COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
("COVIFRA")

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

ANNUAL REPORT
YEAR ENDED 30 JUNE 2021

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COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2021

The directors are pleased to present the Annual Report of Compagnie des Villages de Vacances de L'Isle de France Limitee ("Covifra") for the financial year ended 30 June 2021 as set out on pages 2 to 46.

This report was approved by the Board of Directors on 07 SEP 2021

……………………………………………
Director

……………………………………………
Director

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

SECRETARY CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2021

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.

For and on behalf of
MCB Group Corporate Services Ltd
Company Secretary

Date: 07 SEP 2021

1. GOVERNANCE STRUCTURE

1.1 Overview

Compagnie des Villages de Vacances de L'Isle de France Limitée (the "Company" or "Covifra") is a public company listed on the Development and Enterprise Market of the Stock Exchange of Mauritius Ltd. Covifra is therefore a Public Interest Entity as defined by law. It is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

The Company rents out its investment property to Holiday Villages Management Services (Mauritius) Limited, which operates the Club Med Hotel at La Pointe aux Canonniers, Mauritius. The Company completed the refurbishment and extension programme of its investment property and resumed operations in November 2018.

1.2 Statement of Compliance

The board of directors has given and will continue to give due consideration to the principles of good corporate governance which are applicable to the Company under the National Code of Corporate Governance for Mauritius (2016) (the "Code").

Throughout the financial year ended 30 June 2021, to the best of the Board's knowledge the organisation has complied with the Code in all material aspects.

The board of directors will regularly reassess the requirements of the Code to ensure that the Company remains compliant thereto in all material aspects.

1.3 Constitutive documents or Charter documents

1.3.1 Board Charter

The Board Charter has been duly approved by the Board and is reviewed by the latter on a regular basis. The Charter provides for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Company are duly escalated to the Board of the Company and to the Audit Committee.

1.3.2 Organisation Chart

The Company has no staff and all its activities and operations have been outsourced under Management and Service Level Agreements to subsidiaries of the MCB Group Ltd.

1.3.3 Position Statements

Position Statements have been approved by the Board and provides for a clear definition of the roles and responsibilities of the Chairperson and of Company Secretary.

1. GOVERNANCE STRUCTURE (CONT'D)

1.3.4 Statement of Main Accountabilities

The Board is responsible and accountable for the long-term success of the Company and as such has approved and has set its main collective responsibilities as follows:

	Main Accountabilities
Chairperson	- Provides overall leadership to the Board - Ensures that the Board is effective in its tasks of setting and implementing the Company's direction and strategy - Ensures that the development needs of the directors are identified and appropriate training is provided to continuously update their skills and knowledge. - Maintains sound relations with the shareholders
Board	- Ensures compliance by the Company with applicable legislation, regulation and policies - Sets the direction and strategy of the Company - Safeguards the assets of the Company. - Ensures long-term interests of the shareholders are being served.

1.3.5 Material Clauses of the Constitution

There are no clauses of the constitution deemed material that warrant special disclosure.

2. THE BOARD STRUCTURE

2.1 Board and Chairperson roles and responsibilities

The Board structure is unitary with a mix of independent and non-executive directors. All the members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company, independent of management and to protect the interests of shareholders, clients and other stakeholders.

The Chairperson's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. It is the Chairperson's responsibility to ensure that appropriate policies and procedures are in place for the effective management of the Company.

The external obligations of the Chairperson have not materially changed during the Financial Year 2020/2021 and those obligations have in no way hindered the discharge of her duties and responsibilities.

2.2 Composition of the Board

The Board examines the size, composition and the essential competencies of its members regularly to ensure that there is an appropriate balance of skill, experience and knowledge on the Board to carry out its duties and responsibilities effectively. The Board comprises of five members as detailed below:

Name	Title	Category	Gender	Country of Residence
Margaret Wong Ping Lun	Chairperson	Non-Executive	Female	Mauritius
Gilbert Gnany	Director	Non-Executive	Male	Mauritius
Robert Ip Min Wan	Director	Independent	Male	Mauritius
Pierre Guy Noël	Director	Non-Executive	Male	Mauritius
Jean Marc Ulcoq	Director	Independent	Male	Mauritius

Messrs Pierre Guy Noël, Gilbert Gnany and Mrs Margaret Wong Ping Lun are also directors of MCB Real Assets Ltd, the holding company.

2. THE BOARD STRUCTURE (CONT'D)

The size of the Board and its level of diversity is commensurate with the size of the Company which is an investment holding company with no employee.

Given that the Company has no employees, there are no executive directors on the Board, which consists of three non-executive and two independent Directors. Day-to-day management of Covifra are carried out by the employees of the subsidiaries within MCB Group under proper management agreements.

2.3 Company Secretary

MCB Group Corporate Services Ltd is the appointed Secretary to the Board. All board members have access to officers of the Secretary for information relating to Board matters.

2.4 Profile of Directors

A brief profile of each director along with their directorships is set out below:

(i) Margaret Wong Ping Lun, Non-Executive Director and Chairperson

Mrs Margaret Wong Ping Lun holds a BA (Hons) in Business Studies (UK) and is a Fellow of the Institute of Chartered Accountants in England and Wales. Prior to her retirement in 2019 as lecturer in Accounting and Finance at the University of Mauritius, she was a Senior Manager at De Chazal Du Mée's Consultancy Department. She was a former member of the Listing Executive Committee of the Stock Exchange of Mauritius Ltd. She was appointed to the Board of MCB Ltd in 2004 and was a Director thereof until March 2014, after which she joined the Board of MCB Group Ltd, following the restructuring of the MCB Group, until November 2019. She is a Board member of several companies within the MCB Group acting as Chairperson or Director.

Directorship in other listed companies:
Terra Mauricia Ltd
Fincorp Investment Limited

(ii) Gilbert Gnany, Non-Executive Director

Mr. Gilbert Gnany holds a Master's degree in Econometrics from the University of Toulouse and a 'DESS' in Management/Micro-Economics from Paris-X. He is currently Chief Strategy Officer of MCB Group Limited. Previously, he worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist after having been the Economic Advisor to the Minister of Finance. During his career, he has been involved in various high-profile boards/committees. Amongst others, he chaired the Stock Exchange of Mauritius, the Statistics Advisory Council and the Statistics Board of Mauritius as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. Presently, alongside being a Director of MCB Group Ltd and a member of its Strategy Committee and Risk Monitoring Committee, he acts as either Chairperson or board member of several companies of the Group.

Directorship in other listed companies:
MCB Group Limited
Caudan Development Ltd
Promotion and Development Ltd
Médine Ltd

2. THE BOARD STRUCTURE (CONT'D)

2.4 Profile of Directors (cont'd)

(iii) Robert Ip Min Wan, Independent Director

Mr Robert Ip Min Wan is a Fellow of the Institute of Chartered Accountants in England & Wales. He graduated with a B.Com Hons from the University of Edinburgh in 1999. For the next eight years, he trained and worked with Deloitte (London) where he acquired, as senior manager, an extensive knowledge of financial services with a focus on banking. Since 2008, he has been managing his distribution business in Mauritius. He is also an independent director of Holiday Villages Management Services (Mauritius) Ltd and chairs the Corporate Governance committee. He serves as director on several companies within the MCB Group.

Directorship in other listed companies
Mauritian Eagle Insurance Ltd.

(iv) Pierre Guy Noël, Non-Executive Director

Mr Pierre Guy Noël holds a BSc (Honours) in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales.From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the MCB Group acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a Director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise.

