2021 Annual Report

PROGOS Le Bocage International School

CORPORATE DATA

Directors

	Date of appointment
Jean-Paul de Chazal (Chairperson)	26 July 1999
Olga Chung Kho Pyng (Brigitte) Lee	01 July 2004
Gong Ming Chen	08 April 2013
Philippe A. Forget	26 August 1996
Shikha Gujadhur	01 October 2018
Janine Rivalland	03 April 2017
Pamela Somanah	07 November 2016

Secretary	ECS SECRETARIES LTD 3rd Floor, Labama House, Sir William Newton Street, Port-Louis
Registered office	C/o ECS SECRETARIES LTD 3rd Floor, Labama House, Sir William Newton Street, Port-Louis
Auditor	Ernst & Young 9^{th} Floor NeXTeracom-Tower I Cybercity, Ebene
Banker	The Mauritius Commercial Bank Limited Sir William Newton Street Port Louis

COMMENTARY FROM THE HEAD

The Annual Report which concentrates on the financial information and school targets is enclosed.

Progos-Le Bocage International School (the 'school 'or the 'Company') is driven by its Vision Statement, "to inspire innovative and holistic leaders for a changing world".

Due to the COVID-19 global pandemic, the scheduled Evaluation Visit of a team from the Council of International Schools (CIS) was postponed. The initial Visit scheduled for June 2020 was rescheduled for May 2021. The school was able to synchronize the CIS Visit with the Evaluation Visits for the International Baccalaureate (IB) Middle Years Programme (MYP), Diploma Programme (DP), the Career-related Programme (CP). Extensive work has been completed since the previous visits (scheduled every five years), including a self-study involving all stakeholders. The visit took over a week and was done on a virtual platform. The results of the visit were very positive and the school was re-accredited by CIS, and all three IB programmes met all requirements.

In March 2021 the Mauritian Government closed all schools on the island due to COVID-19. LBIS (Le Bocage International School) made a quick switch to a Distance Learning Programme (DLP), as we did in 2020. The DLP began the day after school closure, operating from the middle of March until the end of June. In August, schools were allowed to open, but not operate at full capacity. LBIS implemented a rota system enabling all students to resume face to face classes through a staggered approach. The school was forced to resume DLP two weeks before the official end of the academic year.

Face to face classes resumed in February 2022, after starting on the DLP platform.

The official results (released in January 2022) of students taking external examinations (IGCSE in Form 5 and IB Diploma and IB Career-related in Form 7) were excellent, and exceeded previous performances. This is testament to the hard work of the students and teachers, and the overall success of the DLP.

The debtors figure was affected due to the impact the crisis has had on our parents, however it is still under control. Parents most affected by the pandemic have either been offered discounts after providing the necessary information and documentation or they have been given additional time to settle their arrears. The school will continue to make every effort to assist those parents in need. The school was able to offset some of the costs of the scholarships by increasing the size of the intake of Form 1 students entering in January. Instead of 115 students, we admitted 130 by adding an additional class.

Construction on the new building at the bottom of the campus began in December. Although hampered by heavy rains, the building is expected to be completed in June 2022. The structure will house three classrooms, a mess area for support staff and a storage area.

The Board increased monthly fees by Rs 400 for all students for 2022.

David Jenkins
(Head Le Bocage International School)

16 September 2022

COMMENTARY FROM THE BOARD

The Directors are pleased to present their report and the audited financial statements of Progos, the Company owning and operating Le Bocage International School ('LBIS' or Le Bocage), for the year ended 31 December 2021.

SCHOOL GUIDING STATEMENTS

Le Bocage continues to be driven by its *School Guiding Statements* (SGS). These statements can be seen in various curriculum documentation.

