

# **Scott Investments Ltd**

## **Annual Report & Financial Statements**

**Year ended 30 September 2018**

**Scott Investments Ltd**  
**Annual report & financial statements for the Year ended 30 September 2018**

---

| <b><u>Table of contents</u></b>  | <b><u>Page</u></b> |
|--|--------------------|
| Annual Report  | 1(i) – 1(ii)       |
| Corporate Governance Report  | 2(i) - 2(xiii)     |
| Statement of Compliance  | 2(xiv)             |
| Statement of Directors' Responsibility   | 2(xv)              |
| Secretary's Certificate  | 3                  |
| Report of the Independent Auditors to the Shareholders of <b>Scott Investments Ltd</b> | 4                  |
| Statements of Financial Position   | 5                  |
| Statements of Profit or Loss & Other Comprehensive Income                              | 6                  |
| Statements of Changes in Equity  | 7                  |
| Statements of Cash Flows   | 8                  |
| Notes  | 9 - 43             |

## Scott Investments Ltd

### Annual Report for the Year ended 30 September 2018

---

The directors have the pleasure in submitting the Annual Report of **Scott Investments Ltd** together with the audited financial statements for the year ended 30 September 2018.

#### Principal activities

The main continuing business activities of the Group consist of

- Holding of investments
- Distribution of consumer goods
- The import of pharmaceutical products for sale on the domestic market
- Trading in audio visual equipment, home appliances and sundry goods
- Distribution of Nespresso products
- Investment property for rental & capital appreciation.
- Manufacturing, processing and bottling of fruit juices

#### Directors

The directors of the Company holding office at 30 September 2018 were as follows:-

- Mr Timothy Taylor (chairman)
- Mr Marc Lagesse
- Mr Matthew Taylor
- Mrs Fiona Taylor
- Mr Howard Buttery
- Mr Sebastian Taylor

#### Directors' service contracts

The directors have no service contract with the Company or its subsidiaries.

|   | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 |
|---|-----------------------|-----------------------|
| <b>Directors' remuneration and benefits</b>                                     |                       |                       |
| Remuneration and benefits paid by the Company to directors of the company       | <u>3,166</u>          | <u>4,590</u>          |
| Remuneration and benefits paid by subsidiaries to directors of the subsidiaries | <u>6,954</u>          | <u>12,226</u>         |
| <b>Political donations</b>  |                       |                       |
| Political donations made by the Company and its subsidiaries                    | <u>Nil</u>            | <u>Nil</u>            |

**Scott Investments Ltd**  
**Annual Report for the Year ended 30 September 2018**

---

**Auditors' remuneration**


|                                   | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 |
|-----------------------------------|-----------------------|-----------------------|
| Fees payable to Cays Associates   |                       |                       |
| • Audit services for the Company  | <u>275</u>            | <u>250</u>            |
| • Audit services for the Group    | <u>1,839</u>          | <u>1,720</u>          |
| • Internal audit for subsidiaries | <u>932</u>            | <u>706</u>            |
| • Other Services                  | <u>75</u>             | <u>470</u>            |

14 MAR 2019

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



Director



Director

Port Louis  
Republic of Mauritius.

Date



**Scott Investments Ltd****Corporate Governance Report – Year ended 30 September 2018**

---

**Scott Investments Ltd** (SIL or the Company') is classified as a public interest entity under the Financial Reporting Act and is required to adopt corporate governance practices in keeping with the National Code on Corporate Governance for Mauritius 2016 (the "Code").

SIL through this Corporate Governance Report explains the Corporate Governance Framework in place and application of the new Code of Corporate Governance (2016).

SIL is an investment company and all business operations are carried at the level of its subsidiaries and associates. In turn, the subsidiaries and associates qualifying as Public Interest Entities apply the Principles of the new Code at their level.

**1. Performance**

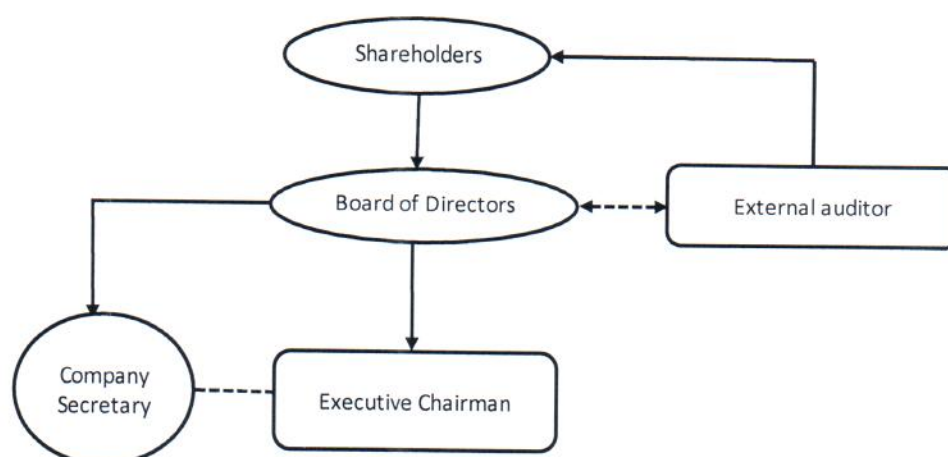
The Company achieved a satisfactory performance in terms of a growth in revenue of 19% compared to last year. Profit After Tax was Rs182,236k as compared to Rs106,769k for the last financial year.

**2. Governance Structure**

The Company is headed by a unitary Board of Directors which leads and controls the organisation, ensure that it meets legal and regulatory requirements and is responsible for its sustainability.

SIL is held by family members who are well represented on the Board.

SIL has in place a lean Organisational Structure with a Board of Directors, Management and External Audit functions with clear lines of responsibilities as illustrated in the table below:



## Scott Investments Ltd

**Corporate Governance Report – Year ended 30 September 2018**

The Board has adopted a Board Charter and a Code of Ethics as disclosed on the Company's website. Given the Company's lean operational structure, the Board has elected an Executive Chairman and validated his position statement as comprised in the Board Charter. The Board has also validated the position statement of the Company Secretary and the Statement of Accountabilities as illustrated in the graph above.

The constitution of the Company is in line with the Companies Act 2001 and provides restrictions and limitations on the transfer of Shares and for nominated directors.

**3. Board and Committees**

The Board of Directors comprising of six directors, two executives, two non-executive and two independent, meets:

- to review the overall governance, management & performance of the Company,
- to approve its long term objectives and strategy,
- to look at corporate governance issues.,

The Board is of opinion that its composition is well balanced in terms of expertise, skills, knowledge, independence and gender to properly discharge its duties.

Board attendance and Category in which directors fall are found hereunder:

| <b>Name of Director</b>                  | <b>Category</b> | <b>Board Meeting</b> | <b>Reside in</b> |
|--|-----------------|----------------------|------------------|
| Mr, Howard John Buttery                  | Independent     | 3 of 3               | South Africa     |
| Mr. Marc Lagesse (as from 27/04/2018)    | Independent     | 3 of 3               | Mauritius        |
| Mr. Timothy Taylor                       | Executive       | 3 of 3               | Mauritius        |
| Mr. Alexander Matthew Taylor             | Non-Executive   | 3 of 3               | Mauritius        |
| Mrs Fiona Melissa Taylor                 | Non-Executive   | 3 of 3               | Mauritius        |
| Mr Sebastian Taylor (as from 22/02/2018) | Executive       | 3 of 3               | Mauritius        |

All directors reside in Mauritius save for Mr Buttery who resides in South Africa. Directors' profiles are found on pages 2(x) to 2(xi) of the report.

The Board has three scheduled meetings each year during which it:

- examines all statutory matters;
- reviews the Company's performance;
- approves the Company's budget;
- monitors revised forecasts;
- approves the audited financial statements;
- oversees governance issues relating to the Company and its subsidiaries
- considers the declaration of interim and final dividends; and

## Scott Investments Ltd

### Corporate Governance Report – Year ended 30 September 2018

---

- examines any proposed changes to capital structure and significant acquisitions, mergers, disposals and capital expenditure.

In addition, the Board meets whenever necessary between scheduled meetings to discuss urgent business. Certain decisions are taken by way of written resolutions.

#### Board Committees

The board of SIL considered that the setting up of board committees was not warranted as board committees were functioning at the subsidiaries level that is by Scott & Co Ltd and The Brand House Ltd which were carrying out the Group's main activities. All other corporate governance issues are taken by the board of SIL and by the board of The Brand House Ltd as far as this subsidiary is concerned.

#### 4. Directors Appointment Procedures

The shareholding structure of the Company is composed only of family members and all of whom are represented on the board of Company. The Board is responsible for the process of identifying suitable candidates to be proposed to the approval of the Shareholders according to set criteria.

Given the family ownership structure, non-executive and executive directors are appointed for an indefinite period and until otherwise resolved by the shareholders. Independent non-executive directors are appointed for an indefinite period but could be considered no longer independent if his/her tenure exceeds nine years. The Board would ensure that any newly appointed director would follow an induction programme to get acquainted with the organisation and be able to fulfil his duties promptly.

Moreover the Board review now and then the needs for professional development of directors and senior management, and identify training programmes of interest to them.

The Board is aware of its responsibility in respect of succession planning of key governance positions.

#### Company Secretary

ECS Secretaries Ltd, providing secretarial services to domestic companies for more than two decades and employing secretaries qualified as per the Companies Act 2001, is the corporate secretary of the Company. Board had validated the position statement of the Company Secretary embodied in the Board Charter.



Scott Investments Ltd

**Corporate Governance Report – Year ended 30 September 2018**

---

**5. Directors Duties, Remuneration and Performance**

Directors are aware of their legal duties including disclosure of any potential source of conflicts of interest and have adopted a Conflicts of Interest and Related Party Transaction Policy. Declaration of directors as regards the latter are recorded on a Register of Interest kept by the Company Secretary. For disclosure of related-party transactions, please refer to Note 34 of the Financial Statements.

Moreover a Code of Ethics had been adopted at the Company's level.

**Information**

Directors receive relevant and accurate information to be able to take informed decisions during board meetings.

The Board also has the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required.

**Information Technology and Information Security Governance**

SIL has adopted the Information Security Policy implemented by its subsidiary The BrandHouse Ltd.

A summary of the Company is available on the website [www.thebrandhouse.mu](http://www.thebrandhouse.mu).

**Remuneration policy**

The remuneration package of the executive director is paid in accordance with market rates whilst non-executive directors are paid a monthly fee.

Remuneration and benefits received and receivable from the Company and other related corporation were as follows:

|                  | 2018      |               |             | 2017      |               |             |
|------------------|-----------|---------------|-------------|-----------|---------------|-------------|
|                  | Executive | Non-Executive | Independent | Executive | Non-Executive | Independent |
| The Company      | 1,320,000 | 2,326,000     | 360,000     | 600,000   | 3,750,000     | 240,000     |
| The subsidiaries | 923,000   | 4,455,000     | 540,000     | 1,133,884 | 4,609,134     | 419,079     |
| TOTAL            | 2,243,000 | 6,781,000     | 900,000     | 1,733,884 | 8,359,134     | 659,079     |

The detailed remuneration per director has not been disclosed as such figures are commercially sensitive.

There are no share option schemes for directors at the level of the Company.

The Executive Chairman reviews on an annual basis the adequacy of directors' and senior executives' remuneration so that it reflects the market.

**Scott Investments Ltd****Corporate Governance Report – Year ended 30 September 2018**

---

Non-Executive directors have not received remuneration in the form of share options or bonuses associated with organisational performance.

Directors and senior management are covered by Directors and Officers Indemnity insurance.

Evaluation of the board and members will be undertaken every 3 years.

**Directors' Interests and Dealings in Shares**

The Company is not listed on the Stock Exchange of Mauritius. There were no dealings in share of the Company during the year under review.

**Directors' Interests as at 30 September 2018**

|                          | <u>% Direct holding</u> | <u>% Indirect holding</u> |
|--------------------------|-------------------------|---------------------------|
| Timothy Taylor           | -                       | 32%                       |
| Alexander Matthew Taylor | -                       | 4%                        |
| Fiona Melissa Taylor     | -                       | 4%                        |
| Howard John Buttery      | -                       | -                         |
| Marc Lagesse             | -                       | -                         |
| Sebastian Taylor         | -                       | 4%                        |

**6. Risk Governance, Control and Audit****Preparation of financial statements & internal control**

The directors are responsible for ensuring that the financial statements are prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Internal Control, Internal Audit and Risk Management**

The Board is responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

The Board has appointed SmarTree Consulting Ltd to undertake a review of the internal control system and make recommendations as to any improvements that it deems necessary to safeguard shareholders' investments and the Company's assets, to identify, evaluate and manage risks that may impede the



**Scott Investments Ltd**

**Corporate Governance Report – Year ended 30 September 2018**

---

achievement of the Company's business objectives and can therefore provide reasonable assurance against material misstatement or loss.

Moreover, at the level of its subsidiaries, SmarTree Consulting Ltd has been retained to provide internal control services to Scott & Co Ltd and The Brandhouse Ltd. Please refer to the annual report of these entities for more details on their internal control and risk management framework.

**External auditors**

Cays Associates have expressed their willingness to continue as the Company's external auditors and, in accordance with the provisions of the Companies Act 2001, will be automatically reappointed in Annual Meeting of Shareholders.

Directors and Senior Management are aware of the importance of Ethics and Environment in managing and governing the Company and such matters are taken up by the Board as applicable.

**7. Corporate social responsibility, ethics and health & safety**

The Group is an equal opportunities employer and complies with health and safety laws and regulations.

The Company is committed to the highest standards of compliance with laws and regulations, integrity and ethics in dealing with all of its stakeholders.

The CSR activities of the Group are channelled through the Scott Smile Foundation.

Please refer to the annual reports of the operating subsidiaries for more information on this matter.

**8. Relations with shareholders and key stakeholders**

There is no shareholder's agreement in respect of the Company which affects its governance. .

The external stakeholders of the Company and the Group namely its customers, suppliers, the Government/Regulators and the public are reached via social media platforms such as Facebook and LinkedIn as well as via advertisements.. Regular channels of communication are also maintained with the regulators and the Government.

The next Annual Meeting of Shareholders ('AMS') of the Company is scheduled in March 2019 and the shareholders will receive the notice of the AMS at least 14 days prior to the meeting in accordance with law.

The Annual Report of the Company is available at the offices of Registrar of Companies.

## Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

---

**Holding structure**

The Company is a public company limited by shares. The shareholders holding more than 5% as at 30 September 2018 are:

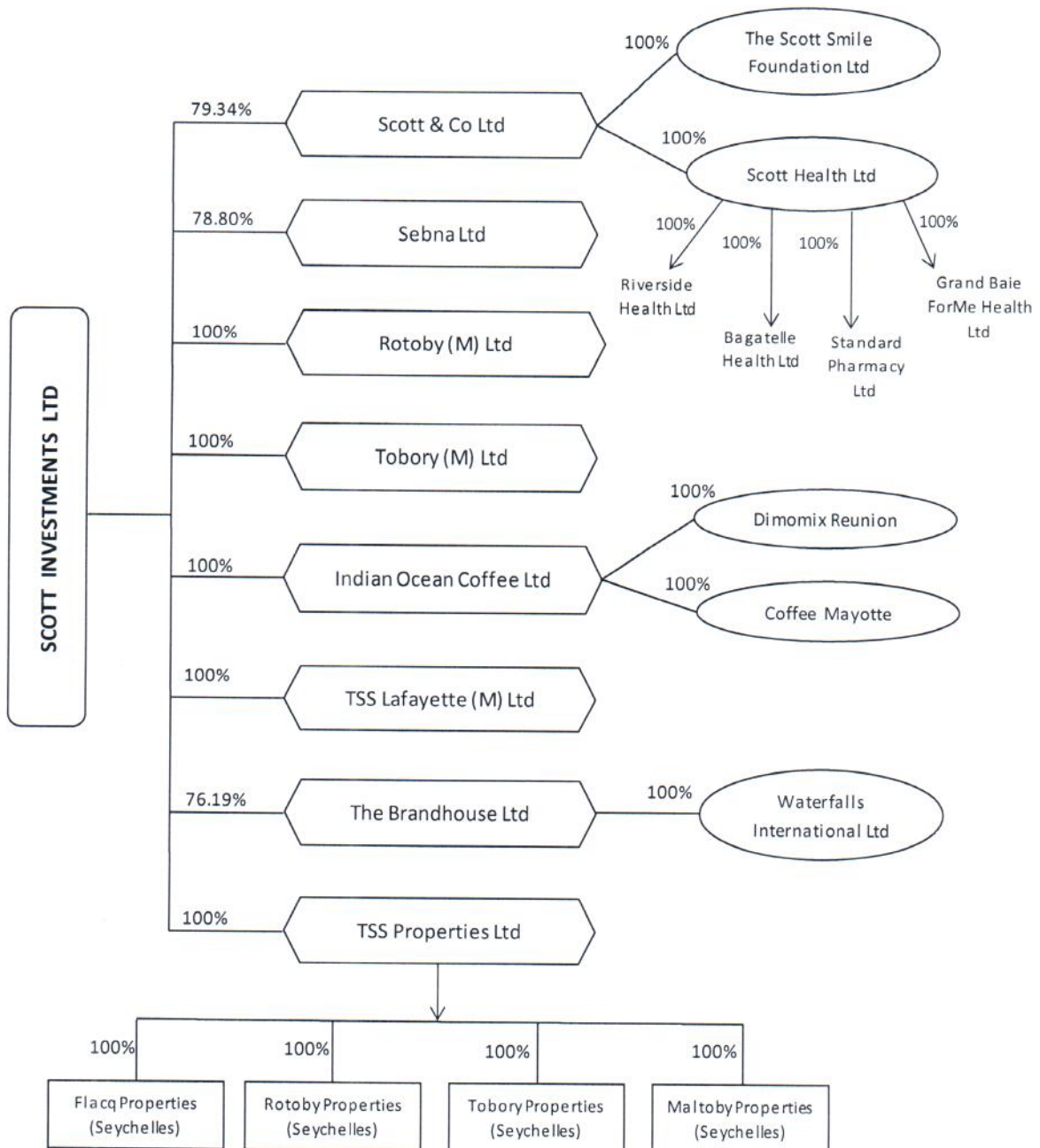
| <b>Name</b>   | <b>%</b> |
|---|----------|
| Societe Rotoby  | 35.79%   |
| TAYLOR, Estate Alexander Dennis   | 32.03%   |
| Sylvia Scott Taylor, Jean Margaret Taylor, Dorothy Crocker, Emma Louise Farrar as Trustees of <i>The Donald Alastair Taylor No 1 Discretionary Settlement</i> | 7.87%    |
| TAYLOR, Sarah Anne  | 5.96%    |
| Vorster, Danton I. Vorster, Peter D. Vorster and Irene M.   | 5.65%    |
| VORSTER, Mrs Dorothy  | 5.65%    |



Scott Investments Ltd

Corporate Governance Report – Year ended 30 September 2018

Cascade holding structure is as follows:



**Scott Investments Ltd****Corporate Governance Report – Year ended 30 September 2018**

---

**Management Services Agreement**

The Company has a Management Services contract with its subsidiary The Brand House Ltd for its day to day operations.

