3,952,626	**198,503**	120,114

27. OTHER INCOME

Accounting policy

Government grants

Government grants are recognised if it is reasonably certain that the related conditions will be satisfied and the grants will actually be received. Grants for the purchase of non-current assets (asset-related grants) are deducted from the historical cost of the assets in question and reduce future depreciation. Grants in respect of wages obtained under the wage assistance scheme are accounted for in the statement of profit or loss in the period to which the wages relate.

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Government wage assistance scheme, net of taxes	**-**	253,396	**-**	1,300
Foreign exchange gains	**8,004**	447	**-**	338
Land lease concession (note 5)	**-**	(13,802)	**-**	-
(Loss)/gain on lease re-assessment (note 5)	**(257)**	73,226	**-**	-
Gain on winding up of subsidiaries	**19,305**	-	**-**	-
Sundry income	**818**	11,309	**-**	-
	27,870	324,576	**-**	1,638

In 2022, the Government provided funding towards the salary costs of employees who have been furloughed through the Government wage assistance scheme. The Group has assessed that the funding meets the definition of a Government grant under IAS 20. The related salary costs which are compensated by the scheme are included within employee benefits.

28. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property, plant and equipment (note 4)	**445,909**	459,885	**2,458**	3,209
Depreciation of rights-of-use assets (note 5(a))	**64,420**	65,177	**-**	-
Depreciation of operating equipment (note 6)	**8,492**	3,365	**-**	-
Amortisation of intangible assets (note 7)	**8,346**	33,292	**6,382**	30,945
	527,167	561,719	**8,840**	34,154

29. IMPAIRMENT OF FINANCIAL AND NON-FINANCIAL ASSETS

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

Accounting policy

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

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

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

(b)

	Cash generating unit/ Company	Reportable segment	THE GROUP		THE COMPANY	
			2023	2022	**2023**	2022
			Rs'000	Rs'000	**Rs'000**	Rs'000
Impairment reversals/(charges) on non-financial assets:						
- Property, plant and equipment (note 4)	Long Beach resort	Mauritius	**-**	3,179	**-**	-
- Inventories	Retail operations	Mauritius	**9,652**	8,492	**-**	-
- Investment in subsidiaries (note 8)			**-**	-	**(63,492)**	-
Impairment reversals/(charges) on financial assets:						
- Other investments (note 11)			**-**	(5,550)	**-**	(5,550)
- Trade receivables (note 14)			**56**	4,695	**-**	-
- Amount receivables from related parties (note 35)			**-**	-	**101,242**	118,818
			9,708	10,816	**37,750**	113,268

Long Beach Resort

During the year ended 30 June 2022, following a valuation exercise carried out by an independent valuer based on the depreciated replacement cost basis, a reversal of impairment losses of Rs 3.2m was recognised.

30. NET FINANCE (COSTS)/INCOME

Accounting policy

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

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

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
FINANCE COSTS				
Interest costs on bank and other loans	**(310,744)**	(327,197)	**(131,832)**	(185,125)
Interest charges on lease liabilities	**(108,477)**	(111,759)	**(336)**	(4,573)
Cash flow hedge release to Profit or Loss on repayment of loans	**(35,100)**	(44,836)	**-**	-
Net foreign exchanges losses	**-**	(3,917)	**-**	(6,400)
	(454,321)	(487,709)	**(132,168)**	(196,098)
FINANCE INCOME				
Interest received on:				
- Bank deposits	**38,601**	8,382	**-**	-
- Loan to subsidaries	**-**	-	**88,026**	133,843
Net foreign exchanges gains	**240,764**	49,892	**147,610**	136,347
	279,365	58,274	**235,636**	270,190

31. EARNINGS PER SHARE

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Profit attributable to equity holders of the Company	**1,467,491**	185,704
Weighted average number of ordinary shares (thousand)	**174,364**	174,427
Basic and diluted earnings per share (Rs)		
Basic and diluted earnings per share attributable to equity holders of the Company	**8.42**	1.06

Basic and diluted earnings per share is calculated by dividing profit for the year attributable to ordinary equity owners of the Company by the number of shares in issue excluding treasury shares. After the reporting period, no ordinary shares (2022: Nil) have been issued for cash; however, the earnings per share amount was not adjusted for such transaction occurring after the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the period.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