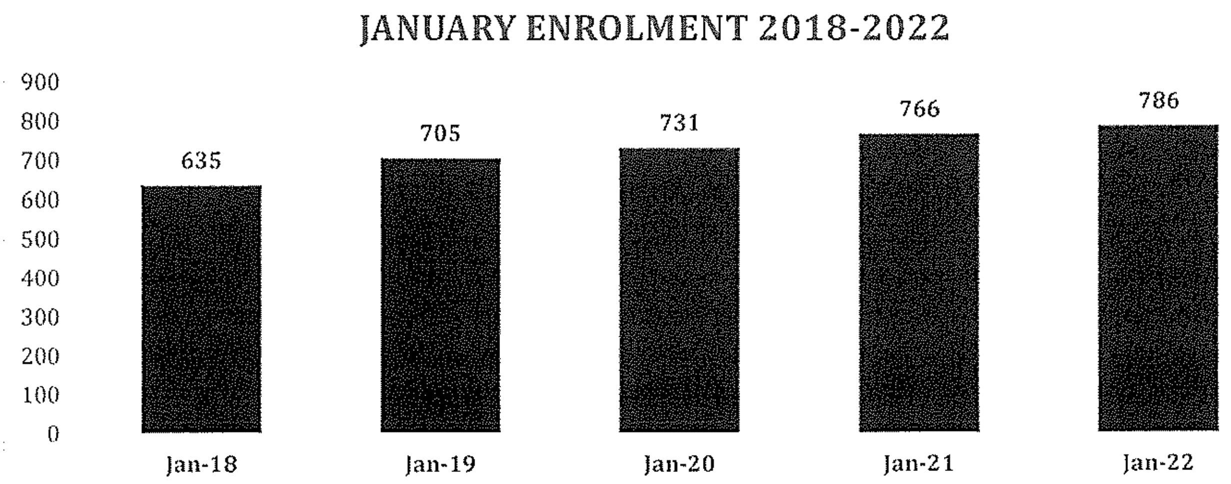
STUDENT BODY

LBIS continues to meet the needs of its student body by offering a *"holistic, student-centred secondary international education developing principled and balanced global citizens who are equipped to collaborate and overcome challenges in a fast changing multicultural world"* (LBIS Mission Statement, 2016).

At LBIS on average in 2021, 87% (2020: 84%) of the student population was from Mauritius and 13% (2020:16%) from approximately 30 other countries. From January 2018 to January 2022, the student population varied between 635 and 786 as shown in the bar chart below. The school ended 2021 with 758 students and started 2022 with 786. Enrolment in Forms 1 to 5 remains very positive with average year groups of 115 students (2020: 110)

School Roll January 2022: 786 students

The gender mix at the school at the end of January 2022 was 50% (January 2021: 50%) female students and 50% male students (2021: 50%).



COMMENTARY FROM THE BOARD (CONTINUED)

HUMAN RESOURCES

During 2021, the school endeavoured *"to employ and retain suitably qualified and experienced teachers who are committed and dedicated to realise our School's Guiding Statements"* (SGS, OB 22). In 2021, there were 84 teachers employed (2020:84). There were 13 educational support members of staff (2020:14), 16 administrative staff (2020:16) and 19 support staff (2020:19). At year-end, the student: teacher ratio was 9.0:1 (cf 8.8:1 in 2020).

In line with the school's commitment to retain and promote pedagogical development, the school has continued to provide opportunities for staff.

STUDENT LEARNING & PERFORMANCE

LBIS is a mixed ability school, which academically demands more of its staff and students each year and *"aims to promote and nurture caring, inquisitive and principled behaviour"* (SGS Philosophy No.1).

In external examinations, the academic performance of our students in many subject is above that of similar international schools around the world. Students achieved high standards in the 2021 International General Certificate of Secondary Education (IGCSE) examination and some excellent results at the International Baccalaureate Diploma Programme (IBDP) level.

Introduction: The context of the 2021 IGCSE Results

The International Certificate of Education (ICE) is awarded to candidates who pass at least seven IGCSE subjects. In addition, they have to have studied a number of subjects across a range of disciplines.

- *Distinction* - Grade A* or A in five subjects and grade C or better in two more.
- *Merit* - Grade C or better in five subjects and Grade F or better in two more
- *Pass* – Grade G or better in seven subjects

As with the previous cohort of students, most of the 2021 students sat for:

- English and English Literature (2 IGCSE subjects);
- French and French Literature (2 IGCSE subjects);
- Mathematics; and
- 5 optional subjects (5 IGCSE subjects) at 5 periods (65 minutes) per two-week cycle.

Section A: General Summary

Total number of students for 2021: 78 Students

COMMENTARY FROM THE BOARD (CONTINUED)

Table 1: ICE or equivalent certificates

Figures for 2021	Number	Percentage
DISTINCTION or equivalent	33	42
MERIT or equivalent	35	46
PASS or equivalent	5	6
Cumulative pass rate	73	94
Fail	5	6

Table 2: Comparison with previous year (all figures as percentages)

	2017 %	2018 %	2019 %	2020 %	2021 %
Distinction or equivalent	26	35	33	41	42
Merit or equivalent	56	43	47	39	46
Pass or equivalent	12	14	17	12	6
Cumulative pass rate	94	92	97	92	94
Fail	6	8	3	8	6

COMMENTARY FROM THE BOARD (CONTINUED)

Table 3: General pass rate at each grade level (as percentages)

Year	A*	A	B	C	D	E	F	G	U	%
2017	12	19	25	21	10	7	3	2	3	100
2018	14	23	21	18	9	6	3	2	2	98
2019	14	21	23	19	12	7	3	1	1	100
2020	23	21	19	19	9	5	2	1	1	100
2021	27	20	18	17	8	4	4	1	1	100

Total number of DP candidates: 57
Number of candidates who passed the diploma: 55
DP success rate: 96.5%
Highest diploma points awarded to a candidate: 43
Average points obtained by candidates: 35
Number of bilingual diplomas obtained: 51%
Average grade obtained by candidates: 5.53
% of students scoring 40 points and above: 21%

