



Mauritius Housing Company Ltd

ABRIDGED AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	31 December 2013 Rs'000	Restated 31 December 2012 Rs'000	Restated 31 December 2011 Rs'000
ASSETS			
Cash and cash equivalents	534,991	740,812	576,518
Property development	14,651	43,800	37,304
Loans to customers	5,386,068	4,934,072	4,779,694
Investment property	88,174	88,174	69,376
Property and equipment	457,213	461,320	330,625
Intangible assets	2,183	108	1,122
Other assets	203,520	195,253	190,652
Total assets	6,686,800	6,463,539	5,985,291
LIABILITIES			
PEL & other savings accounts	1,446,966	1,445,090	1,422,559
Housing deposits certificates - HDC	1,165,063	955,060	710,871
Borrowings	1,186,743	1,375,368	1,554,599
Retirement benefit obligations	90,999	40,754	38,543
Other liabilities	57,670	72,288	69,091
Total liabilities	3,947,441	3,888,560	3,795,663
Insurance funds	229,440	231,660	232,793
SHAREHOLDERS' EQUITY			
Share capital	200,000	200,000	200,000
Revaluation reserves	431,225	431,225	295,943
Building insurance reserve	116,810	116,810	116,810
Retained earnings	1,512,752	1,296,995	1,044,755
Statutory reserve	200,000	200,000	200,000
Other reserves	49,132	98,289	99,327
Total equity	2,509,919	2,343,319	1,956,835
Total equity and liabilities	6,686,800	6,463,539	5,985,291

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2013

	Year ended 31 December 2013	Restated Year ended 31 December 2012	Restated Year ended 31 December 2011
	Rs'000	Rs'000	Rs'000
Interest income	491,553	501,278	516,863
Interest expense	(205,675)	(210,871)	(220,880)
Interest suspended	23,975	35,110	15,863
Net interest income	309,853	325,517	311,846
Fee and commission income	22,880	22,856	29,813
Rent received	7,223	5,864	6,030
Policy fees and charges on loan	4,971	4,241	3,742
Other operating income	65,880	72,635	65,421
	100,954	105,596	105,006
Operating income	410,807	431,113	416,852
Personnel expenses	(128,077)	(99,846)	(95,318)
Depreciation and amortisation	(12,972)	(12,055)	(12,824)
Other expenses	(73,594)	(55,974)	(58,624)
Non-interest expense	(214,643)	(167,875)	(166,766)
Operating profit	196,164	263,238	250,086
Provision for credit losses	80,428	30,140	(7,110)
Impairment/loss on foreclosed properties	(2)	(8,008)	(11,336)
Increase in fair value of investment property	-	18,798	28,000
Profit for the year	276,590	304,168	259,640
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post employment benefit obligations	(49,157)	(1,099)	4,383
Gain on revaluation of land & building	-	135,282	-
Gain on foreclosed properties	-	61	1,235
Other comprehensive income for the year	(49,157)	134,244	5,618
Total comprehensive income for the year	227,433	438,412	265,258
Transfer to statutory reserve	-	-	28,420
Earnings per share (Rs)	13.83	15.21	12.98

