

MCB STRUCTURED SOLUTIONS LTD

AUDITED ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

MCB STRUCTURED SOLUTIONS LTD
ANNUAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS	PAGES
Report of the Directors	1
Secretary's Certificate	2
Statutory Disclosures	3 - 4
Independent Auditor's Report	5 - 5(b)
Financial Statements	6 - 24

NOTICE

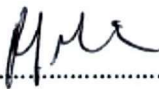
Unless otherwise stated, all references to Acts and Regulations in this Annual Report relate to legislations issued in the Republic of Mauritius.

MCB STRUCTURED SOLUTIONS LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2023

The Directors are pleased to present the Annual Report of MCB Structured Solutions Ltd for the year ended June 30, 2023.

This report was approved by the Board of Directors on September 25, 2023.


.....

Director

Robert Ip Min Wan


.....

Director

Ronald Lam Yan Foon

.....

MCB STRUCTURED SOLUTIONS LTD

SECRETARY'S CERTIFICATE FOR YEAR ENDED JUNE 30, 2023

We certify that, to the best of our 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: September 25, 2023

MCB STRUCTURED SOLUTIONS LTD

STATUTORY DISCLOSURES

Section 221 of the Companies Act 2001

Principal Activity

MCB Structured Solutions Ltd (the “Company” or “MCBSS”) is a public Company limited by shares and is wholly-owned by MCB Capital Markets Limited (“MCBCM”). The Company’s objects are to offer, structure and engineer any type of structured products and to do all such other things as are necessary, ancillary or incidental to, or as the Company may think conducive for, the conduct, promotion or attainment of its business.

The Company has no employees. Its day-to-day operations are outsourced to subsidiaries of the MCB Group.

Directors’ interests in shares

The Directors have no interests in the securities of the Company directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

Directors’ service contracts

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

Directors’ Remuneration

Amount paid to the Directors during the year ended June 30, 2023 and June 30, 2022 are as follows:

Non-Executive	2023	2022
	Rs.‘000	Rs.‘000
Mr GNANY Gilbert	-	-
Ms AUMEERALLY Ferial	15	9
Ms BASANTA LALA Divya	-	1
Mr IP MIN WAN Robert	15	15
Mr LAM YAN FOON Ronald	-	-
Mr ORI Vimal	-	-

Contract of significance

The Directors have no contract of significance with the Company and its subsidiary.

Major Transaction

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

Auditors’ Fees

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

	2023	2022
	Rs.‘000	Rs.‘000
Audit fees - BDO & Co:	213	186

MCB STRUCTURED SOLUTIONS LTD

STATUTORY DISCLOSURES

Section 221 of the Companies Act 2001

Charitable Donation

The Company made no donation during the period under review.

Political Donation

The Company made no political donation during the period under review.

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 organisation 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 auditor is responsible for reporting on whether the financial statements are fairly presented.

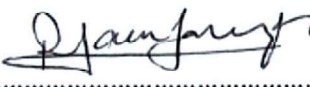
Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report and accounts taken as a whole are fair, balanced and understandable.

Signed for and on behalf of the Board of Directors


.....

Director

Robert Ip Min Wan


.....

Director

Ronald Lam Yan Foon

Date: September 25, 2023.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of MCB STRUCTURED SOLUTIONS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB STRUCTURED SOLUTIONS LTD (the "Company"), on pages 6 to 24 which comprise the statement of financial position as at June 30, 2023, 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 6 to 24 give a true and fair view of the financial position of the Company as at June 30, 2023, 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 Mauritian 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the report of the Directors and the Statutory Disclosures, 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.

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 Mauritian 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of MCB Structured Solutions Ltd

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

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 skepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of MCB STRUCTURED SOLUTIONS LTD

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

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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

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

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor, 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.

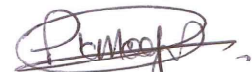
Other Matter

This report is made solely to the Company's shareholder, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinion we have formed.