Section B: 2021 IB Diploma Results Summary

Table 4: Comparison with previous years

Year	No. of students	% Pass	Average diploma points	Highest diploma points	Average grade
2017	63	90.5	32	41	5.06
2018	51	86.3	31	43	5.26
2019	68	95.5	33	45	5.31
2020	80	92.5	34	44	5.34
2021	57	96.5	35	43	5.53

COMMENTARY FROM THE BOARD (CONTINUED)

Summary of IB Diploma Attainment Requirements

IB Diploma Programme Components & Possible IB Result Scores

SUBJECTS

Group 1: Language & Literature 1 - 7
Group 2: Language Acquisition 1 - 7
Group 3: Individuals & Societies 1 - 7
Group 4: Sciences 1 - 7
Group 5: Mathematics 1 - 7
Group 6: The Arts or IB Elective 1 - 7

At least 3 but no more than 4 subjects must be completed at Higher Level (HL). Only 6 IB subjects – one in each of these groups – may contribute to the IB Diploma total score.

CORE REQUIREMENTS

Theory of Knowledge (ToK) A - E
Extended Essay (EE) A - E

Creativity-Action-Service (CAS)

CAS is pass/fail; CAS requirements are either met or not met (no numerical or letter score is assigned). If not met, the candidate will automatically be disqualified from receiving the IB Diploma.

Key Reminders:HL – "Higher Level"
SL – "Standard Level"

Points & Conditions Necessary to Successfully Earn the IB Diploma

- An IB subject result must have been awarded for each of the six IB Diploma subjects, ToK, and the Extended Essay. (Student must not have any scores of "N" – meaning "NO MARK" – due to malpractice or failure to submit an assessment component.)
- CAS requirements must be met.
- Student must have a score of D or higher in *both* Theory of Knowledge and the Extended Essay (no E score or N).
- Student must earn *at least* 24 in total points. (45 total points possible – 42 from IB subjects plus 3 from ToK/EE)
  - The student must earn a total of *at least* 12 points in HL subjects (for candidates who register for four HL subjects, the three highest HL grades will count toward this total).
  - Students who take 3 HL and 3 SL subjects must earn *at least* 9 points total in the SL subjects.
  - Students who take 4 HL and 2 SL subjects must earn at least 5 points total in the SL subjects.
- The student must earn a 2 or higher in all subjects (no scores of 1).
  - There may be no more than *two* scores of 2, overall.
  - There may be no more than *three* scores of 3 or lower, overall.

The above requirements relate to the official Subject Results the student earns from IB. These requirements are set by IB, not LBIS. IB Subject Results and IB Diploma Results are available to students in early January after the completion of their senior year.

COMMENTARY FROM THE BOARD (CONTINUED)

IB Middle Years Programme (MYP) Results

2021 was the first year the school had students complete the IBMYP eAssessments. A small cohort of 20 Form 5 students followed a purely IBMYP approach from April 2021, until the online exams in November. The overall pass rate was 50%. There were some excellent individual scores and solid performances across various subjects. Students had the most problem with maths, with 7 out of the 10 failing students scoring a 2 (to get the certificate, students must have a 3 or above in all of their subjects. All students met prerequisites to continue their studies in either the Diploma Programme (DP) or the Career-related Programme (CP).

Value-Adding

The IB and IGCSE results are subject to careful scrutiny and analysis in order to identify success factors and value-added points that would enhance the school performance. The results are used to ensure on-going improvements in teaching and learning across the school, with a particular focus on the on-going development and implementation of more effective instructional strategies.

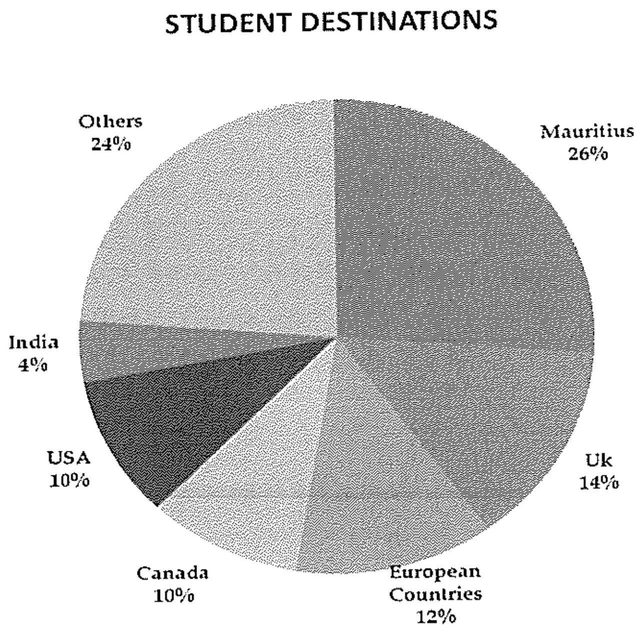
UNIVERSITY ADMISSIONS

After Form 7, students from LBIS have continued to find places in a wide range of universities around the world. Once again, there was a trend of students studying in the United Kingdom. A large number of our 2020 graduates also opted for Canada, Mauritius and European Countries. The students are enrolled in a wide range of different courses. However, the most popular areas are Business Management, Finance, law and Computer Science. Engineering, Psychology, Marketing and Science were also popular.