Directorship in other listed companies:
MCB Group Limited

(v) Jean Marc Ulcoq, Independent Director

Mr Jean Marc Ulcoq is a Chartered Accountant (UK). He has developed throughout the past 15 years a strong and proven international expertise in managing both at the operational/financial sides as well as at directorship level of many companies including listed companies in Mauritius, and of international operations in countries such as South Africa, Madagascar, Mayotte and Reunion Island. He is a fellow member of the Mauritius Institute of Directors, member of the Committee setting up Corporate Governance Conventions in Mauritius and in the Audit and Accounting - Task Force. He also chairs the Audit Committee of several companies in Mauritius. He is also an independent director of Holiday Villages Management Services (Mauritius) Ltd and chairs the Audit and Risk committee.

Directorship in other listed companies
Southern Cross Tourist Company Ltd
The Union Sugar Estates Co. Ltd

2. THE BOARD STRUCTURE (CONT'D)

2.5 Board Attendance

Board meeting are held on a quarterly basis but may be convened at any time in case of urgent matters to be discussed.

No of Meetings held during the financial year ended 30 June 2021	3
Directors	
Mrs Margaret Wong Ping Lun	3
Mr Gilbert Gnany	3
Mr Robert Ip Min Wan	3
Mr Pierre Guy Noël	3
Mr Jean Marc Ulcoq	3

2.6 Board Committees

There are currently two sub-committees of the Board, namely the Audit and Risk Committee and the Corporate Governance Committee.

Audit and Risk Committee ("ARC")

The ARC consists of three members, two independent directors and one Non-Executive director, and is governed by a Charter approved by the Board of Directors and which is reviewed regularly. The Charter of the Audit Committee is available on the website of the Company. The Committee is chaired by an independent director and attendance to the Audit Committees was as follows:

Number of ARCs held during the financial year ended 30 June 2021	4
Directors	
Mr Robert Ip Min Wan (Chairperson)	4
Mr Jean Marc Ulcoq	4
Mrs Margaret Wong Ping Lun	4

The broad terms of reference of the Committee are:

- To review the effectiveness of the company's internal control and risk management systems;
- To ensure compliance with legal and regulatory requirements and business ethics;
- To review the integrity of quarterly financial statements and recommend their adoption to the Board prior to filing and publication; and
- To oversee the process for selecting the external auditor, assess the continuing independence of the external auditor and approve the audit fees.

Corporate Governance Committee ("CGC")

The CGC consists of two independent directors namely Mr Jean Marc Ulcoq (Chairperson), Mr Robert Ip Min Wan and one Non-Executive director, Mrs Margaret Wong Ping Lun. The main role of the Committee is to advise and make recommendations to the Board on all aspects of Corporate Governance which should be followed by the Company so that the Board remains effective while complying with sound and recommended corporate practices and principles. The Charter of the CGC has been approved by the Board on 5 September 2019 and is available on the website of the Company.

During the financial year 2020/2021, the CGC met on 25 September 2020 to review the Corporate Governance Report of the Company, and all members were present.

3. DIRECTORS APPOINTMENT PROCEDURES

3.1 Directors Selection

The Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited identifies suitable candidates for the Board of the Company after determining whether the potential candidates have the required criteria it has established. The RCGESC then proposes the selected candidates to the Board of the Company for review and approval. The RCGESC also oversees succession planning for independent directors.

3.2 Election and Re-election of Directors

All directors are re-elected each year at the Annual Meeting of Shareholders.

3.3 Induction of new Directors

There was no new director appointed during the year under review. Typically, all new directors are given an induction pack, which comprises the constitutive documents and the minutes of the last meeting of the Board. An introductory meeting is organised with the Chairperson and other directors to explain the business activities of the Company and its governing policies.

The Chairperson, the non-executive Directors as well as the Company Secretary are readily available to answer any further queries that the newly appointed directors may have with respect to the Company.

The above mentioned induction programme meets the specific needs of both the Company and the newly appointed directors and enable the latter to participate actively in Board discussion.

3.4 Professional Development

The Chairperson regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from the directors, the Company shall provide the necessary resources for developing and updating its directors' knowledge and capabilities.

3.5 Succession Planning

MCBG is one of the largest group of companies in Mauritius with a large pool of talent with different skills, academic and professional qualifications, and expertise in various fields of business. The MCB Group strategy includes the recognition and fostering of talents within executive and management levels across the Group thus ensuring that opportunities are created to develop current and future leaders.

3.6 Time Commitment

Each director is expected to devote sufficient time and attention to the affairs of the Company. The Company anticipates a time commitment of around 2 days per year. This will include attendance at Board meetings, Board committees (if applicable), the Annual Meeting of Shareholders and meetings as part of the Board evaluation process and training and development programmes. There is always the possibility of additional time commitment in respect of ad hoc matters that may arise from time to time, and particularly when the Company is undergoing a period of increased activity.

4. BOARD PERFORMANCE AND EVALUATION

4.1 Legal duties of Directors

The directors are aware of their legal duties under the Act and other relevant legislations. They exercise the required standard degree of care, skill and diligence, which a reasonably prudent and competent director in such position would exercise.

4. BOARD PERFORMANCE AND EVALUATION (CONT'D)

4.2 Remuneration Philosophy

The Board reviews the remuneration of independent directors and recommendations are made to the RCGESC of MCB Group Ltd, the ultimate holding company. The RCGESC is responsible for the setting up and developing of the Group's policy concerning the remuneration of directors. MCB Group Ltd lays significant emphasis on appointing the right people with relevant skills and appropriate behaviours, and rewarding them, in line with market practice.

The Company applies the same remuneration philosophy for directors as its ultimate holding company, MCB Group Limited, which consists mainly of:

- a monthly basic retainer for membership of the Board
- an attendance fee per sitting of the Board and Committee
- the Chairpersons of the Board and Committees, having wider responsibilities are entitled to higher remuneration.

4.3 Directors' Remuneration

The Directors' fees and remuneration are in accordance with market rates and have been paid to the independent and non-executive directors as follow:

	EUR
Mr Robert Ip Min Wan	3,568
Mr Jean Marc Ulcoq	2,284
Mrs Margaret Wong Ping Lun	4,444

Messrs Pierre Guy Noël and Gilbert Gnany, who are already in executive positions within MCB Group Limited, have not received any directors' fees or remuneration, in line with the MCB Group Limited's policy.

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

4.4 Directors' interests in shares

The directors' interests in the securities of the Company as at 30 June 2021 are detailed hereunder.

DIRECTORS	Number of shares in Compagnie des Villages de Vacances de L'Isle de France Limitee	
	Direct	Indirect
Mrs Margaret Wong Ping Lun	-	9,000

4.5 Directors' service contracts

There are no fixed term contracts or service contracts between the Company and the directors.

4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 18 of the Financial Statements.

4.7 Policies of the Company

The Conflicts of interest and Related Party Transaction Policy and the Code of Ethics have been approved by the Board on 2 July 2018 and are reviewed on a regular basis. Compliance with the Code of Ethics is regularly monitored and evaluated by the Board.

4.8 Register of Interest

An interest register is maintained by the Company Secretary and is available for consultation by the shareholder upon request.

4.9 Management of Information

The Board lays due emphasis on the confidentiality, integrity, availability and protection of information. The Company has no workforce. Day-to-day activities are outsourced to subsidiaries of the MCB Group, which have appropriate frameworks, policies and controls in place to manage information.

4.10 Board, Committees and Directors' Performance

The Board had resolved that a review of the performance and effectiveness of the Board, its Committees and its Directors be undertaken at an interval of two years. A review, led by the by the Corporate Governance Committee, was conducted internally with respect to the financial year 2020/2021 by means of a questionnaire filled by each Director to assess the Board's effectiveness and whether directors continue to discharge their respective duties effectively.