**Shareholders' Agreement**

The Company is not aware of any Shareholders' Agreement.

**Shareholder events and publications**

The key shareholder events and publications are as follows:

| <b>Report</b>                  | <b>Month</b> |
|--------------------------------|--------------|
| Publication of Annual Report   | March        |
| <b>Event</b>                   |              |
| Annual Meeting of Shareholders | March        |
| <b>Dividend Declaration</b>    |              |
| Interim                        | April        |
| Final                          | September    |
| <b>Dividend Payment</b>        |              |
| Interim                        | May          |
| Final                          | September    |

**Dividend Policy**

The Company has no formal dividend policy. Payment of dividends is subject to a solvency test under Companies Act 2001 and to the profitability of the Company, cash flow, working capital, foreseeable investments and capital expenditure requirements.

|                      | <b><u>2018</u></b> | <b><u>2017</u></b> |
|----------------------|--------------------|--------------------|
| <b>Dividend paid</b> | <b>Rs</b>          | <b>Rs</b>          |
| Interim              | 17,000,000         | 17,000,000         |
| Final                | 25,000,000         | 23,000,000         |

**Share price information**

As the Company is not listed on any stock exchange, share price information is not available.

**Scott Investments Ltd**

**Corporate Governance Report – Year ended 30 September 2018**

---

**Timothy TAYLOR**

*Executive Director and Chairperson*

Tim Taylor holds a BA (Hons) in Industrial Economics from Nottingham University in the United Kingdom. He worked in United Kingdom until 1972 when he returned to Mauritius and joined Rogers, a leading Mauritian Commercial and Services Group. He became Chief Executive of Rogers in 1999 and retired in December 2006. He became Chairman (non-executive) of Rogers in 2007, retiring in October 2012. He is currently Chairman (non-executive) of Scott & Co Ltd and a Director of Cim Financial Services Ltd. Mr Taylor is the Honorary Consul of Norway in Mauritius and a past Chairman of the Mauritius Chamber of Commerce and Industry. He is a past Chairman of the National Committee on Corporate Governance. He has always had an interest in environmental and conservation issues. He has been a member of the Council of the Mauritian Wildlife Foundation since 2006 and President since 2009.

*Directorships in listed companies: Cim Financial Services  
Vivo Energy Mauritius Ltd*

**Matthew TAYLOR**

*Non-Executive Director*

Matthew Taylor, born in 1974, holds a BSc (Hons) in Retail Management from the University of Surrey. He joined Rogers in 2000 as Project Manager in the Planning and Development Department. He is currently the Chief Executive Officer of Scott and Company Limited.

*Directorships in listed companies: Cim Financial Services Ltd*

**Howard John BUTTERY**

*Independent Director*

Howard Buttery was born in Durban, South Africa in 1946. After completing his studies and accounting articles he started his career with Bell Equipment Limited in March 1973 as Group Financial Director and was appointed as the Executive Chairman in 1977 a position he held until his retirement on the 30 June 2010. Howard also held the post as Chairman of Bank ABC where he served as a Director from 1<sup>st</sup> December 2004 to 31<sup>st</sup> December 2014. He has over 40 years of hands on experience in the forestry, mining, construction and sugar industries around the world. His particular interest is the development of trade between South Africa and the Sub Sahara African states. During his career he worked extensively in the West, Central and East African economies and served on a number of boards throughout this region. He is today the Executive Chairman of I.A. Bell & Company (Pty) Limited which holds the Bell family's investment in Bell Equipment Limited and a number of financial services companies. Howard continues to sit on the board of a number of private companies throughout the world and continues to make African inter-regional trade the centre of his interests.

Directorships in listed companies: none



## Scott Investments Ltd

### Corporate Governance Report – Year ended 30 September 2018

---

#### **Mrs Fiona Melissa Taylor**

*Non-Executive Director*

Fiona Taylor, born in 1982, holds a BA (Hons) in Sociology from the University of York, UK and a Masters in Advertising and Marketing from Leeds Business School, UK. She started her career with Beachcomber Hotels in London as Sales Executive and later became Sales Manager for the UK and Ireland. She moved to Mauritius in 2009 and worked for Scott & Co. Ltd then Northfields International High School. Today she runs a fishing fly business, Victoria Tackle Ltd, with her husband supplying to the European and American market.

*Directorships in listed companies: None*

#### **Marc Lagesse**

*Independent Director*

Marc Lagesse currently holds directorship in several companies operating in different sectors of the Mauritian economy. He was until recently the Chief Executive Officer of the Hertshten Group, a Mauritian based holding company with operations in 7 countries across the globe involved in international derivatives markets and property. Marc Lagesse was previously the CEO of MCB Capital Markets, part of the MCB Group where he spent 15 years. Marc Lagesse has a BSc in Statistics and Economics from University College London and an MBA from the London Business School.

*Directorships in listed companies: Medine Ltd, United Investments Limited and Excelsior United Development Companies Limited*

#### **Sebastian Taylor**

*Executive Director*

Sebastian Taylor graduated from the University of Western Australia with a Bachelor's degree in Arts majoring in Economics and Politics. He then went onto complete a Master's in Business degree at Bond University. He started his career at Quilter Cheviot Investment Management in London where he assisted with the management of investment portfolios for private clients, trusts and charities. In 2018, he returned to Mauritius and became Investment Manager for Scott Investments

*Directorships in listed companies: none*

### **Other Statutory Requirements (section 221 of the Companies Act 2001)**

#### **Directors' Service Contracts**

Two directors have employment contracts with the Company.

#### **Donations**

Donations (excluding CSR) amounting to Rs 220k were made during the year by the Company. The Company made no political donations for the year under review.

#### **Directors of Subsidiaries of the Company as at 30 September 2018 are:**

## Scott Investments Ltd

## Corporate Governance Report – Year ended 30 September 2018

|                                | Mr Timothy Taylor | Mr Matthew Alexander Taylor | Mrs Fiona Melissa Taylor | Mr Howard John Buttery | Mr Pierre Arnaud Marc De Marigny Lagesse | Mr Charles Clovis Sui Fung Wong Yin Sang | Mr Luigi Peccini | Mr Sebastian Callum Taylor | Mr Jean Philippe Couve De Murville | Mr Richard Albert Hirsch |
|--------------------------------|-------------------|-----------------------------|--------------------------|------------------------|--|--|------------------|----------------------------|------------------------------------|--------------------------|
| Bagatelle Health Ltd           | √                 | √                           |                          | √                      |  | √  |                  |                            |                                    |                          |
| Grand Baie ForMe Health Ltd    | √                 | √                           |                          | √                      |  | √  |                  |                            |                                    |                          |
| Riverside Health Ltd           | √                 | √                           |                          | √                      |  | √  |                  |                            |                                    |                          |
| Scott and Co Ltd               | √                 | √                           |                          | √                      | √  | √  | √                | √                          |                                    |                          |
| Scott Health Ltd               | √                 | √                           |                          | √                      | √  | √  | √                | √                          |                                    |                          |
| Sebna Ltd                      | √                 | √                           |                          |                        |  |  |                  |                            | √                                  |                          |
| The Brandhouse Ltd             | √                 | √                           |                          | √                      |  | √  |                  |                            |                                    | √                        |
| The Scott Smile Foundation Ltd | √                 | √                           |                          |                        |  |  |                  |                            |                                    |                          |
| Waterfalls International Ltd   |                   | √                           |                          |                        |  | √  |                  |                            |                                    |                          |
| Indian Ocean Coffee Ltd        | √                 | √                           | √                        |                        |  |  |                  |                            |                                    |                          |
| Rotoby (M) Ltd                 | √                 | √                           | √                        | √                      |  |  |                  |                            |                                    |                          |
| Tobory (M) Ltd                 | √                 | √                           | √                        | √                      |  |  |                  |                            |                                    |                          |
| TSS Lafayette (M) Ltd          | √                 | √                           | √                        | √                      |  |  |                  |                            |                                    |                          |
| TSS Properties Ltd             | √                 | √                           | √                        | √                      |  |  |                  |                            |                                    |                          |

**Auditors' Fees**

The fees paid to the auditors were:

|                                  | <u>Group</u>          |                       | <u>Company</u>        |                       |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                  | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 |
| Cays Associates                  |                       |                       |                       |                       |
| - External audit                 | 1,839                 | 1,720                 | 275                   | 250                   |
| - Internal audit of subsidiaries | 932                   | 706                   | 932                   | 706                   |
| - Other Services                 | 75                    | 470                   | 75                    | 470                   |

Scott Investments Ltd

**Corporate Governance Report – Year ended 30 September 2018**

---

**Contracts of Significance**

During the year under review there was no contract of significance to which the Company or its subsidiaries were a party and in which a director of the Company was materially interested either directly or indirectly.

**ECS SECRETARIES LTD**

**Company Secretary**

*Charlie*

Date ..... **14 MAR 2019** .....



Scott Investments Ltd

**Corporate Governance Report – Year ended 30 September 2018**

---

**STATEMENT OF COMPLIANCE**

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

Name of Public Interest Entity: Scott Investments Ltd

Reporting Period: Year ended 30 September 2018

Throughout the year ended 30 September 2018 to the best of the Board’s knowledge Scott Investments Ltd has complied partially with the Corporate Governance Code for Mauritius (2016).

The areas of non-compliance are:

| Principle   | Areas of non-compliance   | Explanation  |
|-------------|---|--|
| Principle 2 | No Board Committees have been formed.   | Refer to paragraph 3 of the Corporate Governance report  |
| Principle 3 | Executive and Non-Executive directors are appointed until otherwise resolved by the shareholders. | Board and Shareholders considered this as appropriate given the family shareholding structure  |
| Principle 4 | Remuneration of Directors on an individual basis  | Please refer to Paragraph 5 of the Corporate Governance Report   |
| Principle 5 | Whistle blowing procedures  | Procedures are in place at the level of the subsidiaries where operations are conducted.   |
| Principle 7 | Internal Audit function   | Internal Audit Function is in place at level of subsidiaries given the lean operational structure of the Company.  |
| Website     | Publication of a website  | Due to the small scale of the organisational structure and the family ownership structure, a reduced list of documents has been published on the website |

Date **14 MAR 2019**  
  
 Director

  
 Director



**Scott Investments Ltd**  
**Corporate Governance Report for the year 30 September 2018**

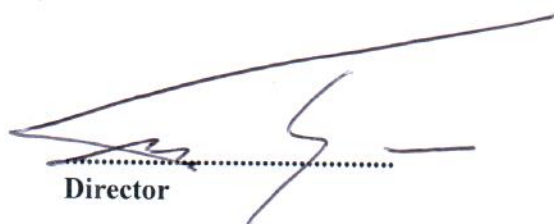
---

**Statement of Directors' Responsibilities in respect of financial statements**

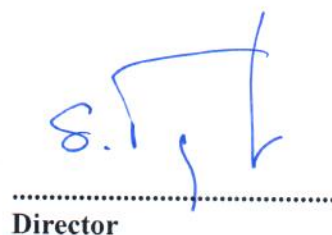
Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flow of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether International Financing Reporting Standards have been followed and complied with, subject to any material departures being disclosed and explained in the financial statements
- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Company will continue in business
- Keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company
- Ensure that the financial statements of the Group and the Company comply with the Companies Act 2001
- Safeguard the assets of the Group and the Company
- Take reasonable steps to prevent and detect fraud and other irregularities.
- Ensure that the code of corporate governance has been adhered to and reasons have been provided where there has not been compliance.

The directors confirm that they have complied with the above requirements in preparing the financial statements and that adequate accounting records and an effective system of internal control and risk management have been maintained.



.....  
Director



.....  
Director

**Scott Investments Ltd**  
**Secretary's Certificate for the Year ended 30 September 2018**

---

In our capacity as Company Secretary of **Scott Investments Ltd** (the "Company"), we hereby confirm that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, for the year ended 30 September 2018, all such returns, as are required, in terms of the Companies Act 2001.



Company Secretary

**ECS SECRETARIES LTD.**

Port Louis  
Republic of Mauritius.

Date **14 MAR 2019**

## Report of the Independent Auditors to the Shareholders of Scott Investments Ltd

---

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of **Scott Investments Ltd** which are made up of the consolidated financial statements (the Group) and of its separate financial statements (the Company) and which comprise the Statements of Financial Position as at 30 September 2018 and the Statements of Profit or Loss & Other Comprehensive Income, Statements of Changes of Equity and Statements of Cash Flows for the year then ended and a summary of significant accounting policies and other notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 2001.

#### *Basis of our opinion*

- We conducted our audit in accordance with International Standards on Auditing (ISAs). Refer to paragraph entitled '*Auditors' responsibilities for the audit of the financial statements*' below.
- We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements (in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)).
- We have fulfilled our other ethical responsibilities in accordance with these requirements and
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of the directors of the Company*

The directors of the Company are responsible:

- for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, having no realistic alternative but to do so.

#### *Responsibilities of the auditors for the audit of the financial statements*

Our objectives are:

- to obtain reasonable assurance whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and
- to issue a report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## Report of the Independent Auditors to the Shareholders of Scott Investments Ltd

---

Refer to our website at: [www.caysassociates.com](http://www.caysassociates.com) for further details of our responsibilities forming part of this report.