32. DIVIDENDS PER SHARE

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

	THE GROUP AND THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Amount recognised as distributions to equity holders in the year:		
Final dividend payable for year ended 30 June 2023 of Rs 2.00 per share (2022: Nil)	**348,728**	-

33. CASH FLOW INFORMATION

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
(i) Movement in working capital	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Inventories	**(26,485)**	(320)	**-**	-
Trade and other receivables	**(148,304)**	(216,026)	**537,438**	(42,738)
Trade and other payables	**111,477**	695,097	**440,361**	591,623
Contract liabilities	**(3,495)**	(4,659)	**-**	-
Movement in working capital	**(66,807)**	474,092	**977,799**	548,885

(ii) Cash and cash equivalents

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and short-term deposits	**1,822,217**	1,582,833	**802,740**	769,565
Bank overdrafts (note 18)	**-**	(2,119)	**-**	-
	1,822,217	1,580,714	**802,740**	769,565

Included in cash and cash equivalents is an amount of Rs 60m relating to restricted cash (2022: Rs 60m).

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

33. CASH FLOW INFORMATION (CONT'D)

(iii) Net debt reconciliation

	Other assets	Liabilities from financing activities		
	Cash/Bank overdraft	Loans and other borrowings	Leases liabilities	Total
	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP				
Net debt as at 1 July 2021	1,547,858	(8,635,371)	(1,790,478)	(8,877,991)
Net cash inflows	32,856	1,413,793	107,755	1,554,404
Amortised cost on borrowings	-	(17,376)	-	(17,376)
Other non cash movement	-	-	(117,256)	(117,256)
Foreign exchange adjustments	-	396,188	17,571	413,759
Net debt as at 1 July 2022	1,580,714	(6,842,766)	(1,782,408)	(7,044,460)
Net cash inflows	241,503	1,793,828	195,275	2,230,606
Amortised cost on borrowings	-	(139)	-	(139)
Other non cash movement	-	-	(112,827)	(112,827)
Foreign exchange adjustments	-	(220,804)	(13,073)	(233,877)
Net debt as at 30 June 2023	**1,822,217**	**(5,269,881)**	**(1,713,033)**	**(5,160,697)**
THE COMPANY				
Net debt as at 1 July 2021	894,553	(4,724,538)	(129,647)	(3,959,632)
Net cash (outflows)/inflows	(124,988)	910,118	-	785,130
Amortised cost on borrowings	-	(8,777)	-	(8,777)
Other non-cash movements	-	-	102,865	102,865
Foreign exchange adjustments	-	99,242	-	99,242
Net debt as at 1 July 2022	769,565	(3,723,955)	(26,782)	(2,981,172)
Net cash inflows	33,175	1,202,355	-	1,235,530
Other non-cash movements	-	-	26,782	26,782
Foreign exchange adjustments	-	(58,058)	-	(58,058)
Net debt as at 30 June 2023	**802,740**	**(2,579,658)**	**-**	**(1,776,918)**

**Loans and other borrowings exclude accrued interests*

(iv) In 2022, the purchase of property, plant and equipment included in the Statements of cash flows included an amount of Rs 30m relating to payment of retention money for Sugar Beach renovation in FY21.

(v) Loan (granted)/repaid under net cash flows (used in)/from investing activities for the Company includes an amount of Rs 694m as non-cash transaction with subsidiaries (2022: Rs Nil).

(vi) Proceeds from borrowings under net cash flows used in financing activities for the Company includes an amount of Rs 655m as non-cash transaction with a subsidiary (2022: Rs Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

34. COMMITMENTS

Capital commitments	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Authorised and contracted for	139,836	64,767	5,983	-

The capital commitments relate mainly to project and maintenance capex (2022: renovation Anahita Hotel Limited).

35. RELATED PARTY TRANSACTIONS

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Sales of goods and services				
Subsidiaries and associates of parent	26,632	48,281	-	-
Subsidiaries	-	-	225,515	156,757
	26,632	48,281	225,515	156,757
(b) Interest income				
Subsidiaries	-	-	88,026	133,843
(c) Dividend income				
Subsidiary	-	-	149,750	-
Associate	-	-	27,118	107,438
(d) Purchases of goods and services				
Subsidiaries and associates of parent	39,975	32,501	3,383	3,318
(e) Legal and secretarial service fees				
Subsidiaries and associates of parent	23,795	10,041	2,974	1,255