M SEETOHUL
Managing Director
Date: 28th March 2014

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital	Revaluation reserves	Building insurance reserve	Retained earnings	Statutory reserve	Other reserves	Actuarial reserves	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 1 January 2011								
As previously reported	200,000	295,943	116,810	864,976	171,580	120,424	-	1,769,733
Effect of adopting IAS 19 (Revised)	-	-	-	-	-	-	(26,715)	(26,715)
As restated	200,000	295,943	116,810	864,976	171,580	120,424	(26,715)	1,743,018
Dividend (Note 10)	-	-	-	(51,441)	-	-	-	(51,441)
Profit for the year	-	-	-	259,640	-	-	-	259,640
Other comprehensive income	-	-	-	-	-	1,235	4,383	5,618
Total comprehensive income for the year	-	-	-	259,640	-	1,235	4,383	265,258
Transfer to statutory reserve	-	-	-	(28,420)	28,420	-	-	-
At 31 December 2011 (restated)	<u>200,000</u>	<u>295,943</u>	<u>116,810</u>	<u>1,044,755</u>	<u>200,000</u>	<u>121,659</u>	<u>(22,332)</u>	<u>1,956,835</u>
At 1 January 2012								
As previously reported	200,000	295,943	116,810	1,044,755	200,000	121,659	-	1,979,167
Effect of adopting IAS 19 (Revised)	-	-	-	-	-	-	(22,332)	(22,332)
As restated	200,000	295,943	116,810	1,044,755	200,000	121,659	(22,332)	1,956,835
Dividend (Note 10)	-	-	-	(51,928)	-	-	-	(51,928)
Profit for the year	-	-	-	304,168	-	-	-	304,168
Other comprehensive income	-	135,282	-	-	-	61	(1,099)	134,244
Total comprehensive income for the year	-	135,282	-	304,168	-	61	(1,099)	438,412
At 31 December 2012 (restated)	<u>200,000</u>	<u>431,225</u>	<u>116,810</u>	<u>1,296,995</u>	<u>200,000</u>	<u>121,720</u>	<u>(23,431)</u>	<u>2,343,319</u>
At 1 January 2013								
As previously reported	200,000	431,225	116,810	1,296,995	200,000	121,720	-	2,366,750
Effect of adopting IAS 19 (Revised)	-	-	-	-	-	-	(23,431)	(23,431)
As restated	200,000	431,225	116,810	1,296,995	200,000	121,720	(23,431)	2,343,319
Dividend (Note 10)	-	-	-	(60,833)	-	-	-	(60,833)
Profit for the year	-	-	-	276,590	-	-	-	276,590
Other comprehensive income	-	-	-	-	-	-	(49,157)	(49,157)
Total comprehensive income for the year	-	-	-	276,590	-	-	(49,157)	227,433
At 31 December 2013	<u>200,000</u>	<u>431,225</u>	<u>116,810</u>	<u>1,512,752</u>	<u>200,000</u>	<u>121,720</u>	<u>(72,588)</u>	<u>2,509,919</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
	Rs'000	Rs'000	Rs'000
Cash flows from operating activities			
Profit for the year	276,590	304,168	259,640
<i>Adjustments for:</i>			
Provision for credit losses	(80,428)	(30,140)	7,110
Depreciation	11,773	11,041	10,793
Amortisation	1,199	1,014	2,031
Impairment/loss on foreclosed property	2	8,008	11,336
Profit on disposal of property development	(5,979)	(2,250)	(3,305)
Increase in fair value of investment property	-	(18,798)	(28,000)
Interest in suspense	(23,975)	(35,110)	(15,863)
Profit on disposal of property and equipment	-	(12,446)	(998)
	<u>179,182</u>	<u>225,487</u>	<u>242,744</u>
Change in operating assets and liabilities			
Increase in other assets	(16,222)	(23,671)	(43,965)
Increase/(decrease) in other liabilities	(15,750)	3,196	3,208
Increase/(decrease) in accrued interest payable	11,494	6,830	(961)
(Increase)/decrease in loans to customers	(347,593)	(89,128)	93,565
Decrease in other assets/liabilities	-	(21)	(934)
Net cash (absorbed in) / generated from operating activities	<u>(368,071)</u>	<u>(102,794)</u>	<u>50,913</u>
Cash flows from investing activities			
Purchase of property and equipment	(7,666)	(6,454)	(20,333)
Purchase of intangible assets	(3,274)	-	(324)
Proceeds from disposal of Cybervillage apartment	2,000	-	-
Proceeds from disposal of property and equipment	-	12,446	998
Proceeds from disposal of property development	35,798	14,487	1,205
Payments for property development	(2,670)	(18,733)	(31,057)
Net cash generated from/(used in) investing activities	<u>24,188</u>	<u>1,746</u>	<u>(49,511)</u>
Cash flows from financing activities			
Grant and subsidies received	7,953	11,124	-
Housing deposits certificates (HDC)	177,630	226,532	237,143
Plan Epargne Logement Savings (PEL)	22,755	33,358	31,639
Repayment of borrowings	(209,663)	(200,171)	(215,445)
Dividends paid	(60,833)	(51,928)	(51,441)
Net cash generated (used in)/from financing activities	<u>(62,158)</u>	<u>18,915</u>	<u>1,896</u>
(Decrease)/increase in cash and cash equivalents	<u>(226,859)</u>	<u>143,354</u>	<u>246,042</u>
Movement in cash and cash equivalents			
Cash and cash equivalents as at 1 January	673,980	530,626	284,584
(Decrease)/increase in cash and cash equivalents	(226,859)	143,354	246,042
Cash and cash equivalents at 31 December	<u>447,121</u>	<u>673,980</u>	<u>530,626</u>
Cash and cash equivalents			
Cash at bank and in hand	534,991	740,812	576,518
Bank overdrafts	(87,870)	(66,832)	(45,892)
	<u>447,121</u>	<u>673,980</u>	<u>530,626</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 54 which comprise the Statement of Financial Position at 31 December 2013 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 54 give a true and fair view of the financial position of the Company at 31 December 2013, 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.