### Report on other legal and regulatory requirements

#### *Companies Act 2001*

- We have no relationship with, or interest in, the Company, other than in our capacity as auditors and tax advisors and dealings in the ordinary course of business.
- We have obtained all the information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

#### *Financial Reporting Act 2004*

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



**Cays Associates**  
Public Accountants

— **C. Ah Yuk Shing FCCA**  
Licensed by FRC

Date: 14 MAR 2019

**Scott Investments Ltd**  
**Statements of Financial Position at 30 September 2018**

|   | Note       | Group                   |                         | Company                 |                         |
|---|------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |            | 2018<br>Rs'000          | 2017<br>Rs'000          | 2018<br>Rs'000          | 2017<br>Rs'000          |
| <b>Non-current assets</b>                           |            |                         |                         |                         |                         |
| Plant & equipment                                   | 7          | 160,824                 | 161,989                 | 1,210                   | -                       |
| Investment properties                               | 8          | 133,608                 | 138,550                 | -                       | -                       |
| Intangible assets                                   | 9          | 375,151                 | 286,089                 | -                       | -                       |
| Interests in subsidiaries                           | 10         | -                       | -                       | 638,811                 | 492,144                 |
| Investment in joint venture                         | 11         | 1,674,732               | 1,597,632               | 1,220,780               | 1,220,780               |
| Investment in associates                            | 12         | 13,492                  | 14,119                  | 9,759                   | 9,259                   |
| Investments in equity securities                    | 13         | 349,718                 | 330,200                 | 349,685                 | 330,167                 |
| Loans receivable                                    | 14         | 6,000                   | 9,000                   | 57,500                  | 72,500                  |
| Deferred tax assets                                 | 21         | 711                     | 1,041                   | -                       | -                       |
|   |            | <u>2,714,236</u>        | <u>2,538,620</u>        | <u>2,277,745</u>        | <u>2,124,850</u>        |
| <b>Current assets</b>                               |            |                         |                         |                         |                         |
| Inventories   | 15         | 1,033,717               | 1,142,111               | -                       | -                       |
| Trade & other receivables                           | 16         | 733,571                 | 706,102                 | 70,673                  | 163,921                 |
| Loans receivable                                    | 14         | 3,000                   | -                       | 38,082                  | -                       |
| Deposits receivable                                 | 17         | 129,657                 | 71,454                  | 129,657                 | 71,454                  |
| Tax prepaid   | 21         | -                       | -                       | -                       | 257                     |
| Cash at bank & in hand                              |            | 129,655                 | 284,793                 | 59,278                  | 137,567                 |
|   |            | <u>2,029,600</u>        | <u>2,204,460</u>        | <u>297,690</u>          | <u>373,199</u>          |
| <b>Current liabilities</b>                          |            |                         |                         |                         |                         |
| Bank overdrafts                                     | 18         | 281,542                 | 244,387                 | -                       | -                       |
| Loans payable                                       | 22         | 100,555                 | 152,448                 | -                       | -                       |
| Finance lease liabilities                           | 23         | 13,154                  | 12,210                  | -                       | -                       |
| Trade & other payables                              | 19         | 740,615                 | 928,854                 | 10,430                  | 4,492                   |
| Provisions  | 20         | 53,757                  | 47,378                  | -                       | -                       |
| Tax payable   | 21         | 9,409                   | 20,074                  | 5,202                   | -                       |
| Dividend payable                                    | Page 7(ii) | 25,000                  | 23,000                  | 25,000                  | 23,000                  |
|   |            | <u>1,224,032</u>        | <u>1,428,351</u>        | <u>40,632</u>           | <u>27,492</u>           |
| <b>Net current assets</b>                           |            | <u>805,568</u>          | <u>776,109</u>          | <u>257,058</u>          | <u>345,707</u>          |
|   |            | <u><b>3,519,804</b></u> | <u><b>3,314,729</b></u> | <u><b>2,534,803</b></u> | <u><b>2,470,557</b></u> |
| <b>Capital &amp; reserves</b>                       |            |                         |                         |                         |                         |
| Share capital                                       |            | 1,683                   | 1,693                   | 1,683                   | 1,693                   |
| Reserves  |            | 3,280,647               | 3,089,929               | 2,527,117               | 2,462,861               |
| <b>Equity attributable to owners of the Company</b> |            | <u>3,282,330</u>        | <u>3,091,622</u>        | <u>2,528,800</u>        | <u>2,464,554</u>        |
| Non-controlling interests                           |            | 144,168                 | 131,086                 | -                       | -                       |
|   | Page 7     | <u>3,426,498</u>        | <u>3,222,708</u>        | <u>2,528,800</u>        | <u>2,464,554</u>        |
| <b>Non-current liabilities</b>                      |            |                         |                         |                         |                         |
| Loans payable                                       | 22         | 47,556                  | 43,532                  | -                       | -                       |
| Finance lease liabilities                           | 23         | 24,006                  | 27,132                  | -                       | -                       |
| Employee benefit liabilities                        | 24         | 21,744                  | 21,357                  | 6,003                   | 6,003                   |
|   |            | <u>93,306</u>           | <u>92,021</u>           | <u>6,003</u>            | <u>6,003</u>            |
|   |            | <u><b>3,519,804</b></u> | <u><b>3,314,729</b></u> | <u><b>2,534,803</b></u> | <u><b>2,470,557</b></u> |

These financial statements were approved & authorised for issue by the Board of Directors on 14 MAR 2019

Director 

Director 



**Scott Investments Ltd**  
**Statements of Profit or Loss & Other Comprehensive Income**  
**for the Year ended 30 September 2018**

|  | Note   | Group          |                | Company        |                |
|--|--------|----------------|----------------|----------------|----------------|
|  |        | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| Revenue  | 25     | 5,019,527      | 4,692,897      | 45,981         | 38,501         |
| Cost of sales  | 26     | (4,075,655)    | (3,783,467)    | -              | -              |
| Gross profit   |        | 943,872        | 909,430        | 45,981         | 38,501         |
| Other income & gains   | 27     | 187,864        | 155,132        | 25,227         | -              |
| Dividend income  | 28     | 19,739         | 7,656          | 65,900         | 180,146        |
| Interest income  | 29     | 3,563          | 3,042          | 8,069          | 6,447          |
| Share of profit of joint venture                             | 11     | 93,100         | 540,067        | -              | -              |
| Share of (loss)/profit of associates                         | 12     | (867)          | 766            | -              | -              |
| Gain/(loss) on foreign exchange                              | 30     | 50,495         | 55,205         | (242)          | (10,409)       |
| Administrative & selling expenses                            | 31     | (966,843)      | (900,938)      | (26,156)       | (27,610)       |
| Other expenses & losses                                      | 32     | (13,821)       | -              | (3,000)        | -              |
| Interest cost  | 33     | (25,314)       | (18,729)       | (336)          | (243)          |
| Profit before tax  |        | 291,788        | 751,631        | 115,443        | 186,832        |
| Tax expense  | 21     | (33,806)       | (34,590)       | (8,674)        | (4,596)        |
| <b>Profit for the year</b>                                   | Page 7 | <b>257,982</b> | <b>717,041</b> | <b>106,769</b> | <b>182,236</b> |
| <b>Other comprehensive income</b>                            |        |                |                |                |                |
| <i>Items that may be reclassified to profit or loss</i>      |        |                |                |                |                |
| Share of other reserve of joint venture                      | 11     | (3,500)        | 12,050         | -              | -              |
| (Loss) on translation of associate                           | 12     | (260)          | (580)          | -              | -              |
| (Loss)/gain on translation of foreign companies              |        | (1,593)        | 947            | -              | -              |
| Gain on fair value of investment in equity securities        | 13     | 10,492         | 50,457         | 10,492         | 50,457         |
| <i>Items that will not be reclassified to profit or loss</i> |        |                |                |                |                |
| Remeasurement of employee benefit liabilities                | 24     | 3,023          | 2,191          | -              | (2,966)        |
| <b>Other comprehensive income</b>                            |        | <b>8,162</b>   | <b>65,065</b>  | <b>10,492</b>  | <b>47,491</b>  |
| <b>Comprehensive income for the year</b>                     |        | <b>266,144</b> | <b>782,106</b> | <b>117,261</b> | <b>229,727</b> |
| <i>Profit for the year attributable to</i>                   |        |                |                |                |                |
| Owners of the Company  |        | 235,531        | 683,656        |                |                |
| Non-controlling interests                                    |        | 22,451         | 33,385         |                |                |
|  |        | <b>257,982</b> | <b>717,041</b> |                |                |
| <i>Comprehensive income for the year attributable to</i>     |        |                |                |                |                |
| Owners of the Company  |        | 242,914        | 747,561        |                |                |
| Non-controlling interests                                    |        | 23,230         | 34,545         |                |                |
|  |        | <b>266,144</b> | <b>782,106</b> |                |                |

Scott Investments Ltd  
Statements of Changes in Equity for the Year ended 30 September 2018

7  
(i)

| Group  | Equity attributable to owners of the Company |                                     |  |                           |   |  |                             |                 |                                     |                        |
|--|--|-------------------------------------|--|---------------------------|---|--|-----------------------------|-----------------|-------------------------------------|------------------------|
|  | Stated capital*<br>Rs'000                    | Reserves of joint venture<br>Rs'000 | Exchange difference on translation of associate & foreign subsidiaries<br>Rs'000 | Treasury shares<br>Rs'000 | Remeasure ment employee benefit liabilities<br>Rs'000 | Fair value reserve - investment in equity securities<br>Rs'000 | Retained earnings<br>Rs'000 | Total<br>Rs'000 | Non-controlling interests<br>Rs'000 | Total equity<br>Rs'000 |
| <b>a 2017</b>  |  |                                     |  |                           |   |  |                             |                 |                                     |                        |
| At 01 October 2016                                     | 1,693  | 794,789                             | (1,977)  | -                         | (1,089)   | (19,711)   | 2,385,725                   | 111,990         | 2,497,715                           |                        |
| Profit for the year (page 6)                           | -  | -                                   | -  | -                         | -   | -  | 683,656                     | 33,385          | 717,041                             |                        |
| Other comprehensive loss for the year (page 6)         | -  | 12,050                              | 367  | -                         | 1,031   | 50,457   | -                           | 1,160           | 65,065                              |                        |
| Comprehensive income / (loss) for the year (page 6)    | -  | 12,050                              | 367  | -                         | 1,031   | 50,457   | 683,656                     | 34,545          | 782,106                             |                        |
| Consolidation adjustment                               | -  | -                                   | -  | -                         | -   | -  | -                           | -               | -                                   |                        |
| Non-controlling interests in new subsidiaries          | -  | -                                   | -  | -                         | -   | -  | -                           | (2,756)         | (2,756)                             |                        |
| Acquisition of additional shares in subsidiaries       | -  | -                                   | -  | -                         | (10)  | -  | (1,654)                     | 1,186           | (478)                               |                        |
| Dividends to non-controlling interests in subsidiaries | -  | -                                   | -  | -                         | -   | -  | (40,000)                    | (13,879)        | (13,879)                            |                        |
| Dividends (page 7 (ii))                                | -  | -                                   | -  | -                         | -   | -  | (40,000)                    | -               | (40,000)                            |                        |
| At 30 September 2017                                   | 1,693  | 806,839                             | (1,610)  | -                         | (68)  | 30,746   | 3,091,622                   | 131,086         | 3,222,708                           |                        |
| <b>b 2018</b>  |  |                                     |  |                           |   |  |                             |                 |                                     |                        |
| At 01 October 2017                                     | 1,693  | 806,839                             | (1,610)  | -                         | (68)  | 30,746   | 3,091,622                   | 131,086         | 3,222,708                           |                        |
| Profit for the year (page 6)                           | -  | -                                   | -  | -                         | -   | -  | 235,531                     | 22,451          | 257,982                             |                        |
| Other comprehensive loss for the year (page 6)         | -  | (3,500)                             | (1,853)  | -                         | 2,244   | 10,492   | -                           | 779             | 8,162                               |                        |
| Comprehensive income / (loss) for the year (page 6)    | -  | (3,500)                             | (1,853)  | -                         | 2,244   | 10,492   | 242,914                     | 23,230          | 266,144                             |                        |
| Acquisition of treasury shares ***                     | -  | -                                   | -  | (11,015)                  | -   | -  | (11,015)                    | -               | (11,015)                            |                        |
| Cancellation of treasury shares                        | (10)   | -                                   | -  | 11,015                    | -   | -  | (11,005)                    | -               | -                                   |                        |
| Acquisition of additional shares in subsidiaries       | -  | -                                   | -  | -                         | (73)  | -  | 882                         | (809)           | -                                   |                        |
| Dividends to non-controlling interests in subsidiaries | -  | -                                   | -  | -                         | -   | -  | (42,000)                    | (9,339)         | (9,339)                             |                        |
| Dividends (page 7 (ii))                                | -  | -                                   | -  | -                         | -   | -  | (42,000)                    | -               | (42,000)                            |                        |
| At 30 September 2018                                   | 1,683  | 803,339                             | (3,463)  | -                         | 2,103   | 41,238   | 3,282,330                   | 144,168         | 3,426,498                           |                        |





**Scott Investments Ltd**  
**Statements of Cash Flows for the Year ended 30 September 2018**

|   | <u>Note</u> | <u>Group</u>          |                       | <u>Company</u>        |                       |
|---|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |             | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 |
| <b>Operating activities</b>                         |             |                       |                       |                       |                       |
| Profit before tax                                   | Page 6      | 291,788               | 751,631               | 115,443               | 186,832               |
| <i>Adjustment for:</i>                              |             |                       |                       |                       |                       |
| Dividend income                                     | 28          | (19,739)              | (7,656)               | (65,900)              | (180,146)             |
| Interest income                                     | 33          | (3,563)               | (3,042)               | (8,069)               | (6,447)               |
| Share of profit of joint venture                    | 11          | (93,100)              | (540,067)             | -                     | -                     |
| Share of (loss)/profit of associates                | 12          | 867                   | (766)                 | -                     | -                     |
| Gain on disposal of plant & equipment               | 27          | (497)                 | (3,509)               | -                     | -                     |
| Loss on redemption of preference shares             | 32          | 13,821                | -                     | -                     | -                     |
| Depreciation  | 7           | 70,752                | 66,925                | 144                   | -                     |
| Amortisation  |             | 5,538                 | 1,762                 | -                     | -                     |
| Allowance for credit losses                         | 31          | 5,941                 | (1,336)               | -                     | -                     |
| Impairment of investment in subsidiary              | 32          | -                     | -                     | 3,000                 | -                     |
| Interest cost                                       | 33          | 25,314                | 18,729                | 336                   | 243                   |
| Employee benefit liabilities                        |             | 3,410                 | 3,540                 | -                     | 871                   |
| <i>Change in working capital:</i>                   |             |                       |                       |                       |                       |
| Inventories   |             | 108,296               | (157,356)             | -                     | -                     |
| Trade & other receivables                           |             | (139,485)             | (85,625)              | (8,056)               | 14,685                |
| Trade & other payables                              |             | (171,556)             | 13,447                | 5,938                 | (5,347)               |
| Provisions  |             | 5,684                 | 7,130                 | -                     | -                     |
|   |             | <u>103,471</u>        | <u>63,807</u>         | <u>42,836</u>         | <u>10,691</u>         |
| Interest received                                   | 33          | 30,311                | 1,693                 | 7,844                 | 5,097                 |
| Interest paid                                       | 33          | (52,287)              | (18,729)              | (336)                 | (243)                 |
| Tax paid  | 21          | (44,191)              | (42,045)              | (3,215)               | (9,148)               |
| <b>Net cash from operating activities</b>           |             | <u>37,304</u>         | <u>4,726</u>          | <u>47,129</u>         | <u>6,397</u>          |
| <b>Investing activities</b>                         |             |                       |                       |                       |                       |
| Acquisition of plant & equipment                    |             | (56,574)              | (71,042)              | (1,354)               | -                     |
| Acquisition of investment properties                | 8           | -                     | (112,633)             | -                     | -                     |
| Acquisition of intangible assets                    | 9           | (94,612)              | (4,987)               | -                     | -                     |
| Payment to creditors on acquisition of subsidiaries |             | (13,413)              | (13,564)              | -                     | -                     |
| Acquisition of additional shares in subsidiaries    | Page 7      | -                     | (478)                 | (92,477)              | (478)                 |
| Other funds invested in subsidiaries                |             | -                     | -                     | (57,190)              | (95,535)              |
| Acquisition of investments in associates            |             | (500)                 | -                     | (500)                 | -                     |
| Acquisition of investments in equity securities     | 13          | (9,026)               | (39,209)              | (9,026)               | (39,209)              |
| Proceeds from disposal of plant & equipment         |             | 2,339                 | 4,622                 | -                     | -                     |
| Dividend received                                   |             | 138,040               | 75,952                | 167,429               | 115,317               |
| Loans granted (net)                                 | 14          | -                     | 4,540                 | (23,082)              | 4,540                 |
| <b>Net cash (used in)/from investing activities</b> |             | <u>(33,746)</u>       | <u>(156,799)</u>      | <u>(16,200)</u>       | <u>(15,365)</u>       |

**Scott Investments Ltd**  
**Statements of Cash Flows for the Year ended 30 September 2018**

8  
(ii)

|  | Note   | Group            |                  | Company         |                 |
|--|--------|------------------|------------------|-----------------|-----------------|
|  |        | 2018<br>Rs'000   | 2017<br>Rs'000   | 2018<br>Rs'000  | 2017<br>Rs'000  |
| <b>Financing activities</b>  |        |                  |                  |                 |                 |
| Acquisition of treasury shares   |        | (11,015)         | -                | (11,015)        | (32,831)        |
| Redemption of preference shares  |        | (18,361)         | -                | -               | -               |
| Loans received   |        | 54,196           | 147,871          | -               | -               |
| Loan paid  |        | (101,469)        | (98,322)         | -               | (17,000)        |
| Finance lease liabilities repayment  |        | (14,350)         | (11,665)         | -               | -               |
| Dividends paid to NCI in subsidiaries  |        | (8,088)          | (14,365)         | -               | -               |
| Dividends paid   | Page 7 | (40,000)         | (38,000)         | (40,000)        | (38,000)        |
| <b>Net cash (used in) financing activities</b>   |        | <b>(139,087)</b> | <b>(14,481)</b>  | <b>(51,015)</b> | <b>(87,831)</b> |
| <b>(Decrease) in cash &amp; cash equivalents</b>   |        | <b>(135,529)</b> | <b>(166,554)</b> | <b>(20,086)</b> | <b>(96,799)</b> |
| <b>Cash &amp; cash equivalents at 1 October</b>  |        | <b>111,860</b>   | <b>278,290</b>   | <b>209,021</b>  | <b>305,820</b>  |
| <b>Gain on foreign exchange on cash &amp; cash equivalent</b>  |        | <b>1,439</b>     | <b>124</b>       | <b>-</b>        | <b>-</b>        |
| <b>Cash &amp; cash equivalents at 30 September</b>   |        | <b>(22,230)</b>  | <b>111,860</b>   | <b>188,935</b>  | <b>209,021</b>  |
| <b>Cash &amp; cash equivalents are:</b>  |        |                  |                  |                 |                 |
| Cash at bank & in hand   | Page 5 | 129,655          | 284,793          | 59,278          | 137,567         |
| Deposits receivable  | Page 5 | 129,657          | 71,454           | 129,657         | 71,454          |
| Bank overdrafts  | Page 5 | (281,542)        | (244,387)        | -               | -               |
|  |        | <b>(22,230)</b>  | <b>111,860</b>   | <b>188,935</b>  | <b>209,021</b>  |
| <b>Non cash transactions</b>   |        |                  |                  |                 |                 |
| Non cash transactions excluded from the above cash flow statement are acquisition of plant & equipment by means of finance lease |        | <b>16,931</b>    | <b>13,173</b>    | <b>-</b>        | <b>-</b>        |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**1 General information**

Scott Investments Ltd is a limited liability company incorporated and domiciled in the Republic of Mauritius. Its registered address is Rogers Riche Terre 1, Riche Terre, Republic of Mauritius.