The evaluation showed that the Board and its Committees are operating effectively, and that the Chairperson and the directors are fulfilling their roles as required. No significant action has to be taken as a result of the evaluation. The directors endeavour to maintain the same vigilance in leading the Company.

5. RISK GOVERNANCE AND INTERNAL CONTROL

The Board of Directors is ultimately responsible for risk management, the procedures in place within the organisation and the definition of the overall strategy for risk tolerance. The Company's policy on risk management encompasses all significant business risks including physical, operational, financial, compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanisms in place include:

- a system for the ongoing identification and assessment of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk
- reviewing the effectiveness of the system of internal control; and
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The key risks for the Company are legal, regulatory, operational, reputational and financial risks and the Board is directly responsible for the design, implementation and monitoring of all risk, compliance and procedures of the Company. The Company's business model is based on deriving rental income from its investment property. The rental income depends on the performance of the hotel. The Company's working capital needs are minimal and its rental income is received in advance. In addition, other that existing debts, the Company has no material creditors.

- Legal risks are managed by the Board, taking advice from the Company's legal advisor where appropriate. The Board is also covered under appropriate insurance cover taken by the Company's immediate holding company.

5. RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

- Regulatory risks are managed by the Board and involves the setting out of proper processes and procedures in order to comply with all relevant legislations in force to safeguard the assets of the Company.
- Operational risks are managed by the Board and involves the identification of proper operational and administrative procedures to mitigate the risk of losses through errors or omissions.
- The major strategic risk to the Company relates to the rental income it derives through its investment property. The Board regularly identifies and monitors this risk by overseeing performance of the Company's tenant.
- Reputational risks are also managed by the Board through close overview of major activities of the Company.
- The identification and management of the financial risks are discussed in note 20 of the Financial Statements.

The Board of Directors has delegated the responsibility to ensure the effectiveness of the internal control systems to the Audit Committee of the Company which has set adequate policies to provide reasonable assurance that risks are identified and managed appropriately. Any serious issue arising is taken at Board level.

During the financial year under review all significant areas with respect to risk governance were covered by internal control and no material risk or deficiency was noted in the organisation's system of internal controls. The Board is satisfied regarding the implementation, operation and effectiveness of internal controls and risk management.

6. REPORTING WITH INTEGRITY

6.1 Overview

Due to the closure of the Mauritian borders, Holiday Villages Management Services (Mauritius) Limited ("HVMS") closed the resort and notified COVIFRA of a force majeure due to the COVID-19 pandemic under the terms of the lease agreement dated 24 October 2017. Pursuant to this notification, HVMS lease payments and its other obligations have been suspended. As a result, COVIFRA did not receive any rental income for the year ended 30 June 2021.

In June 2021, the Government of Mauritius announced a phased re-opening of the Mauritian borders. Based on this announcement, as from 1 October 2021, vaccinated tourists shall be exempt from the 14-day quarantine period. Accordingly, the Company and HVMS are in discussions in relation to the re-opening of the resort and the resumption of rental payments.

All of the company's debt obligations has been timely paid for the period ended 30 June 2021.

6.2 Health and Safety Issues

The Company is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

The health and safety of clients and visitors are paramount and all reasonable measures are taken to ensure a sound and healthy working environment.

The Company is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. All employment opportunities are openly advertised.

6.3 Corporate Social Responsibility

No Corporate Social Responsibility contributions were made for the year under review.

6. REPORTING WITH INTEGRITY (CONT'D)

6.4 Charitable Donations

No donations were made by the Company during the year under review.

6.5 Political Donation

No political donations were made by the Company during the year under review.

6.6 Documents on the Website

The following documents which have been approved by the Board are available on the Website of the Company, www.covifra.com:

⇒ The full Annual Report of the Company including the financial statements
⇒ The Constitution
⇒ The Board Charter
⇒ The Audit Committee Charter
⇒ The Corporate Governance Committee Charter
⇒ The Code of Ethics
⇒ The Conflicts of interests and related party transactions policy
⇒ The Position Statements of the Chairperson and the Company Secretary
⇒ The Statement of major accountabilities within the organization
⇒ The Nomination and appointment process
⇒ Profile of the Directors
⇒ Profile of the Company Secretary

7. AUDIT

7.1 Internal Audit

The Board resolved on 5 September 2019 to outsource the internal audit function to the Internal Audit department of The Mauritius Commercial Bank Ltd (IA). The IA provides a balanced assessment of key risks and controls, independent from reports received from the Company's management.

The Head of IA is independent of the Executive Management of the Company and reports to the Audit Committee of the Company as well as to the Audit Committee of MCBG.

IA ensures that the quality of internal audit services provided to Covifra is aligned with recognised best practices. IA leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Company. The Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. The last exercise was carried out in November/December 2018 by an internationally recognised auditing firm which confirmed the Internal Audit BU's compliance with the International Standards for the Professional Practice of Internal Audit issued by the above mentioned institute.

Areas, systems and processes covered by internal audit including non-financial matters are as follows:

- Governance and organization design: Review of Board minutes; review of agreements/SLAs with other entities of the MCB group.
- Accounting cycle: Close the books process, Obtain the independent valuation of the Investment property, review of General ledger and Trial Balance, review of bank reconciliations, variance analysis of material figures, vouching of significant items.
- Reporting to regulatory authorities: Verify that the DEM reporting requirements have been met and statutory returns duly submitted.

7. AUDIT (CONT'D)

7.2 External Auditors

The Audit and Risk Committee of Covifra recommends the appointment of external auditors on a yearly basis, after having reviewed the Audit Plan presented by the external auditors.

The Audit and Risk Committee also evaluates the performance of the external auditor and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the external auditor is independent from the Company
- Considering whether the relationships that may exist between the Company and the external auditor impair the external auditor's judgement

Upon approval from the Audit and Risk Committee, the Board of Covifra thereafter recommends the appointment of external auditors to the shareholders in the Annual Meeting of shareholders for approval by way of an ordinary resolution.

7.3 Auditors' Fees

The fees paid to the auditors, for audit and other services for the last 2 years were:

Audit fee for the year	2021 EUR	2020 EUR
BDO & Co	**6,800**	5,250

The auditors did not receive any fees for other services.

8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

The shareholders are kept properly informed on matters affecting the Company and the Annual Meeting of Shareholders is held in accordance with the Companies Act 2001. Notices for the annual meeting and other shareholders' meetings are duly sent to all shareholders.

The Company's website provides relevant information to other stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure.

8.1 Shareholders Agreement Affecting The Governance of the Company by the Board

There is currently no such agreement.

8.2 Major Transaction

No Major transaction as defined under section 130(2) of the Act was undertaken.

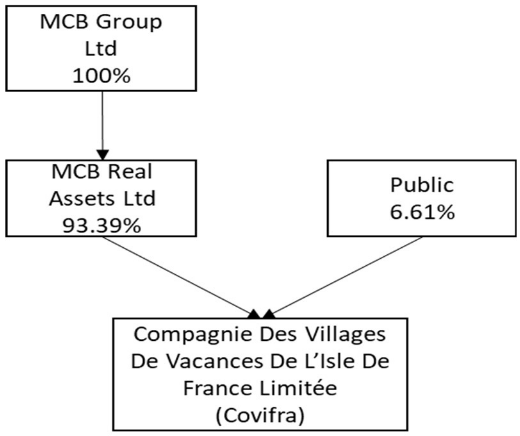
8.3 Third Party Management Agreement

Management Agreements are in place with subsidiaries of the MCB Group whereby there are common directors. However, all these subsidiaries are 100% owned and controlled by the same entity.

