

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

21 LEASE

The Group and the Bank lease building and the average lease term is 3 years. The Group and the Bank do not have the option to purchase the leased assets at the end of the lease term. The Group and the Bank's obligations are secured by the lessor's title to the leased assets for such leases.

	THE GROUP AND THE BANK
	2020
	MUR'000
RIGHT OF USE ASSETS	
COST	
At 01 July 2019	-
Effect of adopting IFRS 16	<u>92,766</u>
At 01 July 2019 (as restated)	92,766
Additions	<u>20,830</u>
At 30 June 2020	<u>113,596</u>
ACCUMULATED DEPRECIATION	
At 01 July 2019	-
Charge for the year	<u>(33,579)</u>
At 30 June 2020	<u>(33,579)</u>
CARRYING AMOUNT	
AT 30 June 2020	<u>80,017</u>

MUR 1.8m of the depreciation charge has been presented under personal expenses in the statements of profit or loss and other comprehensive income as it relates to staff benefits.

One of the lease contract for property expired during the current financial year. The expired contract was replaced by new lease for identical underlying asset. In addition new parking contract was entered during the year. This resulted in additions to right-of-use assets of MUR 21m.

	THE GROUP AND THE BANK
	2020
	MUR'000
LEASE LIABILITIES	
Analysed as:	
Non-current	48,501
Current	<u>34,070</u>
	<u>82,571</u>
Disclosure required by IFRS 16	
Maturity Analysis	
Year 1	37,526
Year 2	30,647
Year 3	15,568
Year 4	<u>5,189</u>
	<u>88,930</u>

The Group and the Bank do not face a significant liquidity risk with regard to its lease liabilities. The leases are denominated in MUR and ZAR.

For disclosure under IAS 17, please refer to Note 35 - Contingent liabilities and commitments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

21 LEASE (CONTINUED)

AMOUNTS RECOGNISED IN PROFIT OR LOSS

	THE GROUP AND THE BANK
	2020
	MUR'000
Depreciation expense on right-of-use assets	31,735
Depreciation expense on right-of-use assets - staff benefits	1,844
Interest expense on lease liabilities	4,845
Interest expense accounted under staff costs	215
	<u>38,639</u>

RECONCILIATION OF LEASE LIABILITIES ARISING FROM FINANCING ACTIVITIES

	THE GROUP AND THE BANK
	2020
	MUR'000
Balance as at 01 July 2019	-
Effect of adopting IFRS 16	92,766
Financing cash flows	(31,026)
New right-of-use assets	20,831
Balance as at 30 June 2020	<u><u>82,571</u></u>

Interest on lease are accounted in interest expense (MUR 4.8m) and staff cost (MUR 0.2m).