The main business activities of the Group are

- Holding of investments
- Distribution of consumer goods
- The import of pharmaceutical products for sale on the domestic market
- Manufacturing, processing and bottling of fruit juices
- Distribution of Nespresso products
- Investment property for rental & capital appreciation
- Trading in audio-visual equipment, home appliances and sundry goods.

**2 Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 2001 and under the historical cost convention as modified by

- the valuation of investments in equity securities at fair value.

These financial statements are made up of:

- the consolidated financial statements comprising the Company, all its subsidiaries and joint venture & associate (accounted for on an equity basis) collectively the 'Group' and
- the separate financial statements of the Company (the 'Company').

**3 Functional & presentation currency**

The financial statements are presented in Mauritian rupees (the Group's functional currency), rounded to nearest thousand (Rs'000) unless otherwise stated.

**4 Critical accounting estimates & judgements**

In preparing these financial statements, management makes estimates and assumptions based on historical experience and expectations of future events that are considered to be reasonable under the appropriate circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical estimates and assumptions made during the year that might have a significant risk of causing material adjustment to the carrying amounts of the Group's assets and liabilities are as follows:

- *Depreciation of investment properties and plant & equipment*

Estimated useful lives of investment properties and of plant & equipment are determined based on management's historical experience and comparable market available data.

- *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit, to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

- *Valuation of investments in equity securities*

The fair value of investments not quoted in active market is determined by using valuation technique earnings, net asset value or discounted cash flows whichever is appropriate. Refer also to note 13.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**4 Critical accounting estimates & judgements (cont'd)**

- *Provision for warranty repairs*  
Refer to para. 6.14.

- *Employee benefit liabilities*

The present value of Employee benefit liabilities depends on a number of factors that are assessed annually by an independent firm of consulting actuaries except for the Company where the valuation is carried out every 2 years. The actuarial valuation involves making assumptions on discount rates, future pension increases, mortality rates, salary increases and expected rates of return on plan assets (note 24).

**5 Application of new IFRS & interpretations**

*New IFRS & interpretations to existing standards – effective for the reporting period*

Certain standards & interpretations to existing standards (effective for the reporting period) are not specifically relevant to the Group's operations and have no impact on the financial statements of the Group in terms of results, presentation or disclosure.

*New IFRS & interpretations to existing standards – not yet effective*

The Company is still evaluating the applicability & relevance of certain new standards & interpretations to existing standards (which are not yet effective) on the Company's operations and its impact on the financial statements of the Company in terms of results, presentation or disclosure. Those that may be relevant to the Company are set out below;

- IFRS 16 'Leases', (effective for period beginning on or after 01 January 2019) introduces a single, on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases or leases of low-value items.

*Impact*

✓ *On operating leases*

The Company will have to recognise new assets (right-of-use) and liabilities for its operating leases of premises and equipment. The Company's future minimum lease payments under non-cancellable operating leases amounted to Rs 34,542k, on an undiscounted basis as at 30 September 2018. The straight line operating lease expense will be replaced with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There will be no impact on the Statement of Cash Flows.

✓ *On finance leases*

There is no impact on the finance leases of the Company.

*Disclosure*

The new standard also introduces expanded disclosure requirements. The Company will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Company as a lessee

*Transition*

The Company will apply IFRS 16 retrospectively from 01 October 2019, with the practical expedients permitted under the standard using the modified retrospective approach.

- IFRS 15 'Revenue from contracts with customers' (effective for period beginning on or after 01 January 2018) establishes a single comprehensive model to use in accounting for revenue arising from contracts with customers. The new standard is based on the principle that revenue is recognised when control of a good is transferred to a customer or services performed.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**5 Application of new IFRS & interpretations (cont'd)**

*Impact*

Management has extensively reviewed the revenue streams within the Company. The timing of recognition will have no impact on the revenue for the Company on adoption of this standard due to the nature of the Company's business activities.

*Disclosure*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures in respect of its revenue. Disclosures shall include the disaggregation of revenue by key categories.

*Transition*

The Company will apply the new standard retrospectively from 01 October 2018, with the practical expedients permitted under the standard using the modified retrospective approach. Comparatives will not be restated.

- IFRS 9 'Financial Instruments' (effective for period beginning on or after 01 January 2018) addresses:
  - ✓ The recognition, classification, measurement and de-recognition of financial assets and liabilities
  - ✓ a new impairment model for financial assets.

*Impact*

- ✓ Financial assets (under the ambit of IFRS 9) held by the Company are primarily Trade & other receivables. There is no impact on the measurement and classification of these financial assets held within the same business model.
- ✓ Trade & other receivables qualify for the simplified impairment approach under IFRS 9 using the provision matrix approach i.e. the recognition of lifetime expected credit losses. The simplified impairment approach will have no impact on the impairment losses that have been recognised previously.
- ✓ IFRS 9 affects only financial liabilities designed at fair value through profit or loss. There is no impact on the financial liabilities of the Company, which does not have any such liabilities.

*Disclosure*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures in respect of its financial assets.

*Transition*

The Company will apply the new standard retrospectively from 01 October 2018, with the practical expedients permitted under the standard using the modified retrospective approach. Comparatives will not be restated.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The accounting policies set out below are, as far as possible, presented in the same chronological order, as the items/headings in the statement of financial position & statement of profit or loss. Accounting policies in respect of financial instruments are described under the relevant financial assets and liabilities.

**6.1 Investment properties, plant & equipment**

All investment properties, plant & equipment are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated to write off the cost of items of investment properties, plant and equipment less their estimated residual value using the straight-line method over their estimated useful lives and is recognised in profit or loss, unless it is required to be capitalised to another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:-

|                              |                |
|------------------------------|----------------|
| • Investment properties      | 50 years       |
| • Refurnishment of showrooms | 4 – 6.67 years |
| • Plant & machinery          | 6 - 7 years    |
| • Furniture & equipment      | 15 -10 years   |
| • Motor vehicles             | 15 - 25 years  |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Plant & equipment are derecognised when these are disposed of or permanently withdrawn from use. Any gain or loss arising on the disposal or retirement of an item of plant & equipment is determined as the difference between the sales proceeds and the carrying amount of that item and is recognised in profit or loss at the date of disposal or retirement.

**6.2 Intangible assets**

• **Computer software**

Intangible assets, which consist of purchased computer software, are initially recognised at cost and are subsequently, measured at cost less accumulated amortisation and any impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation of intangible assets is calculated, using the straight line method, so as to allocate their cost less their residual values over their estimated useful lives of 2 – 7 years and is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.2 Intangible assets (cont'd)**

• **Goodwill on consolidation**

Goodwill on consolidation (as more fully described in para. 6.3) is initially recognised at cost and is subsequently measured at cost less any impairment losses.

**6.3 Investments in subsidiaries**

*In the Financial Statements of the Group*

The Group's financial statements include the Company and all its subsidiaries.

*Control of a subsidiary*

- The results of any subsidiary acquired or disposed of during the year are included in the Group's profit or loss from the date on which control is transferred to the Group or up to the date that control ceases.
- The purchase consideration of an acquisition of subsidiary is allocated to the assets and liabilities based on fair value at the respective date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill on consolidation under intangible assets (para. 6.2).
- If the fair value of the net assets acquired is less than the purchase consideration the difference is recognised directly in profit or loss as a bargain purchase.

*Loss of control of a subsidiary*

- Investments in subsidiaries are derecognised when the Group disposes or ceases to have control on a subsidiary.
- The gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying value of the net assets including any goodwill of that subsidiary and is recognised in profit or loss.

*Consolidation procedures*

- Like items of assets, liabilities, equity, income, expenses & cash flows of the parent & its subsidiaries are combined.
- The carrying amount of the parent investment in each subsidiary & the parent's portion of equity of each subsidiary are eliminated resulting in goodwill on consolidation.
- Intra-group balances & transactions (including unrealised gains or losses thereon) are eliminated.
- Uniform accounting policies are applied for like transactions.
- Any non-controlling interest in a subsidiary is recognised at its proportionate share of the net assets of that subsidiary.

*In the Financial Statements of the Company*

Investments in subsidiaries are initially recognised at cost and subsequently measured at cost less any impairment losses.

Investments in subsidiaries are derecognised when these are disposed of and or the Group ceases to control. Any gain or loss on disposal of a subsidiary is determined as the difference between the sales proceeds and the carrying amount of the investment in the subsidiary and is recognised in profit or loss at the date of disposal.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.4 Investments in joint ventures/associates**

*In the Financial Statements of the Group*

Investments in joint ventures (joint control)/associates (shareholding of 20% to 50%) are accounted for under the equity method of accounting from the date on which they become joint ventures/associates. Under this method, the investments are initially recognised at cost and subsequently adjusted for the post-acquisition change in the Group's share of net assets of the joint ventures/associates.

Any excess between the cost of the investment over the share of the net fair value of the joint venture's/associate's net assets (goodwill) is included in the carrying amount of that investment.

The results of joint ventures/associates acquired or disposed of during the year are included in the Group's profit or loss from the date of their acquisition or up to the date of their disposal. The Group's share of the changes in the joint ventures/associates' equity that has not been recognized in the Group's profit or loss is recognized directly in the Group's other comprehensive income.

Dividends receivable from the joint ventures/associates are deducted from the carrying amount of the investments.

Investments in joint ventures/associates are derecognised when these are disposed of. Any gain or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of these investments in joint ventures/associates in the group financial statements and is recognised in profit or loss at the date of disposal.

*In the Financial Statements of the Company*

Investments in joint ventures (joint control)/associates (shareholding of 20% to 50%) are initially recognised at cost and subsequently measured at cost less any impairment losses.

Investments in joint ventures/associates are derecognised when these are disposed of. Any gain or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of these investments in joint ventures/associates in the separate financial statements and is recognised in profit or loss at the date of disposal.

**6.5 Investments in equity securities**

Acquisition and disposal of investments in equity securities are recognized on the trade-date and are initially measured at fair value plus transaction costs.

They are subsequently measured at fair value. Any gain or loss in fair value is recognised in other comprehensive income.

Investments in securities are derecognized on disposal. Any gain or loss arising on the disposal of an investment is determined as the difference between the sale proceeds and the carrying amount of that investment and is recognized in 'Statement of Changes in Net Assets available for Benefits'

**6.6 Loans receivable**

Funds disbursed to subsidiary which are used as equity financing of the Group are initially recognised as interest in subsidiary at cost and subsequently measured at cost less any impairment losses and are classified as non-current assets.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.6 Loans receivable (cont'd)**

Loans and deposits receivable (other than loans used as equity financing) are initially recognised at fair value when the Group's becomes a party to the contract and are subsequently measured at amortized cost using the effective interest method less any impairment losses.

These loans and deposits are derecognised when the receivables have been collected or the rights to receive the cash flows have expired.

These are classified as current assets except for maturities greater than 12 months after the reporting date. These are then classified as non-current assets.

**6.7 Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average method in general & first in first out method for pharmaceutical products.

In the case of manufactured inventories and work in progress cost includes an appropriate share of production overheads based on normal operating capacity.

When inventories are sold, the carrying amount of those inventories are recognised as cost of sales in the period in which the related revenue is recognised.

**6.8 Trade & other receivables**

Trade & other receivables are initially recognised at fair value when the Group becomes a party to the contract with the customer for sales of goods or services and are subsequently measured at amortised cost net of any allowance for credit losses, estimated by management based on prior experience and the economic environment.

Trade & other receivables are classified as current assets as they are short term in nature.

Trade & other receivables are derecognised when the receivables have been collected and/or the contractual rights to receive the cash flows have expired.

**6.9 Impairment of assets**

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

**6.10 Cash & cash equivalents**

Cash and cash equivalents consist of cash in hand and at bank less bank overdrafts.

**6.11 Loans payable & overdrafts**

Loans payable & overdrafts are initially recognised at fair value, net of transaction costs when the Group becomes a party to the contractual provisions of the contract and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. These are then classified as non-current liabilities.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.11 Loans payable & overdrafts (cont'd)**

The liabilities are derecognised when, and only when, the Group's obligations have been discharged, cancelled or expired.

**6.12 Leases**

*Leased assets*

Leases that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the relevant asset.

*Leased payments*

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**6.13 Trade & other payables**

Trade & other payables are initially recognised at fair value, which is normally the invoiced price, by the suppliers when the Group becomes a party to the contract with the suppliers for purchase of goods or services and are subsequently measured at amortised cost.

Trade & other payables are classified as current liabilities as they are short term in nature.

Trade & other payables are derecognised when and only when the obligations have been discharged, cancelled or have expired.

**6.14 Provisions**

Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

*Provision for bulk discounts & incentives*

Provision is made on a % of the yearly sales of goods for each calendar year, as agreed with the customers.

*Provision for warranty costs*

The Group guarantees that products are free from defects in workmanship, materials and manufacture over a predetermined period. The Group makes estimates for potential warranty costs based on historical experience. Such estimates are inherently difficult to estimate and are based on management's best judgement at the time. The management routinely reviews provisions for product warranty in the light of latest available information

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.15 Income tax**

*Tax expenses*

Tax expense comprises current and deferred tax and is recognised in profit or loss. The tax expenses are calculated using tax rates enacted at the reporting date.

*Tax payable*

Tax payable for the current and prior periods is measured at the amount expected to be paid to the tax authorities

*Deferred tax liabilities or assets*

Deferred tax liabilities or assets for tax payable or recoverable in future periods are recognised on all temporary differences arising between the tax bases of the liabilities and assets and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

**6.16 Share capital**

Ordinary share capital is classified as equity.

Acquisition cost of treasury shares is deducted against share capital and share premium on cancellation.

**6.17 Employee benefits**

*Short-term employee benefits*

Short term employee benefits are recognised as an expense in profit or loss as the related service is provided. A liability (accrued expense) is recognised for any amount not yet paid during the reporting period for which the Group has a legal or constructive obligation to pay as a result of past service provided by the employees and the amount can be estimated reliably.

*Defined contribution plan*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group does not have legal or constructive obligations to pay further contributions except to provide for liability for shortfall in gratuity on retirement under the Employment Rights Act (if any).

*Defined benefit plan*

All employees of the Company who were previously members of the Defined Benefit Superannuation Fund (DBSF) a defined benefit pension plan transferred to the above defined contribution plan. These employees, subject to them contributing regularly to the above defined contribution plan, have been given the guarantee by the Company that their benefits at normal retirement age would not be less than the benefits provided under the previous plan. The potential liability under the above guarantee is funded by additional contributions by the Company and has been included in the provision made for retirement benefit obligations.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.17 Employee benefits (cont'd)**

The present value of these defined benefit obligations is recognized as a non-current liability after adjusting for the fair value of plan assets and any unrecognized past service cost. The assessment of these obligations is carried out by professional actuaries. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in the other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other post-retirement benefit liabilities*

The net present value of gratuity on retirement payable under the Employment Rights Act for employees who are not covered (or who are insufficiently covered by the above pension plan) is calculated by a qualified actuary and recognised as a non-current liability. The obligations arising under this item are not funded.

*State plan*

Contributions to the National Pension Scheme are recognised as short-term employee benefits in profit or loss in the period in which these fall due.

**6.18 Foreign currency translation**

*In the Financial Statements of the Group*

The financial position, results and cash flows of an entity whose functional currency is different from the presentation currency (Mauritian rupees) are translated into Mauritian rupees as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date.
- Income and expenses for each item of profit or loss and other comprehensive income are translated at an average exchange rate for the period.
- All resulting exchange differences are recognised in other comprehensive income and cumulated in the translation reserve, except to the extent that the translation difference is allocated to the non-controlling interests.
- Cash flows are translated at the average exchange rate.