BDO & Co

Chartered Accountants



Pravesh Mogun, FCCA

Licensed by FRC

Port Louis,
Mauritius

September 25, 2023

MCB STRUCTURED SOLUTIONS LTD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	2023	2022
		Rs. '000	Rs. '000
ASSETS			
Non Current Assets			
Financial assets at fair value through profit or loss	5	3,476	39,587
Financial assets at amortised cost	6	326,805	515,632
		<u>330,281</u>	<u>555,219</u>
Current Assets			
Prepayments	7	254	84
Financial assets at fair value through profit or loss	5	65,139	-
Financial assets at amortised cost	6	302,709	-
Cash and cash equivalents	16(c)	21,627	18,147
		<u>389,729</u>	<u>18,231</u>
Total Assets		<u><u>720,010</u></u>	<u><u>573,450</u></u>
EQUITY AND LIABILITIES			
Capital & Reserves			
Share capital	8	10	10
Retained earnings		37,051	36,309
Total Equity		<u>37,061</u>	<u>36,319</u>
Non Current Liability			
Other financial liabilities	9	322,150	536,692
Current Liabilities			
Trade and other Payables	10	5,955	348
Current tax liabilities	15	102	91
Other financial liabilities	9	354,742	-
		<u>360,799</u>	<u>439</u>
Total Liabilities		<u>682,949</u>	<u>537,131</u>
Total Equity and Liabilities		<u><u>720,010</u></u>	<u><u>573,450</u></u>

These financial statements have been approved for issue by the Board of Directors on September 25, 2023.




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) DIRECTORS
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The notes on pages 10 to 24 form an integral part of these financial statements.
Independent Auditor's report on pages 5 to 5(b).

MCB STRUCTURED SOLUTIONS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023	2022
		Rs. '000	Rs. '000
Interest income	2(b)	25,436	12,844
Interest expense		(18,190)	(9,088)
Operating expenses	11	(4,692)	(2,316)
Administrative expenses	12	(2,018)	(948)
Other income		-	1,266
Foreign exchange gains		217	1,068
Net income from financial instruments carried at fair value through profit or loss	13	130	128
Profit before tax		883	2,954
Income tax	15(b)	(141)	(168)
Profit for the year		742	2,786
Other comprehensive income		-	-
Total comprehensive income for the year		742	2,786
Earnings per share	14	Rs.742	Rs.2,786

The notes on pages 10 to 24 form an integral part of these financial statements.
Independent Auditor's report on pages 5 to 5(b).

MCB STRUCTURED SOLUTIONS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Retained Earnings	Total
	Rs. '000	Rs. '000	Rs. '000
Balance at July 01, 2022	10	36,309	36,319
Profit for the year	-	742	742
Other comprehensive income for the year	-	-	-
Balance at June 30, 2023	10	37,051	37,061
Balance at July 01, 2021	10	33,523	33,533
Profit for the year	-	2,786	2,786
Other comprehensive income for the year	-	-	-
Balance at June 30, 2022	10	36,309	36,319

The notes on pages 10 to 24 form an integral part of these financial statements.
Independent Auditor's report on pages 5 to 5(b).

MCB STRUCTURED SOLUTIONS LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023	2022
		Rs. '000	Rs. '000
Cashflow from Operating Activities			
Cash used in operations	16(a)	(1,926)	(3,329)
Interest received		12,530	2,028
Interest paid		(5,153)	(2,660)
Tax paid	15(a)	(130)	(1,455)
Net cash generated from /(used in) operating activities		5,321	(5,416)
Cashflow from Investing Activities			
Purchase of financial assets at FVTPL	5	(3,659)	(8,149)
Purchase of financial assets at amortised cost	6	(146,130)	(222,800)
Redemption of financial assets at amortised cost	6	63,282	51,838
Net cash used in investing activities		(86,507)	(179,111)
Cashflow from Financing Activities			
Issue of notes	9(b)	144,666	221,506
Redemption of notes		(60,808)	(48,587)
Net cash generated from financing activities		83,858	172,919
Net increase/(decrease) in Cash and Cash Equivalents		2,672	(11,608)
Movement in Cash and Cash Equivalents			
At the beginning of the reporting year		18,147	28,746
Increase/(decrease)		2,672	(11,608)
Effects of foreign exchange rate changes		808	1,009
At the end of the reporting year	16(c)	21,627	18,147

The notes on pages 10 to 24 form an integral part of these financial statements.
Independent Auditor's report on pages 5 to 5(b).

