

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Critical accounting estimates and assumptions (continued)

(j) Expected credit losses of long-term receivables

The measurement of impaired losses of financial assets requires judgements, in particular, the estimation of the amount and timing of future cash flows when determining impaired losses and the assessment of a significant increase in credit risk. The estimations are driven by a number of factors, changes in which can result in different levels of allowances. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 10 for more details.

(k) Leases - Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay' which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The IBR used to estimate the lease liability ranges from 1.8% to 8% for the Group and 4.1% to 8% for the Company. Refer to Note 19 for more details.

5. PROPERTY, PLANT AND EQUIPMENT

(a) Cost or valuation

	THE GROUP						
	Freehold land and yard MUR '000	Freehold buildings MUR '000	Plant and machinery MUR '000	Motor vehicles MUR '000	Furniture, computer, office, and other equipment MUR '000	Containers MUR '000	Total MUR '000
2022							
At 1 July 2021	1 235 275	1 238 664	3 089 232	289 657	918 366	333 957	7 105 151
*Additions	3 891	35 224	58 247	11 894	49 014	148 677	306 947
Disposals	–	(4 412)	(13 057)	(2 586)	(13 075)	(12 681)	(45 811)
Revaluation adjustment	131 549	152 078	–	–	–	–	283 627
Exchange differences	(5 002)	(44 349)	(49 149)	(63)	(7 580)	–	(106 143)
At 30 JUNE 2022	1 365 713	1 377 205	3 085 273	298 902	946 725	469 953	7 543 771
DEPRECIATION							
At 1 July 2021	14 133	411 195	1 652 086	145 223	642 471	134 727	2 999 835
Charge for the year	7 166	54 293	130 847	25 388	68 670	78 242	364 606
Disposals	–	(4 412)	(13 053)	(2 410)	(10 000)	(12 513)	(42 388)
Revaluation adjustment	(21 142)	(97 585)	–	–	–	–	(118 727)
Exchange differences	–	(29 904)	(34 619)	(63)	(4 434)	–	(69 020)
At 30 JUNE 2022	157	333 587	1 735 261	168 138	696 707	200 456	3 134 306
NET BOOK VALUE							
At 30 JUNE 2022	1 365 556	1 043 618	1 350 012	130 764	250 018	269 497	4 409 465
Capital expenditure in progress	1 318	9 950	64 346	–	26 111	13 161	114 886
TOTAL PROPERTY PLANT AND EQUIPMENT	1 366 874	1 054 568	1 414 358	130 764	276 129	282 658	4 524 351

* Additions include an amount of MUR 55.6m (2021: MUR 159.0m) transferred from capital expenditure in progress to property, plant and equipment for the Group. Total cash outflow consist of additions of MUR 307m (2021: MUR 392m) and capital expenditure in progress of MUR 100m (2021: MUR 42m) for the Group.