*In the Financial Statements of the Company*

Transactions in foreign currencies are translated to Mauritian rupees at the exchange rates prevailing at the date of the transactions. Difference in exchange resulting from the settlement of such transactions is recognised as gain or loss on foreign exchange in profit or loss.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.18 Foreign currency translation (cont'd)**

Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated to Mauritian rupees at the exchange rates ruling at the end of the reporting date. Difference in exchange thereon is recognized as gain or loss on foreign exchange in profit or loss.

**6.19 Revenue recognition**

*Sale of goods*

Revenue from the sale of goods produced or purchased for resale is recognised in profit or loss when the Company sells the goods (ie on the transfer of control of the goods) based on the consideration to which the Company is entitled to receive net of value added tax on the transfer of control of the promised goods to the customer.

*Provision of services at a point in time*

Revenue for the provision of services at a point in time is recognised in profit or loss based on the consideration to which the Company is entitled to receive net of value added tax in the accounting period in which the services are provided.

*Provision of services in the capacity of an agent*

When the Company's performance obligation is to arrange for the provision of goods or the rendering of services by another party (the performance obligation), revenue is recognised in profit or loss in the amount of the commission to which the Company is entitled in exchange for that performance obligation at the date the performance obligation has been executed.

*Lease income from operating leases*

Income from the lease of property is recognised in profit or loss on a straight-line basis over the term of the operating lease.

**6.20 Dividend income**

*In the Financial Statements of the Group*

Refer to note 6.3 & 6.4 for dividends from subsidiaries & joint ventures/associates respectively.

Dividend from investments in equity securities are recognised in profit or loss only when the Group's right to receive payment of the dividends is established.

*In the Financial Statements of the Company*

Dividend from investments in subsidiaries, in joint ventures/associates & equity securities are recognised in profit or loss only when the Group's right to receive payment of the dividends is established.

**6.21 Finance costs**

Finance costs on borrowings 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 recognised as part of the cost of the assets until such time that the assets are substantially ready for their intended use or sale. Otherwise finance costs are recognised in profit or loss in the period in which these are incurred.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

---

**6 Accounting policies (cont'd)**

**6.21 Finance costs (cont'd)**

Interest income is recognised using the effective interest method and is deducted from interest expenses shown as finance costs (net).

**6.22 Dividends payable**

Dividends payable to the Company's shareholders are recognised as a current liability in the period in which the dividends are declared.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**7 Plant & equipment**

|   | Group                              |                      |                             |                   |                       |                |
|---|------------------------------------|----------------------|-----------------------------|-------------------|-----------------------|----------------|
|   | Refurbish-<br>ment of<br>showrooms | Plant &<br>machinery | Furniture<br>&<br>equipment | Motor<br>vehicles | Assets in<br>progress | Total          |
|   | Rs'000                             | Rs'000               | Rs'000                      | Rs'000            | Rs'000                | Rs'000         |
| <b>a 2018</b>   |                                    |                      |                             |                   |                       |                |
| <i>Cost</i>   |                                    |                      |                             |                   |                       |                |
| At 01 October 2017  | 104,613                            | 128,997              | 261,641                     | 114,895           | 245                   | 610,391        |
| Reclassification adjustment                               | 245                                | 14,664               | (11,854)                    | (2,810)           | (245)                 | -              |
| Acquisitions  | 13,077                             | 16,685               | 24,477                      | 14,503            | -                     | 68,742         |
| Disposals   | (2,729)                            | (1,406)              | (21,800)                    | (9,683)           | -                     | (35,618)       |
| Exchange difference                                       | -                                  | (221)                | (75)                        | -                 | -                     | (296)          |
| At 30 September 2018                                      | <u>115,206</u>                     | <u>158,719</u>       | <u>252,389</u>              | <u>116,905</u>    | <u>-</u>              | <u>643,219</u> |
| <i>Accumulated depreciation &amp; impairment</i>          |                                    |                      |                             |                   |                       |                |
| At 01 October 2017  | 60,388                             | 102,121              | 202,164                     | 83,729            | -                     | 448,402        |
| Reclassification adjustment                               | -                                  | 16,500               | (13,690)                    | (2,810)           | -                     | -              |
| Depreciation charge                                       | 16,320                             | 12,569               | 26,167                      | 12,911            | -                     | 67,967         |
| Disposals adjustment                                      | (2,084)                            | (1,407)              | (21,187)                    | (9,100)           | -                     | (33,778)       |
| Exchange difference                                       | -                                  | (224)                | 28                          | -                 | -                     | (196)          |
| At 30 September 2018                                      | <u>74,624</u>                      | <u>129,559</u>       | <u>193,482</u>              | <u>84,730</u>     | <u>-</u>              | <u>482,395</u> |
| <i>Carrying amount</i>                                    |                                    |                      |                             |                   |                       |                |
| At 30 September 2018                                      | <u>40,582</u>                      | <u>29,160</u>        | <u>58,907</u>               | <u>32,175</u>     | <u>-</u>              | <u>160,824</u> |
| <b>b 2017</b>   |                                    |                      |                             |                   |                       |                |
| <i>Cost</i>   |                                    |                      |                             |                   |                       |                |
| At 01 October 2016  | 77,027                             | 117,588              | 232,986                     | 112,496           | -                     | 540,097        |
| Consolidation adjustment                                  | -                                  | -                    | 1,105                       | -                 | -                     | 1,105          |
| Acquisitions  | 27,586                             | 13,968               | 31,471                      | 14,687            | 245                   | 87,957         |
| Disposals   | -                                  | (2,455)              | (3,853)                     | (12,288)          | -                     | (18,596)       |
| Exchange difference                                       | -                                  | (104)                | (68)                        | -                 | -                     | (172)          |
| At 30 September 2017                                      | <u>104,613</u>                     | <u>128,997</u>       | <u>261,641</u>              | <u>114,895</u>    | <u>245</u>            | <u>610,391</u> |
| <i>Accumulated depreciation &amp; impairment</i>          |                                    |                      |                             |                   |                       |                |
| At 01 October 2016  | 48,854                             | 98,107               | 176,528                     | 83,268            | -                     | 406,757        |
| Consolidation adjustment                                  | -                                  | (5,830)              | 1,029                       | -                 | -                     | (4,801)        |
| Depreciation charge                                       | 11,534                             | 11,411               | 28,581                      | 12,584            | -                     | 64,110         |
| Disposals adjustment                                      | -                                  | (1,572)              | (3,789)                     | (12,123)          | -                     | (17,484)       |
| Exchange difference                                       | -                                  | 5                    | (185)                       | -                 | -                     | (180)          |
| At 30 September 2017                                      | <u>60,388</u>                      | <u>102,121</u>       | <u>202,164</u>              | <u>83,729</u>     | <u>-</u>              | <u>448,402</u> |
| <i>Carrying amount</i>                                    |                                    |                      |                             |                   |                       |                |
| At 30 September 2017                                      | <u>44,225</u>                      | <u>26,876</u>        | <u>59,477</u>               | <u>31,166</u>     | <u>245</u>            | <u>161,989</u> |
| <b>c Carrying amount of leased assets are as follows:</b> |                                    |                      |                             |                   |                       |                |
| At 30 September 2018                                      | <u>-</u>                           | <u>2,769</u>         | <u>2,611</u>                | <u>29,125</u>     | <u>-</u>              | <u>34,505</u>  |
| At 30 September 2017                                      | <u>-</u>                           | <u>2,506</u>         | <u>3,877</u>                | <u>29,728</u>     | <u>-</u>              | <u>36,111</u>  |

**d** Refer to notes 18 & 22 for assets pledged as securities for banking facilities granted to the Group.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**7 Plant & equipment**

*(Furniture & equipment)*

|  | <b>Company</b>        |                       |
|--|-----------------------|-----------------------|
|  | <b>2018</b><br>Rs'000 | <b>2017</b><br>Rs'000 |
| <b>a 2018</b>  |                       |                       |
| <i>Cost</i>  |                       |                       |
| At 01 October  | -                     | -                     |
| Acquisitions   | 1,354                 | -                     |
| At 30 September                                      | <u>1,354</u>          | <u>-</u>              |
| <br><i>Accumulated depreciation &amp; impairment</i> |                       |                       |
| At 01 October  | -                     | -                     |
| Depreciation charge                                  | 144                   | -                     |
| At 30 September                                      | <u>144</u>            | <u>-</u>              |
| <br><i>Carrying amount</i>                           |                       |                       |
| At 30 September                                      | <u>1,210</u>          | <u>-</u>              |
|  | <b>Group</b>          |                       |
|  | <b>2018</b><br>Rs'000 | <b>2017</b><br>Rs'000 |
| <b>8 Investment properties</b>                       |                       |                       |
| <i>Cost</i>  |                       |                       |
| At 01 October  | 141,421               | 27,019                |
| Acquisition  | -                     | 112,633               |
| Exchange difference                                  | (2,249)               | 1,769                 |
| At 30 September                                      | <u>139,172</u>        | <u>141,421</u>        |
| <br><i>Accumulated depreciation &amp; impairment</i> |                       |                       |
| At 01 October  | 2,871                 | -                     |
| Depreciation charge                                  | 2,785                 | 2,815                 |
| Exchange difference                                  | (92)                  | 56                    |
| At 30 September                                      | <u>5,564</u>          | <u>2,871</u>          |
| <br><i>Carrying amount</i>                           |                       |                       |
| At 30 September                                      | <u>133,608</u>        | <u>138,550</u>        |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**9 Intangible assets**

|  | Group                           |                             |                      |                       |
|--|---------------------------------|-----------------------------|----------------------|-----------------------|
|  | Goodwill<br>on<br>consolidation | Registered<br>brand<br>name | Computer<br>software | Total                 |
|  | Rs'000                          | Rs'000                      | Rs'000               | Rs'000                |
| <b>a 2018</b>                                    |                                 |                             |                      |                       |
| <i>Cost</i>                                      |                                 |                             |                      |                       |
| At 01 October 2017                               | 281,071                         | -                           | 39,052               | 320,123               |
| Acquisition                                      | -                               | 80,000                      | 14,612               | 94,612                |
| Disposal   | -                               | -                           | (9,252)              | (9,252)               |
| Exchange differences                             | -                               | -                           | (12)                 | (12)                  |
| At 30 September 2018                             | <u>281,071</u>                  | <u>80,000</u>               | <u>44,400</u>        | <u>405,471</u>        |
| <i>Accumulated amortisation &amp; impairment</i> |                                 |                             |                      |                       |
| At 01 October 2017                               | 117                             | -                           | 33,917               | 34,034                |
| Amortisation & impairment charge                 | -                               | -                           | 5,538                | 5,538                 |
| Disposal adjustment                              | -                               | -                           | (9,252)              | (9,252)               |
| At 30 September 2018                             | <u>117</u>                      | <u>-</u>                    | <u>30,203</u>        | <u>30,320</u>         |
| <i>Carrying amount</i>                           |                                 |                             |                      |                       |
| At 30 September 2018                             | <u><u>280,954</u></u>           | <u><u>80,000</u></u>        | <u><u>14,197</u></u> | <u><u>375,151</u></u> |
| <b>b 2017</b>                                    |                                 |                             |                      |                       |
| <i>Cost</i>                                      |                                 |                             |                      |                       |
| At 01 October 2016                               | 286,579                         | -                           | 38,308               | 324,887               |
| Acquisition                                      | 10,244                          | -                           | 4,987                | 15,231                |
| Consolidation adjustment*                        | (15,752)                        | -                           | -                    | (15,752)              |
| Disposal   | -                               | -                           | (4,243)              | (4,243)               |
| At 30 September 2017                             | <u>281,071</u>                  | <u>-</u>                    | <u>39,052</u>        | <u>320,123</u>        |
| <i>Accumulated amortisation &amp; impairment</i> |                                 |                             |                      |                       |
| At 01 October 2016                               | 117                             | -                           | 36,383               | 36,500                |
| Consolidation adjustment                         | -                               | -                           | 1,777                | 1,777                 |
| Amortisation & impairment charge                 | -                               | -                           | (4,243)              | (4,243)               |
| At 30 September 2017                             | <u>117</u>                      | <u>-</u>                    | <u>33,917</u>        | <u>34,034</u>         |
| <i>Carrying amount</i>                           |                                 |                             |                      |                       |
| At 30 September 2017                             | <u><u>280,954</u></u>           | <u><u>-</u></u>             | <u><u>5,135</u></u>  | <u><u>286,089</u></u> |

\* Consolidation adjustment is in respect of a grant received in 2017 from the principal of a subsidiary acquired in 2016.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | <u>Company</u>        |  |               |               |
|--|-----------------------|--|---------------|---------------|
|  | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000                  |               |               |
| <b>10 Interests in subsidiaries</b>  |                       |  |               |               |
| <i>a Investment in equity at cost</i>  |                       |  |               |               |
| At 01 October  | 324,047               | 324,047                                |               |               |
| Acquisitions   | 92,477                | -                                      |               |               |
| At 30 September  | <u>416,524</u>        | <u>324,047</u>                         |               |               |
| <i>b Other funds as 'deemed' investments in subsidiaries at cost</i>   |                       |  |               |               |
| At 01 October  | 168,097               | 87,836                                 |               |               |
| Funds invested during the year (net)   | 57,190                | 80,261                                 |               |               |
| At 30 September  | <u>225,287</u>        | <u>168,097</u>                         |               |               |
| <i>c Allowance for impairment</i>  |                       |  |               |               |
| At 01 October  | -                     | -                                      |               |               |
| Charge for the year  | (3,000)               | -                                      |               |               |
| At 30 September  | <u>(3,000)</u>        | <u>-</u>                               |               |               |
|  | <u>638,811</u>        | <u>492,144</u>                         |               |               |
| <i>d The directors have assessed the recoverable amount of the investments in subsidiaries (by using the cost and/or earnings and/or net assets basis of valuation and have made assumptions that are based on the market conditions) and consider that an allowance for impairment of Rs 3m is necessary as at 30 September 2018.</i> |                       |  |               |               |
| <i>e The subsidiaries, are as follows:</i>   | <u>%</u>              | <u>%</u>                               |               |               |
| <u>held directly by the Company</u>  |                       |  |               |               |
| <u>Domiciled in</u>  |                       |  |               |               |
| <u>Principal activity</u>  |                       |  |               |               |
| • Indian Ocean Coffee Limited  | Rep. of Mauritius     | Investment                             | 100.00        | 100.00        |
| • Rotoby (M) Ltd   | Rep. of Mauritius     | Dormant                                | 100.00        | 100.00        |
| • Scott & Co Ltd   | Rep. of Mauritius     | Consumer goods                         | 79.34         | 78.80         |
| • Sebna Ltd  | Rep. of Mauritius     | Fruit juice                            | 78.80         | 78.80         |
| • The Brand House Ltd  | Rep. of Mauritius     | Home appliances & consumer electronics | 76.20         | 76.20         |
| • Tobory (M) Ltd   | Rep. of Mauritius     | Dormant                                | 100.00        | 100.00        |
| • TSS Lafayette (M) Ltd  | Rep. of Mauritius     | Dormant                                | 100.00        | 100.00        |
| • TSS Properties Ltd   | Rep. of Seychelles    | Investment                             | 100.00        | 100.00        |
| <u>held by other group companies (effective holding)</u>   |                       |  |               |               |
| • Bagatelle Health Ltd   | Rep. of Mauritius     | Retail Pharmacy                        | 79.34         | 78.80         |
| • Coffee Mayotte SARL  | Mayotte Island        | Nespresso products                     | 100.00        | 100.00        |
| • Copharma Ltd   | Rep. of Mauritius     | Dormant                                | 79.34         | 78.80         |
| • Dimomix SARL   | Reunion Island        | Nespresso products                     | 100.00        | 100.00        |
| • Flacq Properties Ltd   | Rep. of Seychelles    | Investment property                    | 100.00        | 100.00        |
| • Grand Baie ForMe Health Ltd  | Rep. of Mauritius     | Retail Pharmacy                        | 79.34         | 78.80         |
| • Maltoby Properties Ltd   | Rep. of Seychelles    | Investment property                    | 100.00        | 100.00        |
| • Riverside Health Ltd   | Rep. of Mauritius     | Retail Pharmacy                        | 79.34         | 78.80         |
| • Rotoby Properties Ltd  | Rep. of Seychelles    | Investment property                    | 100.00        | 100.00        |
| • Scott Health Ltd   | Rep. of Mauritius     | Pharmaceutical                         | 79.34         | 78.80         |
| • Standard Pharmacy Ltd  | Rep. of Mauritius     | Pharmaceutical                         | 79.34         | 78.80         |
| • The Scott Smile Foundation Ltd   | Rep. of Mauritius     | CSR                                    | 79.34         | 78.80         |
| • Tobory Properties Ltd  | Rep. of Seychelles    | Investment property                    | <u>100.00</u> | <u>100.00</u> |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**10 Interests in subsidiaries (cont'd)**

e Financial information of subsidiaries with significant non-controlling interests:

|   | The Brand<br>House Ltd | Scott & Co<br>Ltd | Sebna Ltd | Scott Health<br>Ltd |
|---|------------------------|-------------------|-----------|---------------------|
|   | Rs'000                 | Rs'000            | Rs'000    | Rs'000              |
| <i>Statement of Financial Position</i>                              |                        |                   |           |                     |
| <b>2018</b>   |                        |                   |           |                     |
| Assets  | 796,468                | 1,001,483         | 7,250     | 264,622             |
| Liabilities   | 452,121                | 612,508           | 546       | 154,669             |
| Shareholders equity   | 344,347                | 388,975           | 6,704     | 109,953             |
| Owners of the Company   | 262,392                | 308,613           | 5,283     | 87,237              |
| Non-controlling interests   | 81,955                 | 80,362            | 1,421     | 22,716              |
|   | 344,347                | 388,975           | 6,704     | 109,953             |
| <b>2017</b>   |                        |                   |           |                     |
| Assets  | 843,466                | 758,463           | 33,780    | 339,217             |
| Liabilities   | 538,819                | 496,880           | 25,372    | 237,304             |
| Shareholders' equity  | 304,647                | 261,583           | 8,408     | 101,913             |
| Owners of the Company   | 232,141                | 206,127           | 6,626     | 80,307              |
| Non-controlling interests   | 72,506                 | 55,456            | 1,782     | 21,606              |
|   | 304,647                | 261,583           | 8,408     | 101,913             |
| <i>Statement of Profit or Loss &amp; Other Comprehensive income</i> |                        |                   |           |                     |
| <b>2018</b>   |                        |                   |           |                     |
| Revenue   | 2,594,838              | 1,363,308         | 94,337    | 454,867             |
| Profit before tax   | 79,927                 | 39,352            | (1,723)   | 7,552               |
| Tax expense   | (16,550)               | (6,671)           | (239)     | 296                 |
| Profit for the year   | 63,377                 | 32,681            | (1,962)   | 7,848               |
| Other comprehensive income  | 4,863                  | (2,289)           | 258       | 191                 |
| Comprehensive income for the year                                   | 68,240                 | 30,392            | (1,704)   | 8,039               |
| Owners of the Company   | 51,992                 | 24,113            | (1,343)   | 6,378               |
| Non-controlling interests   | 16,248                 | 6,279             | (361)     | 1,661               |
|   | 68,240                 | 30,392            | (1,704)   | 8,039               |
| <b>2017</b>   |                        |                   |           |                     |
| Revenue   | 2,545,862              | 1,131,684         | 128,763   | 406,360             |
| Profit before tax   | 102,720                | 49,114            | 6,940     | 20,596              |
| Tax expense   | (15,655)               | (7,019)           | (1,131)   | (2,599)             |
| Profit for the year   | 87,065                 | 42,095            | 5,809     | 17,997              |
| Other comprehensive income  | 2,551                  | 1,865             | 118       | 623                 |
| Comprehensive income for the year                                   | 89,616                 | 43,960            | 5,927     | 18,620              |
| Owners of the Company   | 68,287                 | 34,640            | 4,671     | 14,673              |
| Non-controlling interests   | 21,329                 | 9,320             | 1,256     | 3,947               |
|   | 89,616                 | 43,960            | 5,927     | 18,620              |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**10 Interests in subsidiaries (cont'd)**

*e* Financial information of subsidiaries with significant non-controlling interests: (cont'd)

|  | The Brand<br>House Ltd<br>Rs'000 | Scott & Co<br>Ltd<br>Rs'000 | Sebna Ltd<br>Rs'000 | Scott Health<br>Ltd<br>Rs'000 |
|--|----------------------------------|-----------------------------|---------------------|-------------------------------|
| <i>Statement of Cash Flows</i>                 |                                  |                             |                     |                               |
| <b>2018</b>                                    |                                  |                             |                     |                               |
| Net cash from/(used in) operating activities   | 189,383                          | (65,813)                    | 6,512               | (23,847)                      |
| Net cash from/(used in) investing activities   | (14,649)                         | (113,076)                   | (68)                | 5,421                         |
| Net cash from/(used in) financing activities   | (140,926)                        | 126,907                     | (2,067)             | (6,369)                       |
| Increase/(decrease) in cash & cash equivalents | <u>33,808</u>                    | <u>(51,982)</u>             | <u>4,377</u>        | <u>(24,795)</u>               |
| <b>2017</b>                                    |                                  |                             |                     |                               |
| Net cash from/(used in) operating activities   | (108,850)                        | 54,245                      | 7,174               | 16,843                        |
| Net cash from/(used in) investing activities   | (34,288)                         | (2,201)                     | (268)               | (20,004)                      |
| Net cash from/(used in) financing activities   | 64,660                           | (61,736)                    | (5,435)             | (16,460)                      |
| Increase/(decrease) in cash & cash equivalents | <u>(78,478)</u>                  | <u>(9,692)</u>              | <u>1,471</u>        | <u>(19,621)</u>               |
| Dividends paid to non-controlling interests    |                                  |                             |                     |                               |
| <b>2018</b>                                    |                                  |                             |                     |                               |
|  | <u>5,712</u>                     | <u>3,627</u>                | <u>-</u>            | <u>-</u>                      |
| <b>2017</b>                                    |                                  |                             |                     |                               |
|  | <u>9,235</u>                     | <u>4,644</u>                | <u>-</u>            | <u>-</u>                      |
|  | <u>Group</u>                     |                             | <u>Company</u>      |                               |
|  | <u>2018</u>                      | <u>2017</u>                 | <u>2018</u>         | <u>2017</u>                   |
|  | <u>Rs'000</u>                    | <u>Rs'000</u>               | <u>Rs'000</u>       | <u>Rs'000</u>                 |
| <b>11 Investment in joint venture</b>          |                                  |                             |                     |                               |
| <i>a</i> Cost (company)/equity (group)         |                                  |                             |                     |                               |
| At 01 October                                  | 1,597,632                        | 1,177,015                   | 1,220,780           | 1,220,780                     |
| Share of profit for the year (page 6)          | 93,100                           | 540,067                     | -                   | -                             |
| Share of other reserves (page 6)               | (3,500)                          | 12,050                      | -                   | -                             |
| Dividends receivable for the year              | (12,500)                         | (131,500)                   | -                   | -                             |
| At 30 September                                | <u>1,674,732</u>                 | <u>1,597,632</u>            | <u>1,220,780</u>    | <u>1,220,780</u>              |

*b* The Company and Kingston Asset Management Ltd, both incorporated in the Republic of Mauritius, jointly control in equal proportion, Elgin Ltd which holds 100% of Cim Holding Ltd, the shareholder of 53% of the equity shares of CIM Financial Services Ltd.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|   | <b>Group</b>  |               |
|---|---------------|---------------|
|   | <b>2018</b>   | <b>2017</b>   |
|   | <b>Rs'000</b> | <b>Rs'000</b> |
| <b>11 Investment in joint venture (cont'd)</b>          |               |               |
| <i>c</i> Summarised financial information of Elgin Ltd: |               |               |
| Net assets  | 6,645,800     | 6,543,700     |
| Revenue   | 1,943,000     | 1,865,900     |
| Profit for the year                                     | 351,000       | 2,445,200     |
| Other comprehensive income for the year                 | (9,500)       | 56,400        |
| Share of above profit attributable to the Company       | 93,100        | 540,067       |
| Share of above other comprehensive income               | (3,500)       | 12,050        |

*d* Refer to Note 38 for additional financial information on Elgin Ltd.

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2018</b>   | <b>2017</b>   | <b>2018</b>    | <b>2017</b>   |
|  | <b>Rs'000</b> | <b>Rs'000</b> | <b>Rs'000</b>  | <b>Rs'000</b> |
| <b>12 Investment in associates</b>                   |               |               |                |               |
| <i>a</i> <i>Cost (company)/equity (group)</i>        |               |               |                |               |
| At 01 October  | 14,119        | 14,469        | 9,259          | 9,259         |
| Acquisition  | 500           | -             | 500            | -             |
| Share of (loss)/profit for the year                  | (867)         | 766           | -              | -             |
| Share of (loss) on foreign exchange on retranslation | (260)         | (580)         | -              | -             |
| Dividends receivable for the year                    | -             | (536)         | -              | -             |
| At 30 September                                      | 13,492        | 14,119        | 9,759          | 9,259         |

*b* The associates, are as follows:

held directly by the Company

|                                | <b>%</b> | <b>%</b> |
|--------------------------------|----------|----------|
| • Savignac Proprietary Limited | 34.50    | 34.50    |
| • SmarTree Consulting Ltd      | 20.00    | -        |

Savignac Proprietary Limited is domiciled in the Republic of South Africa and its principal activity is to create and distribute its own branded hardware for aluminium windows and doors throughout Africa.

SmarTree Consulting Ltd is registered in the Republic of Mauritius and provides internal audit, risk advisory, statutory reporting services and related specialised training.

*c* Summarised financial information of associates are as follows :

|             | <b>2018</b>                        | <b>2018</b>                   | <b>2017</b>                        | <b>2017</b>                   |
|-------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|
|             | Savignac<br>Proprietary<br>Limited | SmarTree<br>Consulting<br>Ltd | Savignac<br>Proprietary<br>Limited | SmarTree<br>Consulting<br>Ltd |
|             | <b>Rs'000</b>                      | <b>Rs'000</b>                 | <b>Rs'000</b>                      | <b>Rs'000</b>                 |
| Assets      | 74,997                             | 1,928                         | 67,539                             | -                             |
| Liabilities | (36,667)                           | (1,748)                       | (25,809)                           | -                             |
| Net assets  | 38,330                             | 180                           | 41,730                             | -                             |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**12 Investment in associates (cont'd)**

*c* Summarised financial information of associates (cont'd)

|  | <u>2018</u>                                  | <u>2018</u>                             | <u>2017</u>                                  | <u>2017</u>                             |
|--|--|---|--|---|
|  | Savignac<br>Proprietary<br>Limited<br>Rs'000 | SmarTree<br>Consulting<br>Ltd<br>Rs'000 | Savignac<br>Proprietary<br>Limited<br>Rs'000 | SmarTree<br>Consulting<br>Ltd<br>Rs'000 |
| Revenue  | 59,040                                       | 4,069                                   | 161,559                                      | -                                       |
| Profit/(loss) for the year                           | <u>(2,562)</u>                               | <u>81</u>                               | <u>2,220</u>                                 | <u>-</u>                                |
| Share of profit/(loss) attributable to the Company   | <u>(884)</u>                                 | <u>17</u>                               | <u>766</u>                                   | <u>-</u>                                |
| Share of (loss) on foreign exchange on retranslation | <u>(260)</u>                                 | <u>-</u>                                | <u>(580)</u>                                 | <u>-</u>                                |

**13 Investments in equity securities**

|  | <u>Group</u>   |                | <u>Company</u> |                |
|--|----------------|----------------|----------------|----------------|
|  | <u>2018</u>    | <u>2017</u>    | <u>2018</u>    | <u>2017</u>    |
|  | Rs'000         | Rs'000         | Rs'000         | Rs'000         |
| <i>a</i> At 01 October   | 330,200        | 240,501        | 330,167        | 240,501        |
| Consolidation adjustment                                       | -              | 33             | -              | -              |
| Acquisitions   | 9,026          | 39,209         | 9,026          | 39,209         |
| Gain/(loss) in fair value (page 6)                             | 10,492         | 50,457         | 10,492         | 50,457         |
| At 30 September  | <u>349,718</u> | <u>330,200</u> | <u>349,685</u> | <u>330,167</u> |
| <i>b</i> The investments made up as follows:                   |                |                |                |                |
| Mauritian equity securities - quoted (level 1 : at fair value) | 220,447        | 208,604        | 220,447        | 208,604        |
| Mauritian equity securities - unquoted (level 3 : at cost)     | 51,098         | 51,098         | 51,098         | 51,098         |
| Foreign equity securities - quoted (level 1 : at fair value)   | 1,978          | 3,241          | 1,978          | 3,241          |
| Foreign equity securities - unquoted (level 3 : at cost)       | 76,195         | 67,257         | 76,162         | 67,224         |
|  | <u>349,718</u> | <u>330,200</u> | <u>349,685</u> | <u>330,167</u> |

*c* The fair value of the quoted securities is based on their quotation on the official market. Unquoted securities that do not have quoted market prices and whose fair values cannot be reliably measured are stated at cost less impairment, if necessary.

*d* Assuming a 1% change + (-) in the relevant quoted equity prices, the investments in equity shares would increase/(decrease) by Rs 2.2m (2017 - Rs 2.1m).

**14 Loans receivable**

|                                       |              |              |               |               |
|---------------------------------------|--------------|--------------|---------------|---------------|
| <i>a</i> Loan granted to subsidiaries | -            | -            | 86,582        | 63,500        |
| Loan granted to a related party       | 9,000        | 9,000        | 9,000         | 9,000         |
|                                       | <u>9,000</u> | <u>9,000</u> | <u>95,582</u> | <u>72,500</u> |
| <i>b</i> Current loan receivable      |              |              |               |               |
| Not later than 1 year                 | <u>3,000</u> | <u>-</u>     | <u>38,082</u> | <u>-</u>      |
| <i>c</i> Non-current loan receivable  |              |              |               |               |
| Later than 1 year                     | <u>6,000</u> | <u>9,000</u> | <u>57,500</u> | <u>72,500</u> |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group            |                  | Company        |                |
|--|------------------|------------------|----------------|----------------|
|  | 2018<br>Rs'000   | 2017<br>Rs'000   | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <b>15 Inventories</b>  |                  |                  |                |                |
| <i>a</i> Goods held for resale   | 945,231          | 1,033,389        | -              | -              |
| Raw materials & consumables  | 12,449           | 28,842           | -              | -              |
| Goods in transit   | 76,037           | 79,880           | -              | -              |
|  | <u>1,033,717</u> | <u>1,142,111</u> | <u>-</u>       | <u>-</u>       |
| <i>b</i> Inventories of borrowing companies of the Group have been pledged for banking facilities granted to them.   |                  |                  |                |                |
| <b>16 Trade &amp; other receivables</b>  |                  |                  |                |                |
| <i>a</i> Trade receivables   | 651,424          | 533,318          | 78             | -              |
| Less: Accumulated allowance for credit losses  | (31,900)         | (26,283)         | -              | -              |
| Net trade receivables  | <u>619,524</u>   | <u>507,035</u>   | <u>78</u>      | <u>-</u>       |
| Prepayments & other receivables  | 115,694          | 92,414           | 29,068         | 17,802         |
| Less: Accumulated allowance for credit losses  | (1,647)          | (1,347)          | -              | -              |
|  | <u>114,047</u>   | <u>91,067</u>    | <u>29,068</u>  | <u>17,802</u>  |
| Amount receivable from subsidiaries  | -                | -                | 41,527         | 38,119         |
| Amount receivable from joint ventures/associates   | -                | 108,000          | -              | 108,000        |
|  | <u>-</u>         | <u>108,000</u>   | <u>41,527</u>  | <u>146,119</u> |
|  | <u>733,571</u>   | <u>706,102</u>   | <u>70,673</u>  | <u>163,921</u> |
| <i>b</i> Accumulated allowance for credit losses   |                  |                  |                |                |
| At 01 October  | 27,630           | 28,966           | -              | -              |
| Allowance for credit losses (note 31)  | 5,941            | (1,336)          | -              | -              |
| Exchange differences   | (24)             | -                | -              | -              |
| At 30 September  | <u>33,547</u>    | <u>27,630</u>    | <u>-</u>       | <u>-</u>       |
| <i>c</i> Ageing of net trade receivables   |                  |                  |                |                |
| Less than 6 months   | 609,998          | 495,409          | -              | -              |
| More than 6 months   | 9,526            | 11,626           | -              | -              |
|  | <u>619,524</u>   | <u>507,035</u>   | <u>-</u>       | <u>-</u>       |
| <i>d</i> The trade receivables arise from credit facilities offered by the Group in the normal course of business for which the Group does not hold any collateral as securities. Taking into consideration the credit quality of the trade receivables, the Company considers that no provision for impairment is necessary on trade receivables of less than 6 months (not due or past due). |                  |                  |                |                |
| <b>17 Deposits receivable</b>  |                  |                  |                |                |
| <i>a</i> Interest bearing deposits receivable from   |                  |                  |                |                |
| - deposit taking company (related company)   | -                | 71,454           | -              | 71,454         |
| - banks  | 129,657          | -                | 129,657        | -              |
|  | <u>129,657</u>   | <u>71,454</u>    | <u>129,657</u> | <u>71,454</u>  |
| <i>b</i> Receivable  |                  |                  |                |                |
| Not later than 1 year  | <u>129,657</u>   | <u>71,454</u>    | <u>129,657</u> | <u>71,454</u>  |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**18 Bank overdrafts**

The bank overdrafts are secured on floating charges on the assets of the borrowing companies.

Interest rates are based on commercial rates as negotiated with the borrowing companies' bankers and varies from time to time.