Country	Number	%
Mauritius	19	26
Uk	10	14
European Countries	9	12
Canada	7	10
USA	7	10
India	3	4
Others	17	24
TOTAL	72	100

COMMENTARY FROM THE BOARD (CONTINUED)

UNIVERSITY ADMISSIONS (CONTINUED)



SCHOOL COMMUNITY, LIFE AND CULTURE

The commitment to provide *"a balanced and holistic education"* (SGS, Philosophy No.2) lies at the heart of the school, as well as a desire to *"encourage open and respectful communication and collaboration"* (SGS, Philosophy No.4). As such, the school continues to expand and develop its extra-curricular activities whilst consolidating its strengths in this vital area of the school curriculum.

The Duke of Edinburgh International Award (DOEI)

The Duke of Edinburgh International Award (DOEI) continues to play an important part in the life of Le Bocage. The DOEI lies at the heart of the school's philosophy and its beliefs in encouraging *"initiative, the confidence to take risks, and the ability to reflect and learn from mistakes"* (SGS, Philosophy No. 5). Unfortunately, due to lockdown restrictions, there were limited opportunities for students to carry out some of the practical elements of the programme.

Sports at LBIS

Unfortunately, due to COVID-19, there were limited opportunities for students to engage in competitive sporting events in 2021.

Learning Support Department

The Learning Support Department (LSD) continues to be involved in curriculum development through unit planning, providing support for teachers with regards to differentiated strategies, as well as increase in-class support. In 2021, as in 2020, the school added an additional member of staff to the Learning Support Department. With additional staff, Learning Support teachers are now able to offer greater in-class support to those students who need assistance.

COMMENTARY FROM THE BOARD (CONTINUED)

Learning Support Department (continued)

LBIS ran a very successful "Bigs & Littles" campaign in 2021. Students in Forms 4 and 6 were assigned to all the incoming Form 1 students, as a type of mentor/role model. The programme started off during DLP, and extended once face-to-face classes resumed. The younger students were very grateful to get to know and work with some of the older students, and the overall achievement was a great success as it helped to promote "caring and principled behaviour" (SGS, Philosophy No.1).

World Creole Language Day 2021

The Modern Languages Department in collaboration with other departments organised and hosted the ninth World Creole Day at LBIS. This assembly was a truly community affair that reinforced our appreciation of celebrating cultural diversity as well as the culture in which we live.

School Facilities

The school site currently consists of four main buildings comprising 41 classrooms and specialist areas including: Multipurpose hall (MPH), Library, Science Laboratories, Information Technology, Music room, Art studio, Theatre and recording studio, and Learning Support. Board approval has been given for the construction of an additional building that will house two classrooms and storage facilities.

The school is continuously building on its commitment to the environment. Since its installation in February 2012 until end of March 2022, the photovoltaic cells have produced 91,364 kWh of electricity. Out of this amount, 40,010 kWh (44%) have been exported to the Central Electricity Board, and the rest used by the school buildings including the Performing Arts Area. We estimate the total savings made on our electricity bills, from February 2012 to March to be Rs 514,000. In addition, the rainwater retention tank is being used to distribute water to the washrooms and bathrooms of the Multipurpose hall. The school continues to promote recycling in the community with the facilities to recycle plastic, paper and carton. The recycling container was emptied 21 times during 2021.

DIRECTORS

The following directors held office during the year ended 31 December 2021:

Name	Date of appointment
Jean-Paul de Chazal (Chairperson)	26 July 1999
Olga Chung Kho Pyng (Brigitte) Lee	01 July 2004
Gong Ming Chen	08 April 2013
Philippe A.Forget	26 August 1996
Shikha Gujadhur	01 October 2018
Janine Rivalland	03 April 2017
Pamela Somanah	07 November 2016

COMMENTARY FROM THE BOARD (CONTINUED)

DIRECTORS' SERVICE CONTRACTS

None of the directors have service contracts (2020: nil).

DIRECTORS' REMUNERATION

None of the directors received any remuneration or benefits from the Company (2020: nil).

AUDITOR

The fees paid to the auditor, Ernst & Young, were:

	2021	2020
	Rs	Rs
Audit fees	353,050	332,350

The auditor has indicated its willingness to continue in office and will be automatically reappointed at the next Annual Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMMENTARY FROM THE BOARD (CONTINUED)

DIRECTORS' INTEREST IN SHARES

	Number of ordinary shares			
	Subject to no restrictions			
	2021	%	2020	%
Jean-Paul de Chazal	**1**	**0.7**	1	0.7
Philippe A. Forget	**3**	**2.1**	3	2.1

The other directors do not hold any share in the Company, whether directly or indirectly.

DONATIONS

The Company did not make any donation during the year ended 31 December 2021 (2020: Nil).