8.4 Shareholders Holding more than 5% of the Company and Holding Structure

Shareholders holding more than 5% of the share capital of the company as at 30 June 2021 were:

Name of shareholder	Holding	% Holding
MCB Real Assets Limited	63,443,493	93.39



8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS (CONT'D)

8.5 Share Option Plan

No such scheme currently exists within the Company.

8.6 Timetable of important events

The Board aims to hold board meetings on a quarterly basis. The Annual Meeting of Shareholders shall be held in November or December each year.

September 2021	Release of full year results to 30 June 2021
November 2021	Release of quarterly results
February 2021	Release of half yearly results
May 2021	Release of results for the 9 months to 31 March 2021

8.7 Dividend Policy

The Company intends to distribute any excess cash as dividends, subject to its overall capital requirements, liquidity and profitability. The Company aims to declare an interim and a final dividend each year. However, due to the unforeseeable and unprecedented economic impact of COVID-19 on the tourism industry, the Company has not declared any dividend for the financial year 2020/2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors collectively as a Board acknowledge their responsibilities for the following and state that:

(i) the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the result of operations and cash flows for the period:
(ii) adequate accounting records and effective internal control systems and risk management have been maintained;
(iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Companies Act 2001 and the Financial Reporting Act 2004;
(v) the financial statements have been prepared on a going concern basis;
(vi) they are responsible for safeguarding the assets of the Company;
(vii) they are responsible for leading and controlling the organization and meeting all legal and regulatory requirements;
(viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

Having taken all the matters considered by the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors: 07 SEP 2021

....
Director Director

Date: 07 SEP 2021

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2021

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

Name of Public Interest Entity	: Compagnie des Villages de Vacances de L'Isle de France Limitée ("Covifra")
Reporting Period	: 1 July 2020 to 30 June 2021

We, the directors of Covifra, confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

Signed for and on behalf of the Board of Directors on 07 SEP 2021

Chairperson **Director**

BDO

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Compagnie des Villages de Vacances de L'Isle de France Limitée ("the Company"), on pages 20 to 46 which comprise the statement of financial position as at June 30, 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 20 to 46 give a true and fair view of the financial position of the Company as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Key audit matters

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

KEY AUDIT MATTER	AUDIT RESPONSE
At June 30, 2021, the Company had an investment property amounting to EUR 99.5M (2020: EUR 99.1M). The investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment property is carried at fair value based on triennial valuations by external independent valuers, which are mainly determined on an income approach basis. The latest fair valuation of the investment property by independent valuers was carried out for FY 2019. For the FY 2021, management reassessed the carrying value of the investment property and concluded that the carrying value reflects the fair value at June 30, 2021..The significance of the investment property on the statement of financial position and the judgements applied in determining the fair value resulted in it being identified as key audit matter.	The following tests were performed: Tested the key inputs to the valuation of the Company's investment property through the following: • Assessment and discussion of management's process for the valuation exercise for FY 2021. • We discussed and challenged the valuation process, significant judgements and assumptions applied to the valuation model, including yields, capitalisation rates and rental charges. We benchmarked the key assumptions to external industry data and comparable property valuation. • We performed sensitivity analysis on the main assumptions used to ensure the valuation arrived at is fair and reasonable.

Refer to Note 2(c) (accounting policies), Note 3 (critical accounting estimates and judgements) and Note 5 of the accompanying financial statements.

BDO

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors and the Company Secretary's Certificate, but does not include the financial statements and our auditor's report thereon.

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance 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 Corporate Governance report, the company has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

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

In preparing the financial statements, the directors are responsible for assessing the 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, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

INDEPENDENT AUDITOR'S REPORT (CONT'D)
To the Shareholders of Compagnie des Villages de Vacances de L'Isle de France Limitée

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

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other matter

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

BDO & Co

BDO & Co
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

07 SEP 2021

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	30-Jun-2021	30-Jun-2020
ASSETS		**EUR**	**EUR**
Non-Current Asset			
Investment Property	5	99,547,456	99,103,018
Current Assets			
Trade Receivables	6	971	-
Other Receivables and Prepayments	6	112,700	99,397
Tax Asset Receivable	17(iv)	-	656,972
Cash and Cash Equivalents	9	486,008	633,481
		599,679	1,389,850
Total Assets		**100,147,135**	**100,492,868**
EQUITY AND LIABILITIES			
Capital and reserves			
Stated Capital	7	23,413,337	23,413,337
Retained Earnings		9,910,310	11,377,661
Total Equity		33,323,647	34,790,998
Non-Current Liabilities			
Borrowings	8	53,514,000	53,498,333
Other Payables	10	3,521,889	3,080,286
Deferred Tax Liability	17(iii)	6,030,538	6,422,746
		63,066,427	63,001,365
Current Liabilities			
Other Payables	10	1,517,094	1,443,102
Dividend Payable	16(ii)	37,440	42,208
Borrowings	8	2,202,527	1,215,195
		3,757,061	2,700,505
Total Equity and Liabilities		**100,147,135**	**100,492,868**

Approved by the Board of Directors and authorised for issue on 07 September 2021.

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) **DIRECTORS**
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The notes on pages 24 to 46 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Year ended 30-Jun-2021	Year ended 30-Jun-2020
		EUR	EUR
Revenue	11	-	5,898,326
Operating expenses	13	(324,224)	(590,240)
Exchange Gain		453,167	380,596
Other Income	12	4,025	1,099
Finance costs	14	(1,992,527)	(1,977,643)
(Loss)/ Profit before taxation		(1,859,559)	3,712,138
Income tax credit/ (expense)	17	392,208	(680,043)
(Loss)/ Profit For The Year		**(1,467,351)**	**3,032,095**
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		**(1,467,351)**	**3,032,095**
(LOSS)/ EARNINGS PER SHARE	15	EUR (0.0216)	EUR 0.0446
NET ASSETS PER SHARE		EUR 0.4905	EUR 0.5121
NUMBER OF ORDINARY SHARES		67,932,000	67,932,000

The notes on pages 24 to 46 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Stated Capital	Retained Earnings	Total
		EUR	EUR	EUR
Balance at 1 July 2019		23,413,337	9,574,177	32,987,514
Profit for the Year		-	3,032,095	3,032,095
Dividend declared	16	-	(1,228,611)	(1,228,611)
Balance at 30 June 2020		**23,413,337**	**11,377,661**	**34,790,998**
Balance at 1 July 2020		23,413,337	11,377,661	34,790,998
Loss for the Year		-	(1,467,351)	(1,467,351)
Balance at 30 June 2021		**23,413,337**	**9,910,310**	**33,323,647**