Bank overdrafts facilities are generally for a period of one year subject to renewal after negotiations between the borrowing companies and their bankers.

|  | <u>Group</u>   |                | <u>Company</u> |              |
|--|----------------|----------------|----------------|--------------|
|  | <u>2018</u>    | <u>2017</u>    | <u>2018</u>    | <u>2017</u>  |
|  | Rs'000         | Rs'000         | Rs'000         | Rs'000       |
| <b>19 Trade &amp; other payables</b>   |                |                |                |              |
| <i>a</i> Trade payables  | 543,460        | 732,463        | -              | -            |
| Accruals & other payables  | 144,863        | 145,097        | 8,712          | 2,912        |
| Amount payable to subsidiaries   | -              | -              | 479            | 348          |
| Amount payable to other related parties  | 30             | 2,287          | -              | 610          |
| Amount payable on acquisition of investment in subsidiary                                  | 22,522         | 35,935         | -              | -            |
| Dividends payable to non-controlling interests   | 5,380          | 4,129          | -              | -            |
| Redeemable preference shares   | 18,361         | 4,540          |                |              |
| Amount payable - CSR Fund  | 5,999          | 4,403          | 1,239          | 622          |
|  | <u>740,615</u> | <u>928,854</u> | <u>10,430</u>  | <u>4,492</u> |
| <i>b</i> Trade payables are non-interest bearing and are generally on 30 to 90 days' term. |                |                |                |              |
| <b>20 Provisions</b>   |                |                |                |              |
| For bulk discounts & incentives  | 26,418         | 26,707         | -              | -            |
| For warranty repairs   | 21,348         | 20,671         | -              | -            |
| For termination benefits   | 5,991          | -              | -              | -            |
|  | <u>53,757</u>  | <u>47,378</u>  | <u>-</u>       | <u>-</u>     |
| <b>21 Income tax</b>   |                |                |                |              |
| <i>a</i> Tax expense   |                |                |                |              |
| Tax expense for the year   | 33,736         | 33,587         | 8,674          | 4,596        |
| Adjustment for previous year   | (260)          | 243            | -              | -            |
|  | <u>33,476</u>  | <u>33,830</u>  | <u>8,674</u>   | <u>4,596</u> |
| Deferred tax expense for the year  | 330            | 760            | -              | -            |
|  | <u>33,806</u>  | <u>34,590</u>  | <u>8,674</u>   | <u>4,596</u> |
| <i>b</i> Tax payable/(prepaid)   |                |                |                |              |
| At 01 October  | 20,074         | 18,685         | (257)          | 4,295        |
| Consolidation adjustment   | -              | 9,550          | -              | -            |
| Tax expense for the year   | 33,736         | 33,587         | 8,674          | 4,596        |
| Adjustment for previous year   | (260)          | 243            | -              | -            |
| Exchange difference  | 50             | 54             | -              | -            |
| Less: Tax paid   | (44,191)       | (42,045)       | (3,215)        | (9,148)      |
| At 30 September  | <u>9,409</u>   | <u>20,074</u>  | <u>5,202</u>   | <u>(257)</u> |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <b>21 Income tax (cont'd)</b>   |                |                |                |                |
| <i>c Reconciliation of tax expense &amp; tax on accounting profit</i> |                |                |                |                |
| Profit before tax   | 291,788        | 751,631        | 115,443        | 186,832        |
| <i>Adjustment for:</i>  |                |                |                |                |
| Share of profit of joint venture & associates                         | (92,233)       | (540,833)      | -              | -              |
| Difference between capital allowance & depreciation                   | (2,951)        | (1,801)        | (327)          | -              |
| Expenses not deductible for income tax purposes                       | 87,049         | 59,526         | 8,733          | 23,640         |
| Income not subject to tax   | (53,530)       | (32,636)       | (66,019)       | (179,610)      |
| Tax losses no longer available  | -              | 644            | -              | -              |
| Consolidation adjustment - tax losses                                 | -              | (56,404)       | -              | -              |
| Tax losses of previous year   | (46,056)       | (8,719)        | -              | -              |
| Tax losses for future use   | 41,201         | 46,056         | -              | -              |
| Adjusted chargeable profit for the year                               | 225,268        | 217,464        | 57,830         | 30,862         |
| Income tax on the adjusted profit for the year                        | 33,943         | 33,620         | 8,674          | 4,629          |
| Foreign tax credit  | (207)          | (33)           | -              | (33)           |
| Tax expense for the year  | 33,736         | 33,587         | 8,674          | 4,596          |
| Enacted tax rate  | 3% - 33%       | 15 - 33%       | 15%            | 15%            |
| Average effective tax rate  | 12%            | 4%             | 8%             | 2%             |
| <i>d Deferred tax assets</i>  |                |                |                |                |
| At 01 October   | (1,041)        | (1,801)        | -              | -              |
| Deferred tax expense for the year                                     | 330            | 760            | -              | -              |
| At 30 September   | (711)          | (1,041)        | -              | -              |
| Made up of  |                |                |                |                |
| Difference between capital allowance & depreciation                   | 920            | 231            | -              | -              |
| Employee benefit liabilities  | (1,601)        | (1,272)        | -              | -              |
| Others  | (30)           | -              | -              | -              |
|   | (711)          | (1,041)        | -              | -              |
| <b>22 Loans payable</b>   |                |                |                |                |
| <i>a Bank loans - secured</i>   |                |                |                |                |
| Bank loans - secured  | 50,969         | 147,990        | -              | -              |
| Bank loans on imports   | 97,142         | 47,990         | -              | -              |
|   | 148,111        | 195,980        | -              | -              |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | <b>Group</b>          |                       | <b>Company</b>        |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 | <u>2018</u><br>Rs'000 | <u>2017</u><br>Rs'000 |
| <b>22 Loans payable (cont'd)</b>   |                       |                       |                       |                       |
| <i>b Current loans payable</i>   |                       |                       |                       |                       |
| Not later than 1 year  | 100,555               | 152,448               | -                     | -                     |
| <i>Non-current loans payable</i>   |                       |                       |                       |                       |
| Later than 1 year & not later than 2 years   | 3,074                 | 2,364                 | -                     | -                     |
| Later than 2 years & not later than 5 years  | 10,108                | 4,149                 | -                     | -                     |
| Later than 5 years   | 34,374                | 37,019                | -                     | -                     |
|  | <u>47,556</u>         | <u>43,532</u>         | <u>-</u>              | <u>-</u>              |
| <i>c</i> The loans are secured by fixed and floating charges on the assets of the borrowing companies.   |                       |                       |                       |                       |
| <i>d</i> Interest rates are based on commercial rates as negotiated with the borrowing companies' bankers and varies from time to time.  |                       |                       |                       |                       |
| <b>23 Finance lease liabilities</b>  |                       |                       |                       |                       |
| <i>a Minimum lease payments</i>  |                       |                       |                       |                       |
| Not later than 1 year  | 15,353                | 14,741                | -                     | -                     |
| Later than 1 year & not later than 5 years   | 24,067                | 30,242                | -                     | -                     |
| Later than 5 years   | 2,607                 | -                     | -                     | -                     |
|  | 42,027                | 44,983                | -                     | -                     |
| Finance charges for future periods   | (4,867)               | (5,641)               | -                     | -                     |
| Present value of finance lease liabilities   | <u>37,160</u>         | <u>39,342</u>         | <u>-</u>              | <u>-</u>              |
| <i>b Present value of finance lease liabilities</i>  |                       |                       |                       |                       |
| Current - Not later than 1 year  | 13,154                | 12,210                | -                     | -                     |
| Non-current - Later than 1 year & not later than 5 years   | 21,540                | 26,762                | -                     | -                     |
| Non-current - Later than 5 years   | 2,466                 | 370                   | -                     | -                     |
|  | <u>37,160</u>         | <u>39,342</u>         | <u>-</u>              | <u>-</u>              |
| <i>c Lease arrangements</i>  |                       |                       |                       |                       |
| Finance leases relate to motor vehicles and equipment with lease terms of 5 years on average. The group/company has the option to acquire the assets concerned for a nominal amount at the conclusion of the lease arrangements. Lease liabilities are effectively secured as the rights of the leased assets to the lessor in the event of default. |                       |                       |                       |                       |
| <b>24 Employee benefit liabilities</b>   |                       |                       |                       |                       |
| Defined benefit liabilities (a) & (a.1)  | 5,565                 | 247                   | -                     | -                     |
| Other post-retirement benefit liabilities (b)  | 16,179                | 21,110                | 6,003                 | 6,003                 |
|  | <u>21,744</u>         | <u>21,357</u>         | <u>6,003</u>          | <u>6,003</u>          |

While the subsidiaries carry out an actuarial valuation of their liabilities every year, this is done by the Company every 2 years.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**24 Employee benefit liabilities (cont'd)**

*a Description of 'Defined benefit plan'*

The Group contributes to a multi-employer defined contribution pension plan, the Rogers Pension Fund (RPF), to which have been transferred the pension benefits of all employees who were members of a defined benefit superannuation fund (DBSF). These employees, subject to them contributing regularly to the RPF, have been given the guarantee by the Group that their benefits at 60 would not be less than the benefits provided under the ex-DBSF. The potential liability under the above guarantee is funded by additional contributions by the Group and has been included in the provisions made for employees benefit liabilities.

*Risks*

The assets are held separately from the Company under the control of the Management Committee of RPF. The Company contributes to RPF in respect to the above No Worse Off Guarantee (NWOG) for some employees, given that their pension benefits would not be less than what they would have received at the age of 60, under a previous defined benefit plan. The guarantee given exposes the Company to normal risks associated with defined benefit pension plans such as investment, interest, longevity and salary risks.

*Investment risk*

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

*Interest risk*

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

*Longevity risk*

The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

*Salary risk*

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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <i>a.1 Defined benefit liabilities</i>             |                |                |                |                |
| Present value of defined benefit liabilities (a.3) | 23,029         | 17,678         | -              | -              |
| Fair value of plan assets (a.4)                    | (17,464)       | (17,654)       | -              | -              |
| Adjustment for limit in net assets (a.5)           | -              | 223            | -              | -              |
| At 30 September                                    | 5,565          | 247            | -              | -              |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group   |         | Company |        |
|--|---------|---------|---------|--------|
|  | 2018    | 2017    | 2018    | 2017   |
|  | Rs'000  | Rs'000  | Rs'000  | Rs'000 |
| <b>24 Employee benefit liabilities (cont'd)</b>              |         |         |         |        |
| <i>a.2 Reconciliation of the defined benefit liabilities</i> |         |         |         |        |
| At 01 October  | 247     | 2,014   | -       | -      |
| Expenses (a.6)   | 1,408   | 770     | -       | -      |
| Remeasurement (a.7)  | 4,198   | (2,186) | -       | -      |
| Contributions paid   | (288)   | (351)   | -       | -      |
| At 30 September  | 5,565   | 247     | -       | -      |
| <i>a.3 Present value of defined benefit liabilities</i>      |         |         |         |        |
| At 01 October  | 17,678  | 18,647  | -       | -      |
| Current service cost   | 615     | 653     | -       | -      |
| Past service cost  | 860     | -       | -       | -      |
| Interest expenses  | 1,025   | 1,119   | -       | -      |
| Benefit paid   | (2,580) | (1,754) | -       | -      |
| Liability experience gain                                    | 671     | -       | -       | -      |
| Liability (gain)/loss due to change in financial assumptions | 4,760   | (987)   | -       | -      |
| At 30 September  | 23,029  | 17,678  | -       | -      |
| <i>a.4 Fair value of plan assets</i>                         |         |         |         |        |
| At 01 October  | 17,654  | 16,766  | -       | -      |
| Interest income  | 1,106   | 1,011   | -       | -      |
| Expected return on plan assets                               | 996     | 1,250   | -       | -      |
| Employer contributions                                       | 288     | 351     | -       | -      |
| Benefit paid   | (2,580) | (1,724) | -       | -      |
| At 30 September  | 17,464  | 17,654  | -       | -      |
| <i>a.5 Effect of ceiling</i>                                 |         |         |         |        |
| At 01 October  | 223     | 133     | -       | -      |
| Change in effect of asset ceiling                            | (223)   | 90      | -       | -      |
| At 30 September  | -       | 223     | -       | -      |
| <i>a.6 Expenses</i>  |         |         |         |        |
| Current service cost   | 615     | 653     | -       | -      |
| Past service cost  | 860     | -       | -       | -      |
| Interest expenses  | (67)    | 117     | -       | -      |
|  | 1,408   | 770     | -       | -      |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group               |                 | Company         |                 |
|--|---------------------|-----------------|-----------------|-----------------|
|  | 2018<br>Rs'000      | 2017<br>Rs'000  | 2018<br>Rs'000  | 2017<br>Rs'000  |
| <b>24 Employee benefit liabilities (cont'd)</b>  |                     |                 |                 |                 |
| <i>a.7 Remeasurements</i>  |                     |                 |                 |                 |
| Return on plan assets (above)/below interest income  | (996)               | (1,280)         | -               | -               |
| Liability experience (gain)  | 671                 | (987)           | -               | -               |
| Liability loss due to change in financial assumptions  | 4,760               | -               | -               | -               |
| Change in effect of asset ceiling  | (237)               | 81              | -               | -               |
|  | <u>4,198</u>        | <u>(2,186)</u>  | <u>-</u>        | <u>-</u>        |
| <i>a.8 Distribution of plan assets</i>   |                     |                 |                 |                 |
| Domestic equity securities - quoted  | 6,505               | 6,709           | -               | -               |
| Domestic debt securities - unquoted  | 4,715               | 4,060           | -               | -               |
| Foreign equity & debt securities- quoted   | 4,890               | 5,296           | -               | -               |
| Property - domestic  | 524                 | 353             | -               | -               |
| Cash & other   | 830                 | 1,236           | -               | -               |
|  | <u>17,464</u>       | <u>17,654</u>   | <u>-</u>        | <u>-</u>        |
| No assets are held in the Company's own financial instruments  |                     |                 |                 |                 |
| <i>a.9 Principal assumptions used</i>  | %                   | %               |                 |                 |
| Discount rate  | 5.9 - 6.1           | 6.50            | -               | -               |
| Future salary increase   | 3.9 - 4.0           | 4.50            | -               | -               |
| Future pension increase  | 0.5 - 1.2           | 0.50            | -               | -               |
| Average retirement age (ARA)   | 60 years            | 60 years        | -               | -               |
| Average life expectancy for  |                     |                 |                 |                 |
| Male at ARA  | 19.5 years          | 19.5 years      | -               | -               |
| Female at ARA  | 24.2 years          | 24.2 years      | -               | -               |
|  | <u>        </u>     | <u>        </u> | <u>        </u> | <u>        </u> |
| <i>a.10 Sensitivity analysis</i>   |                     |                 |                 |                 |
| Increase due to 1% decrease in discount rate   | <u>10,918</u>       | <u>9,530</u>    | <u>-</u>        | <u>-</u>        |
| Decrease due to 1% increase in discount rate   | <u>8,758</u>        | <u>7,513</u>    | <u>-</u>        | <u>-</u>        |
| The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would shown smaller variations in the defined benefit obligation. |                     |                 |                 |                 |
| <i>a.11 Future cashflows</i>   |                     |                 |                 |                 |
| The funding policy is to pay contributions to an external legal entity at the rate recommended by the Group's actuaries.   |                     |                 |                 |                 |
| - Expected employer contribution for the next year   | <u>272</u>          | <u>367</u>      | <u>-</u>        | <u>-</u>        |
| - Weighted average duration of the defined benefit obligation.   | <u>6 - 10 years</u> | <u>9 years</u>  | <u>-</u>        | <u>-</u>        |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <b>24 Employee benefit liabilities (cont'd)</b>  |                |                |                |                |
| <i>b Other post-retirement benefit liabilities</i>   | 16,179         | 21,110         | 6,003          | 6,003          |
| (Gratuity on retirement under the Employment Rights Act)   |                |                |                |                |
| The above liability is in respect of :   |                |                |                |                |
| • employees whose RPF benefits are not expected to fully offset the retirement gratuity obligations  | 10,658         | 11,653         | 6,003          | 6,003          |
| • employees only entitled to a retirement gratuity under the Employment Rights Act and who are not members by any supplementary pension plan | 5,521          | 9,457          | -              | -              |
|  | 16,179         | 21,110         | 6,003          | 6,003          |
| <i>b.1 Reconciliation of the liability recognised in the Statement of Financial Position</i>   |                |                |                |                |
| At 01 October  | 21,110         | 31,102         | 6,003          | 2,166          |
| Consolidation adjustment   | -              | (13,108)       | -              | -              |
| Expenses (b.2)   | 2,694          | 3,121          | -              | 871            |
| Remeasurement (b.3)  | (7,221)        | (5)            | -              | 2,966          |
| Payment during the year  | (404)          | -              | -              | -              |
| At 30 September  | 16,179         | 21,110         | 6,003          | 6,003          |
| <i>b.2 Expenses</i>  |                |                |                |                |
| Current service cost   | 1,724          | 1,766          | -              | 544            |
| Interest expenses  | 970            | 1,355          | -              | 327            |
|  | 2,694          | 3,121          | -              | 871            |
| <i>b.3 Remeasurements</i>  |                |                |                |                |
| Liability experience (gain)/loss   | 3,286          | (1,447)        | -              | 1,524          |
| Liability loss/(gain) due to change in financial assumptions   | (336)          | 1,513          | -              | 1,513          |
| Liability loss/(gain) due to change in demographic assumptions   | (10,171)       | (71)           | -              | (71)           |
|  | (7,221)        | (5)            | -              | 2,966          |
| <i>b.4 Principal assumptions used</i>  |                |                |                |                |
|  | %              | %              | %              | %              |
| Discount rate  | 5.9 - 6.1      | 5.5 - 6.5      | n/a            | 5.50           |
| Future salary increase   | 3.4 - 4.0      | 4.5 - 5.0      | n/a            | 5.00           |
| Future pension increase  | 0.0 - 1.2      | 0 - 0.50       | n/a            | 0.50           |
| Average retirement age (ARA)   | 60-65 yrs      | 60-65 yrs      | n/a            | 65 yrs         |
| Average life expectancy for  |                |                |                |                |
| Male at ARA  | 15.9-19.5 yrs  | 15.9-19.5 yrs  | n/a            | 15.9 yrs       |
| Female at ARA  | 20-24.2 yrs    | 20-24.2 yrs    | n/a            | 24.2 yrs       |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <b>24 Employee benefit liabilities (cont'd)</b>   |                |                |                |                |
| <i>b.5 Sensitivity analysis on actuarial assumption</i>   |                |                |                |                |
| Increase due to 1% decrease in discount rate  | 6,495          | 6,829          | n/a            | 1,188          |
| Decrease due to 1% increase in discount rate  | 3,873          | 5,317          | n/a            | 1,041          |
| <p>The sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would shown smaller variations in the defined benefit obligation.</p> |                |                |                |                |
| <i>b.6 Future cashflows</i>   |                |                |                |                |
| <p>The funding policy is to pay benefits out of the Company's cash flow as and when due.</p>  |                |                |                |                |
| - Expected employer contribution for the next year  | 305            | 987            | n/a            | -              |
| - Weighted average duration of the defined benefit obligation.  | 2-23 years     | 12-18 years    | n/a            | 13 years       |
| <i>c Contributions to defined contribution plan</i>   |                |                |                |                |
| Recognised in profit or loss  | 13,439         | 12,345         | 617            | 561            |
| <i>d Contributions to state pension plan</i>  |                |                |                |                |
| Recognised in profit or loss  | 9,283          | 8,793          | 31             | 17             |
| <b>25 Revenue</b>   |                |                |                |                |
| Sales of goods  | 4,909,209      | 4,578,281      | -              | -              |
| Provision of services   | 84,524         | 85,232         | 45,981         | 38,501         |
| Commission, rental & other income   | 25,794         | 29,384         | -              | -              |
|   | 5,019,527      | 4,692,897      | 45,981         | 38,501         |
| <b>26 Cost of sales</b>   |                |                |                |                |
| Cost of inventories sold/used & write-down  | 4,047,659      | 3,751,708      | -              | -              |
| General cost of sales expenses  | 18,708         | 21,905         | -              | -              |
| Short term employee benefits  | 4,424          | 6,004          | -              | -              |
| Depreciation  | 4,864          | 3,850          | -              | -              |
|   | 4,075,655      | 3,783,467      | -              | -              |
| <b>27 Other income &amp; gains</b>  |                |                |                |                |
| Rebate receivable from suppliers  | 71,028         | 59,156         | -              | -              |
| Refund - Advertising & promotion expenses   | 39,434         | 40,488         | -              | -              |
| Grant receivable  | 24,950         | -              | 24,950         | -              |
| Recharge of expenses  | 17,675         | 27,170         | -              | -              |
| Gain on disposal of plant & equipment   | 497            | 3,509          | -              | -              |
| Other income & gains  | 34,280         | 24,809         | 277            | -              |
|   | 187,864        | 155,132        | 25,227         | -              |