Going concern reassessment:

The directors are of the view that the significant doubts associated with the current uncertainties related to the COVID-19 virus currently does not result in any material uncertainty related to such events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Refer to note 25.

Approved by the Board of Directors on 16 September, 2022 and signed on its behalf by:

....
Ms. Pamela Somanah

....
Mr. Philippe A. Forget

A SUMMARY OF THE MAJOR DEVELOPMENT TARGETS AS AT MARCH 2022.

After a review of the 2018-2021 Action Plan, the school community developed the 2021-2023 Action Plan which is formulated around the Council of International Schools (CIS) International Accreditation Framework. The Framework follows eight different areas (Domains) of focus:

A Purpose and Direction
B Government, Leadership and Ownership
C The Curriculum
D Teaching and Assessing for Learning
E The Students Learning and Well-being
F Staffing
G Premises and Physical Accommodation
H Community and Home Partnership

The SAP (Strategic Action Plan) is a live document which is kept updated with new targets being added on a regular basis. Those targets that have been met are still included as a means to identify goals met and progress made. The SAP is uploaded to the school website with revisions included.

Some of the main action points are those that were identified as areas for further development after the CIS and IB synchronized visit in May 2021.

FINANCIAL HIGHLIGHTS

Le Bocage International School (LBIS) is the business name of PROGOS, a not-for-profit company incorporated with limited liability under the Companies Act 2001.

Who runs LBIS?

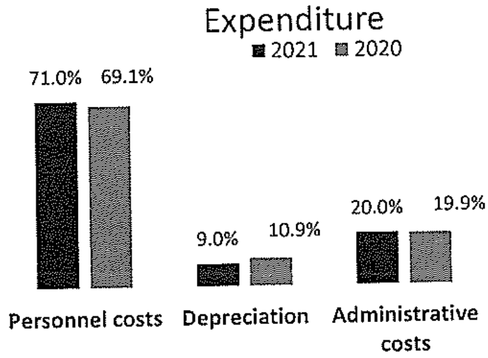
The day-to-day leadership and management of the school is the responsibility of the Head, Mr. David Jenkins, who is appointed by the Board of Directors. All other appointments are made by the Head and/or the relevant school principal. On all matters concerning the education of the students, the Head works closely with the educational quality management team, comprising the two Principals, the respective coordinators of our three educational programmes, the scheduler and a representative from the pastoral coordination team. On administrative matters, the Head works closely with the operations team, comprising the Business Manager, Maintenance Manager and a representative from the office team.

The Board of Directors is responsible for developing the school's mission, appointing, evaluating and supporting the Head, strategic planning, policy setting and the financial health of the school. The current strategic plan runs from 2018 to 2021 and was created in close collaboration with the Head, the faculty and parents.

What are the major operational costs at LBIS?

LBIS is a not-for-profit school, hence all the income received is invested back into teachers and staff, programmes for students, and the appropriate facilities to achieve the school's mission. Our annual costs are in the following three areas:

- The cost of employing and retaining good staff, represents 71.0 % of total costs (2020: 69.2%).
- Administrative costs which represent 20.0% of total costs (2020: 19.9%)
- The depreciation of assets, which represents 9.0% of total costs (2020: 10.9%).



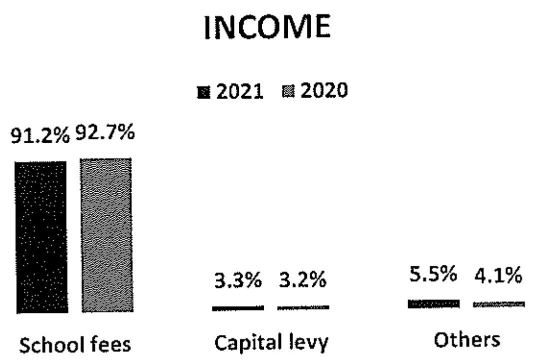
The costs of employing and retaining good staff makes for high quality teaching and though this is excellent for our teaching goals, quality does not come cheap. However, given the quality of our IB Diploma programme, LBIS gives excellent value for money when compared to other more expensive international schools (see CIS International Schools Directory for tuition fees).

What is the whole school student to teacher ratio at LBIS?

It is 9.0:1 (cf 8.8:1 in 2020).

What was LBIS's income in 2021?

Rs 164.2 m (2020: Rs 167.5 m) came from LBIS's core activities (tuition and application fees). A further Rs 9.5m (2020: Rs 7.0 m) came from other sources (such as book and iPad rentals and sales of uniforms)



LBIS is a developing school and in 2021 it has reinvested Rs 11.1 m (2020: Rs 12.9 m) in school improvement projects. The mainstay of its financial stability is its positive cash flows.

What proportion of the total income is spent on staff costs?

Approximately 71.0 % (2020: 65.0%) goes on staff costs. In 2021, this figure was Rs 120.6 m (2020: Rs 113.4 m).

How many staff are employed by LBIS?