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 GENERAL INFORMATION

MCB Structured Solutions Ltd is a public company limited by shares, incorporated on January 23, 2013 and domiciled in Mauritius. Its main activity consists of structuring, engineering and offering structured products through the issue of debt or equity securities (or otherwise). Its registered address is 9 - 15 Sir William Newton Street, Port Louis.

The financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

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.

(a) Basis of preparation

The financial statements of MCB Structured Solutions Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs. 000), except where otherwise indicated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) financial assets at fair value through profit or loss and relevant financial assets and liabilities are stated at their fair value; and
- (ii) financial assets at amortised cost and relevant financial assets and financial liabilities are stated at amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Standards 2018 – 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture. The amendments have no impact on the Company's financial statements.

IFRS 9 Financial Instruments

Annual Improvements to IFRS Standards 2018 – 2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. The amendments have no impact on the Company's financial statements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making. 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, 2023 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following, which might be relevant for the Company, were in issue but not yet effective:

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations Issued but not yet effective (cont'd)

Effective date January 1, 2023

IAS 1 Presentation of Financial Statements

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.

IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

International Tax Reform — Pillar Two Model Rules: The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

Effective date January 1, 2024

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity’s right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of ‘settlement’ for the purpose of classifying a liability as current or non-current.

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures

Supplier Finance Arrangements: The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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 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 4.

(b) Revenue recognition

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(c) Foreign currencies

(i) Functional and Presentation Currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents and all other foreign exchange gains and losses are presented in profit or loss within 'foreign exchange gains'.

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

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(d) Financial assets

Categories of financial assets

The Company classifies financial assets in the following categories: financial assets through profit or loss and financial assets at amortised cost. The classification depends on the purpose for which the investments were acquired. The Company determines the classification of investments at initial recognition.

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

The Company classifies the financial assets namely derivative financial instruments not designated as hedging instrument, as fair value through profit or loss at inception if so designated by the Directors. Changes in fair value are recognised in the profit or loss.

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets

Categories of financial assets

(ii) Amortised cost

These assets arise principally from 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 financial assets at amortised cost are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise of fixed deposits, corporate bonds 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.

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.

(e) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss when the financial liability is either held for trading or it is designated as fair value through profit or loss.

A financial liability may be designated as fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 3(c).

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial liabilities

(ii) Other financial liabilities

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

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

(iii) Derivatives

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rates, including interest rate swaps. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently measured at fair value through profit or loss at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

(e) Financial liabilities

Derecognition of financial liabilities

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

(f) Current Income Tax

The tax expense for the period comprises of current tax and Corporate Social Responsibility (CSR) levy. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly to equity.

In line with the definition within the Income Tax Act 1995, CSR is regarded as a tax and is therefore subsumed into income tax shown in profit or loss and the income tax liability on the statement of financial position. The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian Tax Authorities.

The Company is subject to the Advanced Payment System whereby it pays income tax on a quarterly basis.

Current Tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Company's activities expose it to a variety of financial risks, including:

- Foreign currency risk
- Liquidity risk
- Credit risk
- Price risk

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

Foreign currency risk

The Company operates in Mauritius and is exposed to foreign exchange risk arising from currency exposure primarily with respect to US Dollars and Euros.

Included in the table below are the Company's financial assets and financial liabilities at carrying amounts classified by currency.