The notes on pages 24 to 46 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LIMITEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Year ended 30-Jun-2021	Year ended 30-Jun-2020
		EUR	EUR
CASHFLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before Taxation		(1,859,559)	3,712,138
Adjustments for:-			
Fair Value Gain on Revaluation of Investment Property		-	-
Tax Deducted at Source on Rent		-	(292,566)
Interest Income		(4,025)	(1,099)
Interest Expense	14	1,670,942	1,977,643
Unrealised Exchange Gain		(114,821)	(66,758)
Operating Profit before Working Capital Changes		(307,463)	5,329,358
Change in Other Receivables		(13,303)	503,615
Change in Other Payables		168,229	327,606
Cash (Used in) / Generated from Operations		(152,537)	6,160,579
Refund from Tax Authorities		656,993	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		504,456	6,160,579
CASHFLOW FROM INVESTING ACTIVITIES			
Interest Received		4,025	1,099
Interest Paid		-	-
Proceeds from Disposal of Equipment		-	-
Increase in net Amount Due from Related Party		-	-
Additions to Investment Property		(27,929)	(1,779,909)
NET CASH USED IN INVESTING ACTIVITIES		(23,904)	(1,778,810)
CASHFLOW FROM FINANCING ACTIVITIES	24		
Proceeds from Issuance of Bond		-	15,000,000
Proceeds from Loan		2,047,572	-
Refund of Long Term Loan		(986,666)	(16,973,332)
Interest Paid		(1,669,276)	(2,002,323)
Capital Element of Lease Liabilities		-	(304,379)
Issue of Shares		-	-
Dividends Paid		-	(2,266,871)
NET CASH USED IN FINANCING ACTIVITIES		(608,370)	(6,546,905)
NET DECREASE IN CASH & CASH EQUIVALENTS		**(127,818)**	**(2,165,136)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9	633,481	2,786,206
Effect of Foreign Exchange Differences		(19,655)	12,411
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	**486,008**	**633,481**

The notes on pages 24 to 46 form an integral part of these financial statements.
Auditor's report on pages 17 to 19.

1 GENERAL INFORMATION

Compagnie des Villages de Vacances de l'Isle de France Limitée ("COVIFRA" or the "Company") is a public company incorporated in Mauritius. Its registered office is situated at MCB Centre, Sir William Newton Street, Port Louis. The Company is quoted on the Development and Enterprise Market (DEM) of The Stock Exchange of Mauritius.

The Company rents out its investment property to Holiday Villages Management Services (Mauritius) Limited ("HVMS"), which operates the Club Med Hotel at La Pointe aux Canonniers, Mauritius.

On 26 October 2017, MCB Real Assets Limited acquired 84.43% shareholding of Club Med SAS ("CMSAS") in the Company.

On 9 February 2018, a mandatory offer was made to the ordinary shareholders of COVIFRA to purchase their shares for a cash consideration of MUR 22.50 per share by MCB Real Assets Limited, pursuant to the Securities (Takeover) Rules 2010. As a result of the mandatory offer, MCB Real Assets Limited acquired a further 8.60% shareholding in the Company on 12 April 2018. The general public holds the remaining shares.

On 31 January 2019, 11,322,000 shares were allotted to the ordinary shareholders of COVIFRA, following a rights issue exercise at MUR 23.00 per share.

2 SIGNIFICANT 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 years presented, unless otherwise stated and where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

(a) Basis of Preparation

The financial statements of the Company comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention , except for specific classes of assets such as investment property which are carried at fair value.

At 30 June 2021, the Company had net current liabilities of EUR 3,157,382 (30 June 2020: net current liabilities of EUR 1,310,655). The financial statements have been prepared on a going concern basis, the validity of which depends upon continued financial support being made available by the shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

Amendments to published Standards effective in the reporting period

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. The amendments have no impact on the Company's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. The amendments have no impact on the Company's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. The amendments have no impact on the Company's financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. The amendments have no impact on the Company's financial statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. The amendment has no impact on the Company's financial statements.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. The amendments have no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Company has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- IFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (cont'd)

Annual Improvements 2018-2020

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Amendments to IFRS 17
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Definition of accounting estimates (Amendments to IAS 8)
- Disclosure of accounting policies (Amendments to IAS 1)
- Deferred tax related to assets and liabilities arising from a single transaction (IAS 12)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (''the functional currency'').

The directors consider that the Euro ("EUR") most faithfully represents the currency of the primary economic environment in which the Company operates.

The functional and presentation currency of the Company is the Euro. All values are rounded to the nearest Euro, except when otherwise indicated.

(ii) Transactions and Balances

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

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

(c) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(d) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:-

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Financial Assets

The Company classifies its financial assets into the category discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Amortised cost

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

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (cont'd)

Financial liabilities

The Company classifies its financial liabilities into the following category, depending on the purpose for which the liability was acquired.

Other financial liabilities
Other financial liabilities include the following items:

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

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Rental Income

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rental income is shown net of Value Added Tax.

(ii) Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Borrowing costs

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

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

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

(ii) Deferred tax

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and Deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

In accordance with IAS 40, commitments under non-cancellable operating leases of land are recognised on the statement of financial position as a liability and as an asset (investment property). The liability is determined as the present value of the minimum lease payments. Finance charges are allocated to profit or loss during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(i) Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Company, if they have the ability, directly or indirectly to control the Company and exercise significant influence over Company in making financial and operating decisions, or vice versa or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property valuation

In arriving at the fair value of the properties, which was determined on an income approach basis, the directors in consultation with the independent valuers had to make assumptions and estimates that were mainly based on market conditions existing at 30 June 2021 (2020: 30 June 2020). Should these assumptions and estimates change, or not be met, the valuation as adopted in the financial statements will be affected.

Critical judgements in applying accounting policies

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that is measured using the fair value model, the directors have reviewed the Company's investment property and concluded that the Company's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, hence rebutting the sale presumption. As a result, the Company has recognised deferred taxes on changes in fair value of investment property.

Determination of functional currency

The determination of the functional currency is critical since the way in which every transaction is recorded and whether exchange differences arise are dependent on the functional currency selected. In making this judgement, the directors have considered the currencies in which costs and transactions are settled, the currencies in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The directors have determined the functional currency of the Company as being EURO (“EUR”).

4 FUNCTIONAL CURRENCY

The exchange rates applicable during the current financial year and previous year were as follows:

	30 June 2021	30 June 2020
	MUR/EUR	MUR/EUR
Average Year to	**47.58**	41.29
As at 30 June	**50.55**	44.85

The mid-closing EUR/MUR rate as provided by the Bank of Mauritius at 30 June 2021 was MUR 50.69 (30 June 2020: MUR 45.09).

5 INVESTMENT PROPERTY

	Land & Buildings	
At Fair Value	2021	2020
	EUR	EUR
At 1 July 2020 / 1 July 2019	**99,103,018**	99,000,000
Additions (Work in Progress)	**27,929**	103,018
Lease Modification (See note 10(d))	**416,509**	-
At 30 June 2021 / 2020	**99,547,456**	99,103,018

The right-of-use of the land and the buildings have been treated as investment property under IAS 40 and are stated at fair value.

The fair value of the Investment Property has been arrived at on the basis of valuations performed by Jones Lang LaSalle (Pty) Ltd ("JLL"), a professional service company specialising in real estate and offering a range of services such as hotel advisory, valuation services, property and project management. Based on the income approach using the profits method and a number of assumptions including a discount rate of 9.60%, JLL determined that the fair value of the investment property at 30 June 2019 was EUR 99,000,000.

The Company’s policy is to revalue its investment property by a qualified independent valuer every three years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

The Directors have reassessed the fair value of the investment property as at 30 June 2021 (2020: 30 June 2020) based on the following criteria:
- Consideration of current market conditions;
- Comparison of the carrying amount with recent observable transactions;
- Rolling forward the income approach computation used by the independent valuer JLL;
- Substantiating the value of investment properties based on known recent transactions.

Based on the above considerations, the Directors are of the opinion that the fair value of the investment property is reasonably stated.

5 INVESTMENT PROPERTY (CONT'D)

The land is leased from the Government of the Republic of Mauritius for a term expiring on 30 September 2069.

Direct operating expenses arising from the investment property are borne by Holiday Villages Management Services (Mauritius) Ltd (HVMS).