	2021	2020
Teaching	84	84
Support	19	19
Administrative	16	16
Educational Support	13	14
Total	132	133

Where do administrative and educational support staff operate?

Administrative Staff:
Secretarial Staff: 6
Finance: 4
Network Administrator: 1
Maintenance Manager: 1
Health and Safety: 1
Uniform Shop: 1
Reception: 1
Driver: 1

Educational support staff:
Technicians: 6
Library: 3
Counselor: 3
Nurse: 1

How does the budget-making process work?

Budgets in principle are built from zero each year. The budget holders are the Head, the Principals, Heads of Department and other responsibility post holders. Each has the responsibility of looking at the needs of his or her department and building the requisite budget. After a period of discussion and negotiation, budgets are finalised by the Head, scrutinised and challenged by the Board's Finance Committee and then ratified by the Board.

What insurance cover do we offer students?

All students (and staff) are covered by a 24-hour personal accident policy.

How do we know we are financially efficient?

There are many checks and balances to ensure financial efficiency. On a day-to-day basis, it is the prime role of the Business Manager, who reports to the Head, to ensure that the school is managed in an efficient and financially responsible way. The Finance Committee meets regularly with the Head and Business Manager and has a continuing overview of the financial processes, as does the entire Board, through a system of regular reporting. Our accounts are audited by an external auditor (Ernst & Young) each year. Accreditation by the Council of International Schools indicates that our financial practices are meeting the high standards required.

SECRETARY'S CERTIFICATE OF PROGOS ('the Company')

As per Section 166 (d) of the Companies Act 2001

We confirm, as Secretary of the abovenamed Company that, based on the records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2021, all such returns as are required of the Company under the Companies Act 2001.

ECS SECRETARIES LTD

....
CORPORATE SECRETARY

DATE: 16 September 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROGOS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PROGOS (the "Company") set out on pages 21 to 52 which comprise the statement of financial position as at 31 December 2021, 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the 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") and other independence requirements applicable to performing audits of financial statements of the Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Mauritius. 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 document titled the "2021 Annual report Progos Le Bocage International School" which includes Commentary from the Head, Commentary from the Board, A summary of the major development targets as at March 2022, Financial Highlights and the Secretary's certificate as required by the Companies Act 2001.

The other information 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 an audit opinion or 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 the Directors 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 the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROGOS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 scepticism 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 the directors.

- Conclude on the appropriateness of the director's 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.

We communicate with the directors 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.

Use of our report

This report is made solely to the Company's members, 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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROGOS

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 auditor and dealings in the ordinary course of business.

We have obtained all the 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.

Ernst & Young

ERNST & YOUNG
Ebène, Mauritius

ANJAALA RAMKHELAWON, F.C.A
Licensed by FRC

Date: 16 September 2022

	Notes	2021	2020
ASSETS		Rs	Rs
Non-current assets			
Property, plant and equipment	5	123,058,133	127,683,446
Intangible assets	6	77,393	191,804
Right of use asset	7	83,669	284,477
Retirement benefit asset	13	2,372,728	-
		125,591,923	128,159,727
Current assets			
Inventories	8	815,702	3,435,876
Trade and other receivables	9	7,812,183	6,857,347
Cash at bank - Tertiary scholarship fund	10	1,261,340	1,211,951
Cash at bank and in hand	11	52,566,938	39,750,167
		62,456,163	51,255,341
TOTAL ASSETS		188,048,086	179,415,068
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Issued capital	12	6,950,000	6,950,000
Calls in advance		544,884	544,884
Retained surplus		118,249,973	106,489,038
Total equity		125,744,857	113,983,922
Non-current liabilities			
Retirement benefit obligations	13	-	20,629,704
Lease liabilities	7	-	91,562
		-	20,721,266
Current liabilities			
Tertiary scholarship fund	10	1,261,340	1,211,951
Trade and other payables	14	60,949,874	43,257,299
Bank overdraft	11	453	30,190
Lease liabilities	7	91,562	210,440
		62,303,229	44,709,880
Total liabilities		62,303,229	65,431,146
TOTAL EQUITY AND LIABILITIES		188,048,086	179,415,068

These financial statements have been approved for issue by the Board of directors on the 16 September, 2022 and signed on its behalf by:

Name	Signature
Ms. Pamela Somanah	....
Mr. Philippe A. Forget	....

The notes on pages 25 to 52 form an integral part of these financial statements.