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group   |         | Company |         |
|--|---------|---------|---------|---------|
|  | 2018    | 2017    | 2018    | 2017    |
|  | Rs'000  | Rs'000  | Rs'000  | Rs'000  |
| <b>28 Dividend income</b>  |         |         |         |         |
| Interests in subsidiaries  | -       | -       | 33,661  | 40,454  |
| Investment in joint venture  | -       | -       | 12,500  | 131,500 |
| Investment in associates   | -       | -       | -       | 536     |
| Investments in equity securities   | 19,739  | 7,656   | 19,739  | 7,656   |
|  | 19,739  | 7,656   | 65,900  | 180,146 |
| <b>29 Interest income</b>  |         |         |         |         |
| Deposits at call with subsidiaries   | -       | -       | 4,748   | 3,634   |
| Bank and other deposits & loans receivable   | 3,419   | 3,013   | 3,321   | 2,813   |
| Overdue trade receivables & others   | 144     | 29      | -       | -       |
|  | 3,563   | 3,042   | 8,069   | 6,447   |
| <b>30 Foreign exchange</b>   |         |         |         |         |
| <i>a Gain/(loss) on foreign exchange</i>   |         |         |         |         |
| Gain/(loss) on foreign exchange arises on the settlement of transactions in foreign currencies and on the transactions of monetary assets and liabilities denominated in foreign currencies. |         |         |         |         |
| <b>31 Administrative &amp; selling expenses</b>  |         |         |         |         |
| <i>a</i> Short term employee benefits  | 423,790 | 414,119 | 12,300  | 12,155  |
| Advertising & promotion expenses   | 118,953 | 126,479 | -       | -       |
| Operating lease rentals  | 101,117 | 96,278  | 227     | -       |
| Other administrative & selling expenses  | 231,996 | 187,632 | 12,329  | 14,833  |
| Allowance for credit losses (note 16)  | 5,941   | (1,336) | -       | -       |
| Warranty repairs   | 9,877   | 8,574   | -       | -       |
| Depreciation   | 65,088  | 63,075  | 144     | -       |
| Amortisation   | 5,538   | 1,762   | -       | -       |
| Corporate social responsibility expenses   | 4,543   | 4,355   | 1,156   | 622     |
|  | 966,843 | 900,938 | 26,156  | 27,610  |
| <i>b Non-cancellable operating lease rentals</i>   |         |         |         |         |
| Not later than 1 year  | 30,110  | 40,566  | 157     | -       |
| Later than 1 year & not later than 5 years   | 4,432   | 11,570  | -       | -       |
|  | 34,542  | 52,136  | 157     | -       |
| <i>c Operating lease arrangements</i>  |         |         |         |         |
| The Group leases premises under operating leases for an average period of 5 years with a clause providing for inflationary increase in rental.   |         |         |         |         |

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2018<br>Rs'000 | 2017<br>Rs'000 | 2018<br>Rs'000 | 2017<br>Rs'000 |
| <b>32 Other expenses &amp; losses</b>        |                |                |                |                |
| Loss on redemption of preference shares      | 13,821         | -              | -              | -              |
| Impairment of investment in subsidiary       | -              | -              | 3,000          | -              |
|  | 13,821         | -              | 3,000          | -              |
| <b>33 Interest cost</b>                      |                |                |                |                |
| Bank overdrafts                              | 12,899         | 8,771          | -              | -              |
| Loans payable                                | 9,554          | 7,256          | -              | 243            |
| Finance lease liabilities                    | 2,861          | 2,702          | -              | -              |
| Deposit payable to subsidiary                | -              | -              | 336            | -              |
|  | 25,314         | 18,729         | 336            | 243            |
| <b>34 Related parties</b>                    |                |                |                |                |
| <i>a Transactions with related parties</i>   |                |                |                |                |
| <i>Sales of goods &amp; services to</i>      |                |                |                |                |
| - subsidiaries                               | -              | -              | 45,981         | 38,501         |
| <i>Purchase of goods &amp; services from</i> |                |                |                |                |
| - subsidiaries                               | -              | -              | 88             | 110            |
| <i>Interest income from</i>                  |                |                |                |                |
| - subsidiaries                               | -              | -              | 4,748          | 3,634          |
| - other related companies                    | 1,118          | 1,782          | 1,118          | 1,782          |
| <i>Interest cost to</i>                      |                |                |                |                |
| - subsidiary                                 | -              | -              | 336            | -              |

*b Outstanding balances with related parties*

Outstanding balances with related parties are disclosed in the respective note of the appropriate assets or liabilities.

Amount receivable from related parties arise in the normal course of business and are to be collected within the normal operating business cycle of the business.

There are no impaired trade receivables nor allowance for credit losses from related parties.

Amount payable to related parties arise in the normal course of business and are payable within the normal operating business cycle of the business.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|   | Group  |        | Company |        |
|---|--------|--------|---------|--------|
|   | 2018   | 2017   | 2018    | 2017   |
|   | Rs'000 | Rs'000 | Rs'000  | Rs'000 |
| <b>34 Related parties (cont'd)</b>                                |        |        |         |        |
| <i>c Compensation of key management personnel</i>                 |        |        |         |        |
| Short term employee benefits incurred by the Company/subsidiaries | 41,195 | 43,675 | 11,428  | 10,535 |
| Termination benefits incurred by the Company/subsidiaries         | 1,108  | 1,956  | -       | -      |

**35 Financial risk management**

*35.1 Financial risk factors*

The Company's activities expose it to financial risks:

Credit risk;

Liquidity risk.

Market risk (foreign exchange risk; interest rate risk)

*a Credit risk*

The Group has policies in place to ensure that credit sales are made to customers after a credit assessment has been carried out. There is no significant concentration of credit risk. The Group's credit risk is primarily attributable to its receivables. The amounts presented in the Statement of Financial Position are net for allowance for credit losses, estimated by management based on prior experience and the economic environment.

Refer to Note 16 (trade & other receivables) for aged analysis of trade receivables

*b Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

Contractual maturities of outflows in respect of financial liabilities are disclosed in the respective note of the appropriate liability.

*c Market risk (foreign exchange risk; interest rate risk)*

*c.1 Foreign exchange risk*

The Group is exposed to foreign exchange risk on certain transactions denominated in foreign currencies.

The Group uses forward contracts, whenever possible, to manage its exposure to foreign currency risk.

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**35 Financial risk management (cont'd)**

*c.2 Currency risk analysis*

The financial instruments exposed to foreign currency changes are summarised as follows:

|                              | <b>Group</b>                    |                    | <b>Company</b>     |                    |
|------------------------------|---------------------------------|--------------------|--------------------|--------------------|
|                              | <b><u>2018</u></b>              | <b><u>2017</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> |
|                              | <b>(in respective currency)</b> |                    |                    |                    |
| <u>Financial assets</u>      |                                 |                    |                    |                    |
| € ('000)                     | 2,030                           | 2,312              | 1,121              | 57                 |
| Us\$ ('000)                  | 4,104                           | 4,685              | 2,073              | 2,108              |
| £ ('000)                     | 531                             | 547                | 518                | 537                |
| Zar ('000)                   | 2,531                           | 3,042              | -                  | -                  |
| Dkk '000                     | 101                             | 765                | -                  | -                  |
| Chf '000                     | 302                             | 255                | -                  | -                  |
| <u>Financial liabilities</u> |                                 |                    |                    |                    |
| € ('000)                     | 2,276                           | 2,726              | -                  | -                  |
| Us\$ ('000)                  | 5,392                           | 7,606              | -                  | -                  |
| £ ('000)                     | 72                              | 118                | -                  | -                  |
| Zar ('000)                   | 991                             | 1,981              | -                  | -                  |
| A\$ ('000)                   | 95                              | 159                | -                  | -                  |
| Dkk '000                     | 504                             | 352                | -                  | -                  |
| Chf '000                     | 310                             | 456                | -                  | -                  |
|                              | <b>Rs'000</b>                   | <b>Rs'000</b>      | <b>Rs'000</b>      | <b>Rs'000</b>      |

*c.3 Sensitivity analysis on foreign currency risk*

Assuming a 1% change + (-) in the foreign currency rate on the above financial assets & liabilities, the result would have been impacted by

|     |       |       |     |
|-----|-------|-------|-----|
| 305 | 1,018 | 1,393 | 955 |
|-----|-------|-------|-----|

*c.4 Interest rate risk*

The Group's income and operating cash flow are exposed to interest rate risk as it sometimes borrows at variable rates. The Group uses a proper mix of fixed and variable rate borrowings, whenever possible, to manage the interest rate risk.

*Sensitivity analysis on interest rate risk*

Assuming a 25 basis points change + (-) in the interest rate on all variable interest bearing borrowings, the result would have been impacted by

|     |     |   |   |
|-----|-----|---|---|
| 818 | 594 | - | - |
|-----|-----|---|---|

**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

**35 Financial risk management (cont'd)**

**35.2 Capital risk management**

a The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or raise shareholders loan or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as net borrowing divided by total equity of the Company.

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | <u>2018</u>      | <u>2017</u>      | <u>2018</u>      | <u>2017</u>      |
|  | <b>Rs'000</b>    | <b>Rs'000</b>    | <b>Rs'000</b>    | <b>Rs'000</b>    |
| <b>b</b>                                 |                  |                  |                  |                  |
| <i>Gearing ratio</i>                     |                  |                  |                  |                  |
| <i>Interest bearing borrowings</i>       |                  |                  |                  |                  |
| Bank overdrafts                          | 281,542          | 244,387          | -                | -                |
| Loans payable                            | 148,111          | 195,980          | -                | -                |
| Finance lease liabilities                | 37,160           | 39,342           | -                | -                |
|  | <u>466,813</u>   | <u>479,709</u>   | <u>-</u>         | <u>-</u>         |
| <i>Less: Cash &amp; cash equivalents</i> | <u>(129,655)</u> | <u>(284,793)</u> | <u>(59,278)</u>  | <u>(137,567)</u> |
| Net debts                                | 337,158          | 194,916          | -                | -                |
| Shareholders equity                      | 3,426,498        | 3,222,708        | 2,528,800        | 2,464,554        |
| Total capital employed                   | <u>3,763,656</u> | <u>3,417,624</u> | <u>2,528,800</u> | <u>2,464,554</u> |
| Gearing ratio                            | <u>9%</u>        | <u>6%</u>        | <u>0%</u>        | <u>0%</u>        |

**36 Contingent liabilities**

The Company had contingent liabilities in respect of securities given to the bank in terms of shares in Cim Financial Services Ltd, mainly for the financing of new investments acquired in 2016, for which it is anticipated that no material liabilities will accrue.

These contingent liabilities are valued at Rs 49m at 30 September 2018.

**37 Events after the reporting period**

**a Acquisition of subsidiaries**

a.1 The cost of the investment in Dimomix SARL & Coffee Mayotte SARL acquired in 2016 is subject to a due diligence exercise which is still on-going.

Based on terms of the purchase of shares agreement between Indian Ocean Coffee Ltd (a subsidiary) and the vendors, there is a possibility that the results of the due diligence would impact on the profit and loss of the Group in the year to 30 September 2020.



**Scott Investments Ltd**  
**Notes for the Year ended 30 September 2018**

|  | <u>2018</u>     | <u>2017</u>     |
|--|-----------------|-----------------|
|  | Rs'm            | Rs'm            |
| <b>38 Additional financial information of joint venture</b>              |                 |                 |
| <i>a Assets and liabilities of Elgin Ltd :</i>                           |                 |                 |
| <i>a.1 Assets</i>  |                 |                 |
| Cash at bank & in hand   | 526.2           | 505.9           |
| Deposits with banks  | 1,026.0         | 2,738.9         |
| Receivables under leases & credit agreements                             | 7,637.7         | 6,609.4         |
| Loans receivable   | 2,865.5         | 2,367.6         |
| Investments in associates  | 177.5           | 193.1           |
| Investments in equity securities   | 1,598.9         | 21.8            |
| Property, plant & equipment  | 1,585.8         | 1,199.5         |
| Investment properties  | 1,216.5         | 1,039.2         |
| Intangible assets  | 106.7           | 66.1            |
| Inventories  | 5.6             | 8.2             |
| Employee benefit assets  | 7.2             | 6.8             |
| Deferred tax assets  | 54.6            | 39.9            |
| Other assets   | 676.2           | 546.5           |
|  | <u>17,484.4</u> | <u>15,342.9</u> |
| <i>a.2 Liabilities</i>   |                 |                 |
| Deposit from customers   | 3,426.6         | 3,134.3         |
| Bank overdrafts  | 203.4           | 126.3           |
| Loans payable  | 5,746.4         | 4,057.9         |
| Trade & other payables   | 1,328.2         | 1,159.2         |
| Tax payable  | 46.4            | 28.2            |
| Employee benefit liabilities   | 87.6            | 77.7            |
| Dividends payable  | -               | 216.0           |
|  | <u>10,838.6</u> | <u>8,799.6</u>  |
| <i>b Items from the Statement of Comprehensive income of Elgin Ltd :</i> |                 |                 |
| <i>b.1 Administrative and selling expenses</i>                           | (930)           | (875)           |
| <i>b.2 Interest income</i>   | 1,189           | 1,042           |
| <i>b.3 Interest expense</i>  | (382)           | (352)           |
| <i>b.4 Other revenue</i>   | 754             | 824             |
| <i>b.5 Profit before tax</i>   | 440             | 411             |
| <i>b.6 Tax expense</i>   | (89)            | (107)           |
| <i>b.7 Profit from discontinued operations</i>                           | -               | 2,142           |
|  | <u>-</u>        | <u>2,142</u>    |