The investment property has been classified within level 3 of the fair value hierarchy based on the following information:

	Valuation Technique	Significant Input(s)	Sensitivity
Hotel located in Pointe aux Canonniers	Income Approach	Observable input: Rent Unobservable input: Discount Rate	An increase in discount rate used would result in a decrease in fair value and vice versa.

An increase/decrease of 10 basis point in the discount rate would affect the fair value of investment property by about EUR 632,000 (2020: EUR 676,000).

6 TRADE AND OTHER RECEIVABLES	**2021**	**2020**
	EUR	**EUR**
Trade Receivables	**971**	-
Other Receivables and Prepayments	**112,700**	99,397
	113,671	99,397

Trade and other receivables are unsecured, do not have any fixed repayment terms and are interest free.

7 STATED CAPITAL		**2021**	**2020**
		EUR	**EUR**
Share Capital	(i)	**19,738,600**	19,738,600
Share Premium	(ii)	**3,674,737**	3,674,737
		23,413,337	23,413,337

	Number of Shares	**Number of Shares**
(i) **Share Capital**		
Issued and Fully Paid Ordinary shares of MUR 10 each		
At 30 June 2021 and 2020	**67,932,000**	67,932,000

	2021	**2020**
	EUR	**EUR**
At 30 June 2021 and 2020	**19,738,600**	19,738,600

(ii) **Share Premium**	**2021**	**2020**
	EUR	**EUR**
At 30 June 2021 and 2020	**3,674,737**	3,674,737

8	BORROWINGS		2021	2020
			EUR	EUR
	At Amortised Cost			
	Within one year	(a) - (e)	**2,202,527**	1,215,195
	After more than one year	(a) - (e)	**53,514,000**	53,498,333

(a) During the financial year, the Company availed of a working capital loan of Rs. 50,000,000 with The Mauritius Commercial Bank Ltd under the Bank of Mauritius COVID-19 Support Programme. The loan has a tenor of 48 months and carries an interest of 1.50% per annum. The capital shall be repaid in a bullet repayment 48 months after the last disbursement. In addition, a moratorium of nine months was granted on interest payments. The facility was used to cover essential monthly cash flows and working capital requirements.

(b) On 23 December 2020, a Facility Agreement of EUR 1,000,000 was signed between the Company and The Mauritius Commercial Bank Ltd; the latter being an entity under common control. The loan is repayable in a bullet repayment on 31 December 2023 and interest is payable at 3% above EURIBOR (floored at 0%) per annum. The loan will serve as a bridging finance for the shortfall on rental income and to honour commitments taken by the Company.

(c) Last year, the Company issued secured floating rate notes by way of private placement for an amount of up to Euro 15,000,000. The notes are currently subscribed by its holding company and an entity under common control and interest is payable at 3% above 3-months EURIBOR (floored at 0%) per annum. The purpose of the notes issuance was to refinance part of the Company's borrowings.

(d) In October 2018, the Company entered into a long term loan agreement of Euro 29,600,000 with BFCOI (Banque Francaise Commerciale Ocean Indien); a foreign banking associate of MCB Group Ltd. Following the lockdown in March 2020, the Company was exceptionally granted a 6-month moratorium on principal repayments. Capital and interest payments are effected on a quarterly basis as per the revised loan amortisation schedule. The above loan carries an interest rate of 2.60% per annum and is secured by a fixed and floating charge over the investment property and the Company's assets.

(e) A Facility Agreement of Euro 27,845,000 has been signed between the Company and The Mauritius Commercial Bank Ltd on 24 October 2017. The latter is an entity under common control. The loan is repayable in a single repayment on 25 October 2022 and interest is payable at 4.5% above 3-months EURIBOR (floored at 0%) per annum. As part of the Company's debt management; Euro 15,000,000 was paid back to The Mauritius Commercial Bank Ltd on 26 July 2019. As such, the interest rate on the Euro loan was reviewed and fixed at 3.50% above 3-months EURIBOR (floored at 0%) per annum. The loan is secured by a fixed charge over the investment property.

9	CASH AND CASH EQUIVALENTS	2021	2020
		EUR	EUR
	Cash at bank held with The Mauritius Commercial Bank Ltd	**486,008**	633,481

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

10 OTHER PAYABLES

	2021	2020
	EUR	EUR
Lease Liabilities	**3,455,714**	3,084,300
Rent received in advance	**1,029,857**	1,029,857
Other	**553,412**	409,231
	5,038,983	4,523,388

(a) Analysed as:

	2021	2020
Current	**1,517,094**	1,443,102
Non-current	**3,521,889**	3,080,286
	5,038,983	4,523,388

(b) The above lease liabilities pertain to the land leased from the Government of the Republic of Mauritius and treated as investment property.

	2021			2020		
Lease liabilities	Minimum Lease Payments payable	Finance Charges allocated to future periods	Total	Minimum Lease Payments payable	Finance Charges allocated to future periods	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Within 1 Year	**265,574**	**(331,749)**	**(66,175)**	281,601	(277,587)	4,014
1 to 2 Years	**342,576**	**(338,101)**	**4,475**	281,601	(277,226)	4,375
2 to 3 Years	**342,576**	**(337,672)**	**4,905**	281,601	(276,832)	4,769
3 to 4 Years	**342,576**	**(337,201)**	**5,375**	281,601	(276,403)	5,198
4 to 5 Years	**342,576**	**(336,685)**	**5,891**	281,601	(275,935)	5,666
After 5 Years	**14,844,974**	**(11,343,732)**	**3,501,242**	12,484,327	(9,424,049)	3,060,278
	16,480,853	**(13,025,139)**	**3,455,714**	**13,892,332**	**(10,808,032)**	**3,084,300**

At the end of the reporting period, the instalments on the above minimum lease payments remain outstanding.

(c) In the determination of lease liabilities at 30 June 2021, the lease rentals are EUR218,455 (Rs8,840,873) in the first year, EUR249,663 (Rs10,103,855) in the second year, EUR280,871 (Rs11,366,837) in the third year, EUR296,475 (Rs11,998,328) in the fourth year and EUR312,079 (Rs12,629,819) in the fifth year and thereafter, for the remaining lease terms expiring in 2069. An approximate market interest rate of 9.60% was used to discount the minimum lease payments.

(d) The annual rental shall be adjusted by reference to the cumulative 3-year inflation rate based on consumer price which is 7.50% (2020: 7.50%) for the period.

In response to the impacts of Covid-19, the payment of state land rent to the Government of Mauritius was waived for the financial year ended 30 June 2021 and deferred up to 30 June 2022 for the financial year ending 30 June 2022. The increase in rental and the rent concession in financial year 30 June 2021 were accounted for as a lease modification, using a revised discount rate of 9.60% (2020: 9.00%), with the corresponding rights of use amount added to the Investment Property.

11 REVENUE

		2021	2020
		EUR	EUR
Revenue	(i)	-	5,484,097
Land Lease Refund from HVMS		-	414,229
		-	5,898,326

(i) Revenue for the year is set out below:

	2021	2020
Basic Rent	-	3,318,319
Additional Rent	-	2,165,778
	-	5,484,097

The basic rent is fixed at EUR 4,650,000 and is adjusted by an inflation index at the beginning of each lease period starting from year 1 under the new rental agreement. As such, the basic rent is indexed to two-third of the Euro Zone Harmonised CPI. The additional rent arises as a result of the additions (work-in-progress) to the investment property. Rent is payable every quarter in advance.

Due to the closure of the Mauritian borders, Holiday Villages Management Services (Mauritius) Limited (“HVMS”) closed the resort and notified COVIFRA of a force majeure due to the COVID-19 pandemic under the terms of the lease agreement dated 24 October 2017. Pursuant to this notification, HVMS lease payments and its other obligations have been suspended. As a result, COVIFRA did not receive any rental income for the year ended 30 June 2021.