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

(g) Compensation	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Key management personnel	Rs'000	Rs'000	Rs'000	Rs'000
- Short-term benefits	72,003	38,761	65,985	32,180
- Post-employment benefits	6,735	4,970	5,475	4,530
	78,738	43,731	71,460	36,710
(h) Lease from other related party				
Right-of-use assets	166,645	176,496	-	-
Lease liabilities	196,040	202,858	-	-
Rental payment	18,000	15,825	-	-
Rental amount waived	-	3,375	-	-

35. RELATED PARTY TRANSACTIONS (CONT'D)

(i) Outstanding balances

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Receivables from related parties: Non current				
Loan to subsidiaries (note 12)	-	-	293,000	1,733,317
	-	-	293,000	1,733,317
Finance lease receivables:				
Subsidiary company	-	-	-	19,911

- Loans to related parties are unsecured, with no fixed terms of repayment and carries interest at 6.75% (2022: 6.25%) per annum.

	THE GROUP 2023 Rs'000	THE GROUP 2022 Rs'000	THE COMPANY 2023 Rs'000	THE COMPANY 2022 Rs'000
Receivables from related parties - Current				
Subsidiaries and associates of parent	56,508	10,634	444	426
Subsidiaries	-	-	107,218	538,131
Total amounts due from related parties (note 14)	56,508	10,634	107,662	538,557

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Impairment reversals/(charges) on receivables from related parties:				
- Ambre Resort Ltd	-	-	(74,218)	(115,643)
- SRL Kanuhura Ltd	-	-	11,213	234,149
- Sun*life* Hotel Management Ltd (Previously known as Sun Resorts Hotel Management Ltd)	-	-	194,407	(8,992)
- Others	-	-	(30,160)	3,754
	-	-	101,242	113,268

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Loans and other borrowings				
Loan from subsidiary (note 18)	-	-	1,630,000	700,000
Loans from minority shareholder of subsidiary	-	9,964	-	-
	-	9,964	1,630,000	700,000
Payables to related parties - current				
Subsidiaries and associates of parent	3,301	60,003	3,024	10,451
Subsidiaries	-	-	1,245,863	2,332,414
Minority shareholder of subsidiary	13,635	6,583	-	-
Other related parties	-	7,238	-	-
	16,936	73,824	1,248,887	2,342,865

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

35. RELATED PARTY TRANSACTIONS (CONT'D)

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

Refer to note 12(a)

(k) Pension contributions to pension plan - Please refer to note 20.

36. CONTINGENT LIABILITIES

The Group had no other contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business as at 30 June 2023.

37. EVENTS AFTER THE REPORTING PERIOD

The following events occurred between the balance sheet date and the date on which the financial statements are approved by the Board of Directors:

(i) A wholly owned subsidiary of Sun Limited has declared a first interim dividend of Rs 400m on 28 August 2023 to be distributed in September 2023.

(ii) SRL Maldives Limited, a company registered in Seychelles, has been struck off effective 28 August 2023.

The above events are non-adjusting events at balance sheet date.

38. ULTIMATE PARENT COMPANY

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

39. FINANCIAL INSTRUMENTS

Accounting policies

Financial Assets

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

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

Categories of Financial assets	Initial recognition	Subsequent recognition
Amortised Cost (Debt Instrument)	*A financial asset is measured at amortised cost if it meets both of the following conditions and is not elected to be designated as FVTPL:* • *It is held within a business model whose objective is to hold assets to collect contractual cash flows, and* • *Its contractual terms give rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.*	*These assets are subsequently measured at amortised cost using the effective interest (EIR) method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss as they are incurred. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired. This category is the most relevant to the Group. It includes loans and receivables.*

39. FINANCIAL INSTRUMENTS (CONT'D)

Accounting policies (cont'd)

Financial Assets (cont'd)

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

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

Derecognition

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

Impairment of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

39. FINANCIAL INSTRUMENTS (CONT'D)

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Borrowings and finance lease obligations

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

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

Derecognition

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

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

Cash and cash equivalents

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

39.1 Capital management

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

The capital structure of the Group consists of interest-bearing loans and borrowings net of cash and cash equivalents and equity attributable to equity owners of the parent, comprising retained earnings, stated capital, redeemable convertible bonds from MIC and reserves as disclosed in notes 15 to 17 respectively.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Capital management (cont'd)

Gearing ratio

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

The gearing ratio at the year end was as follows:

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Debt (Note (i))	6,982,914	8,627,293	2,579,658	3,750,737
Cash and short term deposits	(1,822,217)	(1,582,833)	(802,740)	(769,565)
Net debt	5,160,697	7,044,460	1,776,918	2,981,172
Net debt excluding IFRS 16 Leases	3,447,664	5,262,052	1,776,918	2,954,390
Capital employed ((Note (ii))	16,930,792	16,884,784	19,550,094	18,193,367
Capital employed excluding IFRS 16 Leases	15,217,759	15,102,376	19,550,094	18,166,585
Gearing ratio (Note (iii))	22.7%	34.8%	9.1%	16.3%

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

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

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

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

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 40 to the financial statements.

39.2 Categories of financial instruments

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Financial assets	Rs'000	Rs'000	Rs'000	Rs'000
Amortised Cost				
Cash and short term deposits	1,822,217	1,582,833	802,740	769,565
Trade and other receivables	507,623	410,559	118,014	574,132
Other financial assets	13,995	16,920	306,995	1,750,237
	2,343,835	2,010,312	1,227,749	3,093,934
Assets at Fair Value Through Other Comprehensive Income				
Other investments	166,287	165,502	-	-
Interest in subsidiaries	-	-	20,604,903	18,057,235
	166,287	165,502	20,604,903	18,057,235
Financial liabilities				
Amortised Cost				
Loans and other borrowings	5,317,285	6,891,965	2,586,200	3,745,510
Lease liabilities	1,713,033	1,782,408	-	26,782
Trade and other payables	1,669,372	1,338,602	1,462,719	2,479,753
	8,699,690	10,012,975	4,048,919	6,252,045

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 Financial risk management (cont'd)

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

39.4 Market risk

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

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

39.5 Foreign currency risk management

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

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and employee benefit liability at 30 June 2023 and 30 June 2022, are as follows:

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 Foreign currency risk management (cont'd)

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
US Dollar	67,621	250,533	29,559	200,860
Euro	806,186	4,508,151	460,659	1,223,297
South African Rand	250,307	59,813	1,872	-
UK Pound	365,225	152,738	196,850	-
Others	282	-	240	-
Total foreign currencies	1,489,621	4,971,235	689,180	1,424,157
Mauritian Rupee	520,691	5,041,740	2,404,754	4,827,888
Total	2,010,312	10,012,975	3,093,934	6,252,045

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

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Increase/(decrease) in pre-tax results:	Rs'000	Rs'000	Rs'000	Rs'000
US Dollar	(217)	(1,829)	(0)	(1,713)
Euro	(33,442)	(37,020)	626	(7,626)
South African Rand	1,252	1,905	117	19
UK Pound	919	2,125	925	1,969
Others	4	3	-	-

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

The above is mainly attributable to:

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

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

39.6 Interest rate risk management

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

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

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

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

Financial assets

	Balances with banks Interest rate	
	2023	2022
	%	%
South African Rand	8.44	4.94
Mauritian Rupee	3.10	0.65

39. FINANCIAL INSTRUMENTS (CONT'D)

39.6 Interest rate risk management (cont'd)

Financial liabilities

	Loans		Lease Liabilities		Bank overdrafts		Bonds	
	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
	%	%	%	%	%	%	%	%
2023								
Mauritian Rupee	1.5	6.12	2.20 - 7.05	N/A	N/A	4.50 - 6.75	N/A	5.53
US Dollar	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Euro	5.52	5.27	5.00	N/A	N/A	N/A	2.78	4.55
GBP	N/A	7.50	N/A	N/A	N/A	N/A	N/A	N/A
2022								
Mauritian Rupee	1.5	4.82	2.20 - 7.05	N/A	N/A	4.16 - 5.20	6.5	3.95
US Dollar	3	1.94	N/A	N/A	N/A	N/A	N/A	N/A
Euro	N/A	3.76	5.00	N/A	N/A	N/A	2.63	3.7
GBP	N/A	4.72	N/A	N/A	N/A	N/A	N/A	N/A

Interest rate sensitivity analysis

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

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

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	(29,394)	(45,245)	(8,500)	(19,103)

39.7 Other price risks

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

Equity price sensitivity analysis

If equity prices had been 1% higher/lower:

- Profit for the year ended 2023 and 2022 would have been unaffected as the equity investments are classified at fair value through other comprehensive income.
- Other equity reserves would increase/decrease by Rs 1.7m (2022: Rs 1.7m) for the Group and Rs Nil (2022: Rs Nil) for the Company respectively as a result of the changes in equity investments classified at fair value through other comprehensive income.