Independent Auditor's report on pages 18 to 20

	Notes	2021	2020
		Rs	Rs
Income			
Revenue from contract from customers	16	164,197,968	167,462,001
Other operating income	17	9,450,970	6,683,731
		173,648,938	174,145,732
Expenditure			
School running expenses		148,066,257	140,894,361
Administrative expenses		21,733,098	23,123,558
		169,799,355	164,017,919
Operating surplus	18	3,849,583	10,127,813
Finance income	20	134,164	289,583
Finance costs	21	(11,812)	(24,243)
Surplus for the year		3,971,935	10,393,153
Other comprehensive income /(loss) for the year			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains / (losses) on defined benefits plan	13(n)	7,789,000	(10,774,000)
Total comprehensive income / (loss) for the year		11,760,935	(380,847)

The notes on pages 25 to 52 form an integral part of these financial statements.
Independent Auditor's report on pages 18 to 20

	Issued capital	Calls in advance	Retained surplus	Total
	Rs	Rs	Rs	Rs
At 01 January 2020	6,950,000	544,884	106,869,885	114,364,769
Surplus for the year	-	-	10,393,153	10,393,153
Other comprehensive loss for the year	-	-	(10,774,000)	(10,774,000)
Total comprehensive income for the year	-	-	(380,847)	(380,847)
At 31 December 2020	6,950,000	544,884	106,489,038	113,983,922
Surplus for the year		-	3,971,935	3,971,935
Other comprehensive income for the year	-	-	7,789,000	7,789,000
Total comprehensive income for the year	-	-	11,760,935	11,760,935
At 31 December 2021	**6,950,000**	**544,884**	**118,249,973**	**125,744,857**

The notes on pages 25 to 52 form an integral part of these financial statements.
Independent Auditor's report on pages 18 to 20

	Notes	2021	2020
		Rs	Rs
Operating activities			
Surplus for the year		3,971,935	10,393,153
Adjustments for non-cash transactions:			
- Depreciation on property, plant and equipment	5	14,930,576	17,601,834
-Write off of property,plant and equipment	5	751,164	2,066,876
- Gain on disposal of property,plant and equipment		-	(9,001)
- Amortisation of intangible assets	6	127,867	129,003
- Amortisation of right of use asset	7	200,808	200,808
- Increase in allowance for credit losses	9	-	1,389,363
- Finance income	20	(134,164)	(289,583)
- Finance costs	21	11,812	24,243
- Retirement benefit obligations recognised in profit or loss	13 (m)	2,541,000	1,939,000
Working capital adjustments:			
- Decrease / (increase) in inventories		2,620,174	(2,187,394)
- Increase in trade and other receivables		(954,837)	(3,614,322)
-Increase in trade and other payables		17,692,575	3,581,187
		41,758,910	31,225,167
Interest received	20	134,164	289,583
Employer contributions paid for unfunded retirement benefit obligations	13 (e) & (g)	(17,754,432)	(54,432)
Net cash flows from operating activities		24,138,642	31,460,318
Investing activities			
Purchase of property, plant and equipment	5	(11,056,427)	(12,891,387)
Purchase of intangible assets	6	(13,456)	(98,348)
Proceeds from disposal of plant, property and equipment		-	9,001
Net cash flows used in investing activities		(11,069,883)	(12,980,734)
Financing activities			
Interest paid	21	(11,812)	(24,243)
Payment of principal portion of lease liabilities	7	(210,440)	(197,929)
Net cash flows used in financing activities		(222,252)	(222,172)
Net increase in cash and cash equivalents		12,846,507	18,257,412
Cash and cash equivalents at 1 January		39,719,977	21,462,565
Cash and cash equivalents at 31 December	11	52,566,485	39,719,977

The notes on pages 25 to 52 form an integral part of these financial statements.
Independent Auditor's report on pages 18 to 20

1.1 CORPORATE INFORMATION

Progos (the "Company") is a public company incorporated in Mauritius under the Companies Act 2001 as a not-for-profit company with limited liability. It is a co-educational institution dedicated to the pursuit of excellence in education. Its registered office is situated at c/o ECS SECRETARIES LTD, 3rd Floor, Labama House, Sir William Newton Street, Port Louis. The principal activity of the Company is the owning and operating of a quality, fee paying and approved, international secondary school called "Le Bocage International School".

2.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention. The preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements are presented in rupees rounded to the nearest rupee.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended Standards and Interpretations

The following new standards and Interpretations were effective for this financial year, none of which had an impact on the financial statements

- Interest Rate Benchmark reform - Phase2 - amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Several standards and interpretations have been issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. None of the following new standards, amendments and interpretations to standards are expected to have a significant impact on the Company's financial statements:

	Effective for accounting period beginning on or after
New or revised Standards and Interpretations:	
IFRS 17 - Insurance Contracts	01 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	01 January 2023
IFRS 3 Reference to the Conceptual Framework	01 January 2022
IAS 16 Property, Plant and Equipment: Proceeds before intended use	01 January 2022
IAS 37 Onerous Contracts - Costs of fulfilling a contract	01 January 2022
IFRS 1 First-time adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	01 January 2022
IFRS 9 Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 Agriculture – Taxation in fair value measurement	01 January 2022
IAS 1 – Disclosure of Accounting policies	01 January 2022
IAS 8 – Definition of Accounting Estimates	01 January 2023

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The Company's financial statements are presented in Mauritian rupees ("Rs") which is the Company's functional currency and also its presentation currency. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statement of comprehensive income except for exchange gains and losses relating to the tertiary scholarship fund which are credited or debited to the tertiary scholarship fund.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. Depreciation is calculated on the straight-line basis to write off the cost of the assets less their estimated residual values over their expected useful lives as follows:

Asset Category	Rate (%)
Buildings	2 – 4
School infrastructure	5
Furniture and fittings	20
Computer equipment	20 –25
Laboratory equipment	20
Books	20
Motor vehicles	20

Freehold land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each financial year end.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Computer software is treated as an intangible asset with a finite life and is amortised over four years on a straight line basis. Intangible assets with indefinite useful lives are not amortised but assessed for impairment at least annually.

