



Mauritius Housing Company Ltd

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	31 December 2014 <u>Rs'000</u>	Restated 31 December 2013 <u>Rs'000</u>	Restated 31 December 2012 <u>Rs'000</u>
ASSETS			
Cash and cash equivalents	547,642	534,991	740,812
Property development	4,861	14,651	43,800
Loans to customers	5,770,788	5,386,068	4,934,072
Investment property	88,174	88,174	88,174
Property and equipment	449,657	457,213	461,320
Intangible assets	2,316	2,183	108
Other assets	186,849	203,520	195,253
Total assets	7,050,287	6,686,800	6,463,539
LIABILITIES			
PEL & other savings accounts	1,533,704	1,467,988	1,463,880
Housing deposits certificates - HDC	1,509,078	1,165,063	955,060
Borrowings	1,011,286	1,186,743	1,375,368
Retirement benefit obligations	104,426	90,999	40,754
Other liabilities	46,169	57,670	72,288
Total liabilities	4,204,663	3,968,463	3,907,350
Insurance funds	227,784	229,440	231,660
SHAREHOLDERS' EQUITY			
Share capital	200,000	200,000	200,000
Revaluation reserves	431,225	431,225	431,225
Building insurance reserve	116,810	116,810	116,810
Retained earnings	1,630,924	1,491,730	1,278,205
Statutory reserve	200,000	200,000	200,000
Other reserves	38,881	49,132	98,289
Total equity	2,617,840	2,488,897	2,324,529
Total equity and liabilities	7,050,287	6,686,800	6,463,539

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2014

	Year ended 31 December 2014	Restated Year ended 31 December 2013	Restated Year ended 31 December 2012
	Rs'000	Rs'000	Rs'000
Interest income	501,453	491,553	501,278
Interest expense	(207,339)	(207,907)	(212,726)
Interest suspended	20,499	23,975	35,110
Net interest income	314,613	307,621	323,662
Fee and commission income	27,953	22,880	22,856
Rent received	6,997	7,223	5,864
Policy fees and charges on loan	4,562	4,971	4,241
Other operating income	61,193	65,880	72,635
	100,705	100,954	105,596
Operating income	415,318	408,575	429,258
Personnel expenses	(144,136)	(128,077)	(99,846)
Depreciation and amortisation	(12,411)	(12,972)	(12,055)
Other expenses	(68,419)	(73,594)	(55,974)
Non-interest expense	(224,966)	(214,643)	(167,875)
Operating profit	190,352	193,932	261,383
Allowance for credit impairment	1,078	80,428	30,140
Gain/(loss) on sale of foreclosed properties	3,082	(2)	(8,008)
Increase in fair value of investment property	-	-	18,798
Profit for the year	194,512	274,358	302,313
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post employment benefit obligations	(10,391)	(49,157)	(1,099)
Gain on revaluation of land & building	-	-	135,282
Gain on foreclosed properties	140	-	61
Other comprehensive income for the year	(10,251)	(49,157)	134,244
Total comprehensive income for the year	184,261	225,201	436,557
Earnings per share (Rs)	9.73	13.72	15.12