In June 2021, the Government of Mauritius announced a phased re-opening of the Mauritian borders. Based on this announcement, as from 1 October 2021, vaccinated tourists shall be exempt from the 14-day quarantine period. Accordingly, the Company and HVMS are in discussions in relation to the re-opening of the resort and the resumption of rental payments.

12 OTHER INCOME

	2021	2020
	EUR	EUR
Interest Income	**4,025**	1,099

13 OPERATING EXPENSES

	2021	2020
	EUR	EUR
Advertising	**2,449**	4,624
Bank Charges	**429**	1,214
Directors' Remuneration	**10,296**	14,292
Lease	-	99,254
Licence	**5,390**	6,148
Other Expenses	**2**	70
Professional Fees	**305,597**	464,549
Subscriptions	**61**	89
	324,224	590,240

14 FINANCE COSTS

		2021	2020
		EUR	EUR
Interest on:			
- Lease Liabilities	(a)	**321,585**	300,911
- Loan from Entity under Common Control	(b)/(f)/(g)	**464,958**	515,095
- Loan from Entity in which the ultimate holding company has significant influence	(c)	**693,923**	726,524
- Money Market Line and Overdraft Facility from Entity under Common Control	(d)	**54,811**	-
- Secured Credit-Linked Floating Rate Notes	(e)	**456,250**	433,750
Facility Fee on Loan	(c)/(d)	**1,000**	1,363
		1,992,527	1,977,643

(a) The interest expense on the lease liabilities is notional and arises from the accounting of the lease liabilities at amortised cost.

(b) A Facility Agreement of Euro 27,845,000 has been signed between the Company and The Mauritius Commercial Bank Limited (MCB) on 24 October 2017. The interest payable is 4.5% above the 3-months EURIBOR (floored at 0%). Following repayment of Euro 15,000,000 on 26 July 2019, the new applicable interest rate was set to 3.5% above the 3-months EURIBOR (floored at 0%).

(c) In line with the refurbishment programme, the Company obtained a long term loan of Euro 29,600,000 in October 2018 from BFCOI (Banque Francaise Commerciale Ocean Indien), a foreign banking associate of MCB Group Ltd. Interest payments are payable on a quarterly basis over a period of 15 years with an interest rate of 2.60% per annum.

(d) To finance the refurbishment programme, the Company had entered into additional banking facilities with The Mauritius Commercial Bank Ltd. These facilities were secured by a floating charge over all the assets of the Company, were in multiple currencies, and carried interest ranging from 2% to 5%.

(e) Last year, the Company issued secured floating rate notes on which interest is payable at 3% above 3-months EURIBOR (floored at 0%) per annum. The notes are currently subscribed by its holding company and an entity under common control.

(f) During the year, a facility of MUR 50,000,000 was granted by The Mauritius Commercial Bank Ltd under the Bank of Mauritius COVID-19 Support Programme. The proceeds were used to cover essential monthly cash flows and working capital requirements. The loan carries an interest of 1.50% per annum and a moratorium of nine months was granted on interest payments to ease the cash flow management.

(g) An additional facility of EUR 1,000,000 was obtained during the financial year from The Mauritius Commercial Bank Ltd. The loan was used as a bridging finance for the shortfall on rental income and to honour commitments taken by the Company. Interest is payable at 3% above EURIBOR (floored at 0%) per annum.

15 (LOSS)/ EARNINGS PER SHARE

		2021	2020
(Loss)/ Earnings per share is based on:			
(Loss) / Profit after Taxation	EUR	**(1,467,351)**	3,032,095
Number of Ordinary Shares		**67,932,000**	67,932,000
(Loss)/ Earnings Per Share	EUR	**(0.0216)**	0.0446

16 DIVIDEND

	2021	2020
	EUR	EUR
(i) Dividend Declared		
- Interim Dividend		
(2021: Nil per Share | 2020: Nil per Share)	-	-
Final Dividend		
- (2020: Nil per Share | 2019: EUR 0.01 (Rs 0.72) per Share)	-	1,228,611
	-	1,228,611
(ii) Dividend Payable		
At 1 July 2020 / 1 July 2019	**42,208**	1,088,573
Dividends Declared	**-**	1,228,611
Dividends Paid	**-**	(2,266,871)
Exchange Difference on Translation	**(4,768)**	(8,105)
At 30 June 2021 / 30 June 2020	**37,440**	42,208

17 TAXATION

(i) Income Tax

The income tax rate applicable to the Company is 17% (2020: 17%). The Company does not have any current tax liability as it has tax losses which are available for offset against future taxable profits.

At 30 June 2021, the Company had accumulated tax losses of EUR 24,067,283 (30 June 2020: EUR 15,516,251) which relates to capital allowances which can be carried forward indefinitely.

The expiry dates for the tax losses are as follows:

	Chargeable Income before Capital Allowances	Unabsorbed * Capital Allowances	Tax Losses Carried Forward
Up to period ended 30 June 2019	7,667,364	(17,535,589)	(9,868,225)
Year ended 30 June 2020	3,785,180	(9,433,206)	(5,648,026)
Year ended 30 June 2021	(1,941,003)	(6,610,029)	(8,551,032)
			(24,067,283)

*: These relate to capital allowances on acquisitions after 1 July 2006 and thus can be carried forward indefinitely.

17 TAXATION (CONT'D)

(ii) In the Statement of Profit or Loss

	2021	2020
	EUR	EUR
Current Tax on the Adjusted Profit for the Year at 17%	-	-
Deferred Tax (Credit)/ Expense	**(392,208)**	680,043
Tax (Credit) / Expense	**(392,208)**	680,043

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

	2021	2020
	EUR	EUR
(Loss)/ Profit before Taxation	**(1,859,559)**	3,712,138
Tax at 17%	**(316,125)**	631,063
Tax Effect on:		
Tax Loss brought forward	**(2,637,763)**	(1,661,916)
Previous year's adjustment	**-**	(15,682)
Income not subject to Tax	**(71,235)**	(71,972)
Expenses not Deductible for Tax Purposes	**57,390**	84,389
Capital allowances on Investment Property	**(1,123,705)**	(1,603,645)
Deferred tax (credit)/ expense	**(392,208)**	680,043
Tax Loss carried forward	**4,091,438**	2,637,763
	(392,208)	680,043

(iii) Deferred Tax Liabilities

	2021	2020
	EUR	EUR
At 1 July 2020 / 2019	**6,422,746**	5,742,703
Deferred Tax (credit)/ expense	**(392,208)**	680,043
At 30 June 2021 / 2020	**6,030,538**	6,422,746
In respect of:		
Deferred Tax Liabilities		
Accelerated capital allowances	**10,201,443**	9,076,836
Fair Value of Investment Property	**508,004**	508,004
	10,709,447	**9,584,840**
Deferred Tax Assets		
Tax Losses	**(4,091,438)**	(2,637,763)
Lease Liabilities	**(587,471)**	(524,331)
	(4,678,909)	**(3,162,094)**
Net Deferred Tax Liabilities	**6,030,538**	**6,422,746**

(iv) Tax Deducted at Source

	2021	2020
	EUR	EUR
At 1 July 2020 / 2019	**656,972**	364,406
Tax Deducted at Source withheld during the Year	**-**	292,566
Refund from Tax Authorities	**(656,993)**	-
Unrealised exchange difference	**21**	-
At 30 June 2021 / 2020	**-**	656,972

18 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subject to common control. The transactions of the Company with related parties during the year under review are as follows:

		2021	2020
		EUR	EUR
(a)	Interest on Borrowings		
	Entity in which the ultimate holding company has significant influence	**693,923**	726,524
	Entity under common control	**976,020**	948,845
(b)	Interest Income		
	Entity under common control	**4,025**	262
(c)	Facility Fee on Borrowings		
	Entity under common control	**1,000**	-
(d)	Administrative Expenses		
	Entities under common control	**288,320**	428,470
(e)	Key Management Personnel (including Directors' Remuneration)	**10,296**	14,292
(f)	Dividend Declared		
	Holding Company	**-**	1,147,400
(g)	Proceeds from Loan & Debt Issuance		
	Entities under common control	**1,989,000**	15,000,000
(h)	Refund of Loan		
	Entities under common control	**-**	(15,000,000)
	Entity in which the ultimate holding company has significant influence	**(986,667)**	(1,973,333)
(i)	Outstanding Balances as end of Reporting Period		
	Payables to Related Parties:-		
	Entity in which the ultimate holding company has significant influence	**133,397**	138,528
	Entities under Common Control	**529,215**	209,095
	Bank Balances:-		
	Entity Under Common Control	**486,008**	633,481
	Borrowings:-		
	Entity in which the ultimate holding company has significant influence	**25,786,730**	26,778,528
	Entity under common control	**29,929,797**	27,935,000

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables. At June 30, 2021, the amounts owed by related parties were not impaired.

19 ULTIMATE HOLDING COMPANY

The immediate holding company of COVIFRA is MCB Real Assets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.

20 FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

The capital structure of the Company consists of debt, net of cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:	2021	2020
	EUR	EUR
Debt (i)	**59,172,241**	57,797,828
Cash & Cash Equivalents	**(486,008)**	(633,481)
Net Debt	**58,686,233**	57,164,347
Equity (ii)	**33,323,647**	34,790,998
Gearing Ratio	**176%**	164%

(i) Debt is defined as long and short term borrowings, including leases, loan and amount due to holding company.

(ii) Equity includes all capital and reserves of the Company.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial liabilities and equity instrument are disclosed in note 2 to the financial statements.

(c) Categories of financial instruments

	2021	2020
	EUR	EUR
At Amortised Cost		
Financial assets	**486,980**	633,481
Financial liabilities	**59,762,366**	58,248,194

(d) Financial risk management

The Company monitors and manages the financial risks relating to its operations namely credit risks, interest rate risk, liquidity risk and foreign currency risk.

(i) *Foreign currency risk*

The currency profile of the Company's financial assets and liabilities is summarised as follows:-

	2021		2020	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	EUR	EUR	EUR	EUR
CURRENCY				
EURO	428,927	54,721,729	630,876	54,736,435
Mauritian Rupee	58,053	5,040,637	2,605	3,511,759
	486,980	**59,762,366**	**633,481**	**58,248,194**

20 FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) *Foreign currency sensitivity*

The Company is exposed to the risk that the exchange rate of Euro relative to Mauritian Rupee may change in a manner that may have a material effect on the reported value on the Company's financial instruments.

A 10% increase or decrease in the exchange rate of EUR/MUR will decrease/increase profits by EUR 498,258 (2020: increase/decrease profits by EUR 350,915) and decrease/increase total equity by the same amount.

The percentage applied has been determined based on historical observations of exchange rates for the last three years.

(iii) *Interest rate risk*

The Company is exposed to interest rate risk through the loan that it has contracted and on cash at bank.

Interest rate sensitivity analysis

If interest rates had been 25 basis points higher, the effect on (loss)/profit would have been as follows:

	2021	2020
	EUR	EUR
Increase in loss/decrease in profit	**139,291**	136,784

(e) **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk is primarily attributable to cash and cash equivalents and trade receivables from Holiday Villages Management Services (Mauritius) Ltd. The amount presented in the statement of financial position represents the Company's maximum exposure to credit risk.

(f) **Liquidity risk management**

The Company's liquidity management is overseen by the directors who ensure that necessary funds are available at all times to meet payment commitments when due without having recourse to additional external financing.

The following table details the Company's expected maturity for its non-derivative financial assets and remaining contractual maturity of its non-derivative financial liabilities.

With respect to financial assets, figures have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. For financial liabilities, figures have been arrived at based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Company may be required to settle the liability.

20 FINANCIAL INSTRUMENTS (CONT'D)

(f) **Liquidity risk management (cont'd)**

Maturities of Financial Assets and Financial Liabilities at Nominal Value

YEAR 2021			Within 1 Year	1-5 Years	5+ Years	Total
			EUR	EUR	EUR	EUR
FINANCIAL ASSETS	Non-Interest Bearing	EUR	486,980	-	-	486,980
FINANCIAL LIABILITIES	Interest Bearing		2,136,352	22,747,979	34,154,513	59,038,845
	Non-Interest Bearing		636,758	86,763	-	723,521
		EUR	2,773,110	22,834,742	34,154,513	59,762,366

YEAR 2020			Within 1 Year	1-5 Years	5+ Years	Total
			EUR	EUR	EUR	EUR
FINANCIAL ASSETS	Interest bearing		-	-	-	-
	Non-Interest Bearing		633,481	-	-	633,481
		EUR	633,481	-	-	633,481
FINANCIAL LIABILITIES	Interest Bearing		1,219,209	20,758,343	35,681,748	57,659,300
	Non-Interest Bearing		502,131	86,763	-	588,894
		EUR	1,721,340	20,845,106	35,681,748	58,248,194

The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

(g) **Fair value of financial instruments**

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

21 SEGMENTAL INFORMATION

The Company rents out its investment property located in Mauritius to Holidays Villages Management Services (Mauritius) Ltd.

The Company has only one segment and the information reported to the chief operating decision maker for the purpose of resource allocation and assessment is based on this segment. The information presented in the statement of financial position as at 30 June 2021 and 2020 and in the statement of profit or loss and other comprehensive income for the year ended 30 June 2021 and 2020 are those of the segment.

22 CAPITAL COMMITMENT

The company does not have any capital commitment.

23 COVID-19

As mentioned in section 6.1 on page 11, the Company will need to continue to evaluate the related impacts on its operations and financial position. The lifting of air travel restrictions in Mauritius, the opening of the resort and the ability to attract European tourists post opening of international borders will be key indicators to determine when rental income will resume. Until then, the Company is monitoring its liquidity position on a regular basis.

24 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash transactions			
	2020	**Cash Flows**	**Interest Expense / Dividends Declared**	**Foreign Exchange Difference**	**Lease Modification**	**2021**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Borrowings	**54,713,528**	**(608,370)**	**1,669,941**	**(58,572)**	**-**	**55,716,527**
Lease Liabilities	**3,084,300**	**-**	**321,585**	**(366,680)**	**416,509**	**3,455,714**
Dividend Payable	**42,208**	**-**	**-**	**(4,768)**	**-**	**37,440**
	57,840,036	**(608,370)**	**1,991,526**	**(430,020)**	**416,509**	**59,209,681**

			Non-cash transactions			
	2019	**Cash Flows**	**Interest Expense / Dividends Declared**	**Foreign Exchange Difference**	**Lease Modification**	**2020**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Borrowings	56,711,541	(3,673,382)	1,675,369	-	-	54,713,528
Lease Liabilities	3,434,921	(304,379)	300,911	(347,153)	-	3,084,300
Dividend Payable	1,088,573	(2,266,871)	1,228,611	(8,105)	-	42,208
	61,235,035	(6,244,632)	3,204,891	(355,258)	-	57,840,036