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements. Further details are disclosed in note 3.

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

Liquidity and interest risk tables

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

Non derivative financial instruments

	THE GROUP				
	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2023					
Non-interest bearing		**1,669,372**	**-**	**-**	**1,669,372**
Variable interest rate instruments	**4.55% - 6.12%**	**799,029**	**2,184,972**	**676,833**	**3,660,834**
Fixed interest rate instruments	**1.5% - 7.05%**	**492,715**	**2,496,723**	**4,654,816**	**7,644,254**
		2,961,116	**4,681,695**	**5,331,649**	**12,974,460**
2022					
Non-interest bearing		1,338,602	-	-	1,338,602
Variable interest rate instruments	3.9%	1,012,657	2,959,524	1,144,987	5,117,168
Fixed interest rate instruments	1.5% - 7.05%	765,151	2,534,718	4,248,261	7,548,130
		3,116,410	5,494,242	5,393,248	14,003,900

	THE COMPANY				
	Average effective interest rate	Less than 1 year	1-5 years	5+ years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000
2023					
Non-interest bearing		**1,462,719**	**-**	**-**	**1,462,719**
Variable interest rate instruments	**5.5%**	**411,277**	**441,466**	**168,529**	**1,021,272**
Fixed interest rate instruments	**1.5% - 3.3%**	**114,312**	**256,500**	**1,683,303**	**2,054,115**
		1,988,308	**697,966**	**1,851,832**	**4,538,106**
2022					
Non-interest bearing		2,479,753	-	-	2,479,753
Variable interest rate instruments	3.7%	682,310	1,043,898	360,293	2,086,501
Fixed interest rate instruments	1.5% - 6.0%	147,120	1,090,511	813,750	2,051,381
		3,309,183	2,134,409	1,174,043	6,617,635

39. FINANCIAL INSTRUMENTS (CONT'D)

39.9 Credit risk management

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

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

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

39.10 Fair value of financial instruments

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

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

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

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

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

40. DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS

Accounting policies

Derivative financial instruments

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

Hedge accounting

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

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

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

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

Accounting policies (cont'd)

Hedge accounting

A hedging relationship exists where:

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

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

Cash Flow Hedge

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

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

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

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

Significant judgements

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

To apply hedge accounting, a condition is that the forecast transaction must be "highly probable". The Group has applied judgement in assessing whether the forecasted foreign currency revenue remain "highly probable", still expected to occur or is no longer expected to occur. In making this assessment, the Group has considered the most recent budgets and plans and concluded that cash flows occuring as from July 2023 are considered as highly probable. This led to hedging effectiveness and no impact to the profit or loss of the Group was recorded (2022: Rs Nil).

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

At the time of reporting, management has identified:

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

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

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

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At 1 July	**(114,872)**	(533,313)
Revaluation (losses)/gains on loan recognised in other comprehensive income	**(204,953)**	462,787
Cash flow hedge reserve released to profit or loss on repayment of loan included in finance cost	**34,668**	(44,346)
At 30 June	**(285,157)**	(114,872)

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

THE GROUP	Within 1 year	1 to 3 years	3 to 5 years	More than 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
Cash inflows	**345,582**	**1,485,553**	**1,435,873**	**1,006,063**
Cash outflows	**(345,582)**	**(1,485,553)**	**(1,435,873)**	**(1,006,063)**
Net cash outflows	**-**	**-**	**-**	**-**
2022				
Cash inflows	803,083	1,333,405	1,347,851	922,465
Cash outflows	(803,083)	(1,333,405)	(1,347,851)	(922,465)
Net cash outflows	-	-	-	-

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

The final repayment of the bank loans and bonds identified as the hedge instrument range from 13 January 2025 to 23 March 2032 for the Group and on 30 May 2029 for the Company.

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

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
As at 30 June	**5,269,881**	6,842,766	**2,579,658**	3,723,955

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

41. SEGMENT INFORMATION

The Group is organised into two business services, that is, hotel operations and other hospitality management services, with majority of the services being carried out in Mauritius. The Group is therefore not required to disclose segmental information as the hotel operations constitute more than 90% of its total revenue, operating profit, profit after tax and combined assets at 30 June 2023.