As at June 30, 2023	Rupees Rs. '000	US Dollars Rs. '000	Euros Rs. '000	Total Rs. '000
ASSETS				
Financial assets at fair value through profit or loss	-	67,969	646	68,615
Financial assets at amortised cost	462,649	76	166,789	629,514
Cash and cash equivalents	2,448	13,765	5,414	21,627
Total Assets	465,097	81,810	172,849	719,756
LIABILITIES				
Other payables	1,834	16	4,105	5,955
Other financial liabilities	443,645	67,703	165,544	676,892
Total Liabilities	445,479	67,719	169,649	682,847
As at June 30, 2022	Rupees Rs. '000	US Dollars Rs. '000	Euros Rs. '000	Total Rs. '000
ASSETS				
Financial assets at fair value through profit or loss	-	39,587	-	39,587
Financial assets at amortised cost	453,687	71	61,874	515,632
Cash and cash equivalents	1,770	16,376	1	18,147
Total Assets	455,457	56,034	61,875	573,366
LIABILITIES				
Other payables	344	4	-	348
Other financial liabilities	435,643	39,451	61,598	536,692
Total Liabilities	435,987	39,455	61,598	537,040

At June 30, 2023, if the rupee weakens/strengthens by 10% against foreign currencies, with other variables held constant, the effect on profit/(loss) would have been as follows:

	Impact on Profit before taxation	
	2023	2022
	Rs. '000	Rs. '000
Rupee strengthens by 10%	(1,729)	(1,686)
Rupee weakens by 10%	1,729	1,686

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial Risk Factors (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash to enable the Company to meet its liabilities. Management monitors the liquidity situation to ensure that the Company meets its obligations when required.

The tables below show the maturity analysis of the financial assets and financial liabilities of the Company.

Maturity of assets and liabilities	Within	Between	Between	On	2023
	1 year	1 to 5 years	5 to 10 years	Demand	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Financial assets at fair value through profit or loss	65,139	2,830	646	-	68,615
Financial assets at amortised cost	302,709	160,016	166,789	-	629,514
Cash and cash equivalents	-	-	-	21,627	21,627
Total Assets	367,848	162,846	167,435	21,627	719,756
LIABILITIES					
Other payables	5,955	-	-	-	5,955
Other financial liabilities	354,742	156,606	165,544	-	676,892
Total Liabilities	360,697	156,606	165,544	-	682,847

Maturity of assets and liabilities	Within	Between	Between	On	2022
	1 year	1 to 5 years	5 to 10 years	Demand	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Financial assets at fair value through profit or loss	-	39,587	-	-	39,587
Financial assets at amortised cost	-	453,757	61,875	-	515,632
Cash and cash equivalents	-	-	-	18,147	18,147
Total Assets	-	493,344	61,875	18,147	573,366
LIABILITIES					
Other payables	348	-	-	-	348
Other financial liabilities	-	475,094	61,598	-	536,692
Total Liabilities	348	475,094	61,598	-	537,040

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from financial assets at amortised cost and cash and cash equivalents.

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties having good credit standards.

Financial assets at amortised cost consist of fixed deposits and current accounts with The Mauritius Commercial Bank Ltd and local corporate bonds in Mauritian Rupees and Euro. At the reporting date, there are no significant concentrations of credit risk for financial assets at amortised cost.

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial Risk Factors (cont'd)

Credit risk (Cont'd)

The table below shows the Company's financial instruments by category:

Financial Instruments by Category	Fair Value through profit or loss		Amortised Cost	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets				
Financial assets at fair value through profit or loss	68,615	39,587	-	-
Financial assets at amortised cost	-	-	629,514	515,632
Cash and cash equivalents	-	-	21,627	18,147
Total Assets	68,615	39,587	651,141	533,779
Liabilities				
Financial liabilities at fair value through profit or loss	68,349	39,451	-	-
Financial liabilities at amortised cost	-	-	608,543	497,241
Other payables	-	-	5,955	348
Total Liabilities	68,349	39,451	614,498	497,589

Price risk

The Company is exposed to price risk arising from uncertainties about future prices of warrants which are held and classified at fair value through profit or loss. The table below summarises the impact of increases/decreases in fair value of the investments on the Company's equity. The analysis is based on the assumption that the fair value had increased/decreased by 5%, based on historical observations.