**A NOBAUB
Officer in Charge
Date: 20th April 2015**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>Share capital</u> Rs'000	<u>Revaluation reserves</u> Rs'000	<u>Building insurance reserve</u> Rs'000	<u>Retained earnings</u> Rs'000	<u>Statutory reserve</u> Rs'000	<u>Other reserves</u> Rs'000	<u>Actuarial reserves</u> Rs'000	<u>Total</u> Rs'000
At 1 January 2012								
- as previously stated	200,000	295,943	116,810	1,044,755	200,000	121,659	(22,332)	1,956,835
- impact of additional interest and bonus on PEL accounts (Note 33)	-	-	-	(16,935)	-	-	-	(16,935)
	200,000	295,943	116,810	1,027,820	200,000	121,659	(22,332)	1,939,900
Dividend (Note 10)	-	-	-	(51,928)	-	-	-	(51,928)
Profit for the year	-	-	-	302,313	-	-	-	302,313
Other comprehensive income	-	135,282	-	-	-	61	(1,099)	134,244
Total comprehensive income for the year	-	135,282	-	302,313	-	61	(1,099)	436,557
At 31 December 2012	<u>200,000</u>	<u>431,225</u>	<u>116,810</u>	<u>1,278,205</u>	<u>200,000</u>	<u>121,720</u>	<u>(23,431)</u>	<u>2,324,529</u>
At 1 January 2013								
-as previously stated	200,000	431,225	116,810	1,296,995	200,000	121,720	(23,431)	2,343,319
-impact of additional interest and bonus on PEL accounts (Note 33)	-	-	-	(18,790)	-	-	-	(18,790)
	200,000	431,225	116,810	1,278,205	200,000	121,720	(23,431)	2,324,529
Dividend (Note 10)	-	-	-	(60,833)	-	-	-	(60,833)
Profit for the year	-	-	-	274,358	-	-	-	274,358
Other comprehensive income	-	-	-	-	-	-	(49,157)	(49,157)
Total comprehensive income for the year	-	-	-	274,358	-	-	(49,157)	225,201
At 31 December 2013	<u>200,000</u>	<u>431,225</u>	<u>116,810</u>	<u>1,491,730</u>	<u>200,000</u>	<u>121,720</u>	<u>(72,588)</u>	<u>2,488,897</u>
At 1 January 2014								
-as previously stated	200,000	431,225	116,810	1,512,752	200,000	121,720	(72,588)	2,509,919
- impact of additional interest and bonus on PEL accounts (Note 33)	-	-	-	(21,022)	-	-	-	(21,022)
	200,000	431,225	116,810	1,491,730	200,000	121,720	(72,588)	2,488,897
Dividend (Note 10)	-	-	-	(55,318)	-	-	-	(55,318)
Profit for the year	-	-	-	194,512	-	-	-	194,512
Other comprehensive income	-	-	-	-	-	140	(10,391)	(10,251)
Total comprehensive income for the year	-	-	-	194,512	-	140	(10,391)	184,261
At 31 December 2014	<u>200,000</u>	<u>431,225</u>	<u>116,810</u>	<u>1,630,924</u>	<u>200,000</u>	<u>121,860</u>	<u>(82,979)</u>	<u>2,617,840</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012
	Rs'000	Rs'000	Rs'000
Cash flows from operating activities			
Profit for the year	194,512	274,358	302,313
<i>Adjustments for:</i>			
Allowance for credit impairment	(1,078)	(80,428)	(30,140)
Depreciation	11,059	11,773	11,041
Amortisation	1,353	1,199	1,014
(Gain)/loss on sale of foreclosed properties	(3,082)	2	8,008
Profit on disposal of property development	(1,092)	(5,979)	(2,250)
Increase in fair value of investment property	-	-	(18,798)
Interest in suspense	(20,499)	(23,975)	(35,110)
Profit on disposal of property and equipment	(1,046)	-	(12,446)
	<u>180,127</u>	<u>176,950</u>	<u>223,632</u>
Change in operating assets and liabilities			
Decrease/(increase) in other assets	11,588	(16,222)	(23,671)
(Decrease)/increase in other liabilities	(9,981)	(15,750)	3,196
Increase in accrued interest payable	50,926	13,726	8,685
(Increase)/decrease in loans to customers	(363,143)	(347,593)	(89,128)
Increase/(decrease) in other assets/liabilities	-	-	(21)
Net cash absorbed in operating activities	<u>(310,610)</u>	<u>(365,839)</u>	<u>(100,939)</u>
Cash flows from investing activities			
Purchase of property and equipment	(5,043)	(7,666)	(6,454)
Purchase of intangible assets	(1,486)	(3,274)	-
Proceeds from disposal of Cybervillage apartment	-	2,000	-
Proceeds from disposal of property and equipment	2,586	-	12,446
Proceeds from disposal of property development	10,882	35,798	14,487
Payments for property development	-	(2,670)	(18,733)
Net cash generated from investing activities	<u>6,939</u>	<u>24,188</u>	<u>1,746</u>
Cash flows from financing activities			
Grant and subsidies received	8,165	7,953	11,124
Housing deposits certificates (HDC)	287,440	177,530	226,532
Plan Epargne Logement Savings (PEL)	71,365	22,755	33,358
Repayment of borrowings	(199,864)	(209,663)	(200,171)
Dividends paid	(55,318)	(60,833)	(51,928)
Net cash generated from/(used in) financing activities	<u>111,788</u>	<u>(62,158)</u>	<u>18,915</u>
(Decrease)/increase in cash and cash equivalents	<u>(11,756)</u>	<u>(226,859)</u>	<u>143,354</u>
Movement in cash and cash equivalents			
Cash and cash equivalents as at 1 January	447,121	673,980	530,626
(Decrease)/increase in cash and cash equivalents	(11,756)	(226,859)	143,354
Cash and cash equivalents at 31 December	<u>435,365</u>	<u>447,121</u>	<u>673,980</u>
Cash and cash equivalents			
Cash at bank and in hand	547,642	534,991	740,812
Bank overdrafts	(112,277)	(87,870)	(66,832)
	<u>435,365</u>	<u>447,121</u>	<u>673,980</u>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Mauritius Housing Company Ltd (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 members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Mauritius Housing Company Ltd on pages 9 to 52 which comprise the Statement of Financial Position at 31 December 2014 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 a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Banking Act 2004, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements on pages 9 to 52 give a true and fair view of the financial position of the Company at 31 December 2014, 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.

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 business advisers 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.

Banking Act 2004

In our opinion, the financial statements have been prepared on a basis consistent with that of the preceding year and are complete, fair and properly drawn up and comply with the Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

The explanations or information called for or given to us by the officers or agents of the Company were satisfactory.

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

BDO & Co
Chartered Accountants
Port Louis,
Mauritius.