	Impact on Equity	
	2023	2022
	Rs. '000	Rs. '000
Financial Assets at Fair Value through Profit or Loss	3,431	1,979

(b) Capital Risk Management

The Company's objective is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions in the normal course of business. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted investments classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

MCB STRUCTURED SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Fair value estimation (cont'd)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, dividend yield and earnings basis, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade and other receivables and payables are assumed to approximate their fair values. The carrying amounts of financial assets approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to this carrying amounts of assets and liabilities within the next financial year are discussed in appropriate notes.

Impairment Testing of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

There were no other major estimates and assumptions made during the year that have a significant risk of causing material adjustments to the carrying amounts of the Company's assets and liabilities within the next financial year.

Limitation of sensitivity analysis

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

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets held for trading:	2023	2022
	Rs. '000	Rs. '000
Derivatives - warrants	68,615	39,587

A warrant is a derivative financial instrument which gives the right, but not the obligation to buy or to sell a specific amount of a given stock, currency, index or debt, at a specified price (the strike price) during a specified period or on a specified date. The fair value of listed warrants are included in derivatives held for trading classified as financial assets at fair value through profit or loss.

The movements in financial assets at fair value through profit or loss are as follows:

	2023	2022
	Rs. '000	Rs. '000
At the beginning of the reporting year	39,587	20,481
Additions	3,659	8,149
Disposals	-	(2,737)
Fair value adjustments	25,369	10,957
Fair value release on disposal	-	2,737
At the end of the reporting year	68,615	39,587

At the end of the reporting period financial assets were measured at fair value, using the following inputs:

Observable Price (Level 2)	68,615	39,587
Analysed as:	2023	2022
	Rs. '000	Rs. '000
Current	65,139	-
Non-current	3,476	39,587
	68,615	39,587

6 FINANCIAL ASSETS AT AMORTISED COST

	2023	2022
	Rs. '000	Rs. '000
At the beginning of the reporting year	515,632	333,970
Additions	146,130	222,800
Net redemptions	(63,282)	(51,838)
Interest income	12,906	10,714
Foreign exchange difference	18,128	(14)
At the end of the reporting year	629,514	515,632

Financial assets at amortised cost consist of the following:

- (a) Fixed deposits in Mauritian Rupees with The Mauritius Commercial Bank Ltd carrying interests ranging from 3% to 4.5% and maturing in October 2023;
- (b) Corporate bonds in Mauritian Rupees and Euro carrying interests of c. 4% per annum and maturing in between June 2028 and July 2029.

The carrying value of the financial assets at amortised cost approximate their fair values.

	2023	2022
	Rs. '000	Rs. '000
Analysed as:		
Current	302,709	-
Non-current	326,805	515,632
	629,514	515,632

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

7 PREPAYMENTS	2023	2022
	Rs. '000	Rs. '000
Prepayments	254	84

Prepayments are denominated in Mauritian Rupees. As a result, there is no exposure to foreign currency risk. Due to the short-term nature of prepayments, their carrying amount is considered to be the same as their fair values.

8 SHARE CAPITAL	2023	2022
(i) Issued share capital (Rs. '000)	10	10
(ii) Issued ordinary shares of no par value (Number of shares)	1,000	1,000

9 OTHER FINANCIAL LIABILITIES	2023	2022
	Rs. '000	Rs. '000
Financial liabilities at fair value through profit or loss (Level 2: Observable Price)	68,349	39,451
Other financial liabilities	608,543	497,241
	676,892	536,692
Analysed as:		
Current	354,742	-
Non-current	322,150	536,692
	676,892	536,692

(a) The movement on financial liabilities at fair value through profit or loss is as follows:

At the beginning of the reporting year	39,451	20,473
Additions	3,659	8,149
Fair value adjustments	25,239	10,829
At the end of the reporting year	68,349	39,451

(b) The movement on other financial liabilities is as follows:

At the beginning of the reporting year	497,241	326,218
Additions	141,007	213,357
Redemption	(60,808)	(48,587)
Interest expense	18,087	9,088
Interest paid	(5,153)	(2,660)
Foreign exchange difference	18,169	(175)
At the end of the reporting year	608,543	497,241

Other financial liabilities consists of two distinct obligations for the Company:

- (i) The capital protection and minimum return element of the notes have been classified under other financial liabilities at amortised cost using the effective interest rate method.
- (ii) The second element, being the participation to the recorded performance of a reference index, has been classified as financial liabilities designated as fair value through profit or loss.

(c) The Company has entered into a 4-year interest rate swap with a related party in order to pay applicable Key Repo Rate and receive a fixed rate in return. The fair value of the derivatives is not considered to be material at June 30, 2023.

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10 OTHER PAYABLES	2023	2022
	Rs. '000	Rs. '000
Other payables	262	223
Amount due to related parties (Note 17(g))		
Entities under common control	19	84
Fellow subsidiaries	1,569	41
Holding company	4,105	-
	<u>5,955</u>	<u>348</u>
The carrying amounts of other payables approximate their fair values.		
11 OPERATING EXPENSES	2023	2022
	Rs. '000	Rs. '000
Product administration fee	1,319	616
Trailer fee	2,925	1,606
Other operating expenses	448	94
	<u>4,692</u>	<u>2,316</u>
12 ADMINISTRATIVE EXPENSES	2023	2022
	Rs. '000	Rs. '000
Audit and taxation fees	241	214
Director fees	30	25
Licences	149	206
Management charge	1,185	-
Other administrative expenses	413	503
	<u>2,018</u>	<u>948</u>
13 NET INCOME FROM FINANCIAL INSTRUMENTS	2023	2022
	Rs. '000	Rs. '000
Fair value adjustments on financial assets at fair value through profit or loss	25,369	10,957
Fair value adjustments on financial liabilities at fair value through profit or loss	(25,239)	(10,829)
	<u>130</u>	<u>128</u>
14 EARNINGS PER SHARE	2023	2022
Profit for the year (Rs. '000)	742	2,786
Number of shares in issue	1,000	1,000
Earnings per share (Rs.)	<u>742</u>	<u>2,786</u>

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

15 INCOME TAX	2023	2022
	Rs. '000	Rs. '000
(a) In the Statement of Financial Position		
Current tax liability at the beginning of the reporting year	91	1,378
Income tax on adjusted profit for the year at 15% (2022: 15%)	124	148
Tax paid	(130)	(1,455)
Corporate social responsibility levy	17	20
Current tax liability at the end of the reporting year	102	91

	2023	2022
	Rs. '000	Rs. '000
(b) In the Statement of Profit or Loss		
Income tax on adjusted profit for the year at 15% (2022: 15%)	124	148
Corporate social responsibility levy	17	20
	141	168

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:

	2023	2022
	Rs. '000	Rs. '000
Profit before tax	883	2,954
Tax calculated at a rate of 15% (2022: 15%)	132	443
Tax effect on:		
Income not subject to tax	(6,857)	(6,140)
Expenses not deductible for tax purposes	6,849	5,845
Corporate social responsibility levy	17	20
Tax charge	141	168

16 NOTES TO THE STATEMENT OF CASH FLOWS	2023	2022
	Rs. '000	Rs. '000
(a) Reconciliation of profit for the year to cash used in operations:		
Profit before tax	883	2,954
Adjustments for:		
Interest income	(25,436)	(12,844)
Interest expense	18,190	9,088
Foreign exchange gains	(217)	(1,068)
Net Income from financial instruments carried at fair value through profit or loss	(130)	(128)
	(6,710)	(1,998)
Changes in working capital:		
- Prepayments	(170)	(84)
- other payables	4,954	(1,247)
Cash used in operations	(1,926)	(3,329)

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16 NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities:

OTHER FINANCIAL LIABILITIES	2022	Cash Flows	Interest	Foreign	Fair Value	2023
	Rs. '000	Rs. '000	Amortised	Exchange	Adjustment	Rs. '000
			Non-cash transactions			
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities designated at fair value through profit or loss	39,451	3,659	-	-	25,239	68,349
Other financial liabilities	497,241	75,046	18,087	18,169	-	608,543
	<u>536,692</u>	<u>78,705</u>	<u>18,087</u>	<u>18,169</u>	<u>25,239</u>	<u>676,892</u>

OTHER FINANCIAL LIABILITIES	2021	Cash Flows	Interest	Foreign	Fair Value	2022
	Rs. '000	Rs. '000	Amortised	Exchange	Adjustment	Rs. '000
			Non-cash transactions			
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities designated at fair value through profit or loss	20,473	8,149	-	-	10,829	39,451
Other financial liabilities	326,218	162,110	9,088	(175)	-	497,241
	<u>346,691</u>	<u>170,259</u>	<u>9,088</u>	<u>(175)</u>	<u>10,829</u>	<u>536,692</u>

(c) Cash & Cash Equivalents	2023	2022
	Rs. '000	Rs. '000
Cash at bank held with The Mauritius Commercial Bank Ltd	<u>21,627</u>	<u>18,147</u>

17 RELATED PARTY TRANSACTIONS

The transactions of the company with related parties during the year are as follows:

	Notes	2023	2022
		Rs. '000	Rs. '000
(a) <i>Interest Income</i>			
Entities under common control		19,503	269
Ultimate holding company		5,933	12,575
		<u>25,436</u>	<u>12,844</u>
(b) <i>Interest Expense</i>			
Fellow subsidiaries		129	6
Holding company		104	-
		<u>233</u>	<u>6</u>
(c) <i>Operating Expenses</i>			
Entities under common control		49	(15)
Fellow subsidiaries		4,483	2,343
		<u>4,532</u>	<u>2,328</u>
(d) <i>Administrative Expenses</i>			
Entities under common control		319	350
Fellow subsidiaries		1,239	7
		<u>1,558</u>	<u>357</u>
(e) <i>Key Management Personnel Compensation (including directors)</i>		<u>30</u>	<u>25</u>

MCB STRUCTURED SOLUTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

17 RELATED PARTY TRANSACTIONS (CONT'D)

Outstanding balances as at the end of the reporting year are as follows:

(f) Financial Assets at amortised cost	6		
Entities under common control		469,498	355,616
Ultimate holding company		160,016	160,016
		629,514	515,632
(g) Payables to related parties	10		
Entities under common control		19	84
Fellow subsidiaries		1,569	41
Holding company		4,105	-
		5,693	125
(h) Other Financial Liabilities			
Fellow subsidiaries		8,429	24,306
(i) Bank Balances	16(c)		
Entities under common control		21,627	18,147

All the above transactions have been carried out at least under market terms and conditions. There has been no pledge provided or received for any related party receivables or payables. As at June 30, 2023, the amounts owed by related parties were not impaired.

Outstanding balances at year end are unsecured. Settlement occurs in cash. The Company has made an impairment assessment by considering the previous repayment behaviours and the future cash flow forecasts covering the contractual period of receivables from related parties. The Company does not expect any default from them and is certain of their ability to pay their debts as they become due in the normal course of business and/or in any adverse economic and business conditions. Consequently, the probability of default is therefore negligible and the Company has not accounted for any impairment loss.

18 ULTIMATE HOLDING COMPANY

The holding company of MCB Structured Solutions Ltd is MCB Capital Markets Ltd and the ultimate holding company is MCB Group Limited. Both companies are incorporated in Mauritius.

19 EVENTS AFTER REPORTING PERIOD

There were no material event after the reporting period.