Asset in progress

Assets in progress relate to the costs to construct non-current assets. Once an asset is available for use, all costs associated with it that are stored in the assets in progress are shifted into whichever class of assets is most appropriate. While costs are being accumulated for the assets in progress, the Company does not start depreciating the asset, because it is not yet available for use. Once the asset is available for use and shifted to its final class of assets, depreciation will start.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) (a) Classification

The Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category trade and other receivables and cash at bank and in hand.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading. The Company does not have any liabilities involved under this category.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(i) (a) Classification (Continued)

Financial liabilities (Continued)

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category bank overdrafts, lease liabilities and trade and other payables.

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.
Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

Financial assets

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets(continued)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset except for property previously re-valued where the revaluation was taken to OCI. In this case the impairment is also recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses. Where necessary a write off is made for obsolete stock and recognized in cost of sales. A provision is made at the end of each financial year to provide for loss in the value of stock held, likely to be incurred through obsolescence, damage, expired shelf life, or lack of historic and future expected movement. This provision is reviewed in the coming year.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tertiary scholarship scheme

The Company operates a scholarship scheme for its students who have performed well in the International Baccalaureate examination. The scheme is funded, in equal share, by contributions received from private sponsors and the Company and is administered by the Company. Contributions and interest received, scholarships paid and refunded and gains/(losses) on exchange are dealt with in the Tertiary Scholarship Fund account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pension and other retirement plans

Retirement benefits to employees of the Company were provided by a defined benefit scheme, which was converted into a defined contribution retirement plan for all qualifying employees on 01 January 2004. Payments to the defined contribution retirement plan are charged as an expense in profit or loss as they fall due.

Some members of the defined contribution retirement benefit plan are entitled to a "No Worse off Guarantee" based on the benefits of the defined benefit scheme, that is, an annual non-increasing member's pension of $1/60^{th}$ of the annual salary at retirement date per year of service, as from the age of 60. The pension is guaranteed for five years.

The pension obligation under the "No Worse off Guarantee" is measured as the present value of the estimated future cash outflows using a discount rate by reference to current interest rates and the yields on Treasury Bills and recent corporate debenture issues.

Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Where employees are not covered under any pension plan, the retirement gratuity payable under The Workers' Rights Act 2019 has been calculated and provided for.

Revenue from contracts with customers

The Company is a fee paying secondary school. Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 16.

- *Services transferred at a point in time*

Revenue from other services are recognised at a point in time, generally upon delivery of the service. They comprise mainly of rental of books, rental of the multi-purpose hall and sales of electricity to CEB.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities (Capital levy)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Interest income

Interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Stated capital

Stated capital is comprised of ordinary shares at nominal value.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Photocopier machine: 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment whenever there is an indication that the right-of-used asset may be impaired.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) excluding any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low value

The Company applies the short-term lease recognition exemption to its short-term office rent lease (i.e., lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company does not have lease of low-value. Lease payments on short-term lease are recognised as expense on a straight-line basis over the lease term.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Cash at bank

Cash in the statement of financial position comprises cash at bank and in hand which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and in hand.

Expenses

All expenses are accounted for in profit or loss on an accrual basis.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term of contracts with new renewal and termination Options-Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has a lease contract that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the leased term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS(CONTINUED)

Estimates and assumptions (continued)

Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets. Certain property, plant and equipment of the Company are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purposes of calculating depreciation. The estimates of useful lives and residual values carry a degree of uncertainty. The directors have used historical information relating to the Company in order to best determine the useful lives and the residual values of property, plant and equipment.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets with finite lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Refer to Note 5 for more details.

Retirement benefit obligations

In determining the provision for retirement benefit obligations under the Company's "No Worse off Guarantee" and severance allowance under the Workers' Rights Act 2019, the directors have used certain assumptions regarding the future which are based on current conditions. Future changes in these assumptions could affect the carrying values of these retirement benefit obligations.

The assumptions used include the discount rate, expected rate of return on plan assets, future salary increases and mortality rates. Further details are provided in Note 13.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on a variety of factors, including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Given the limited exposure of the Company to credit risk, this amendment has not had a material impact on the financial statements. The Company only holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted an approach similar to the simplified approach to ECLs.

For ECLs approach please refer to note 23 on credit risk.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Leases- Estimating the incremental borrowing rate

The Company cannot readily determine the interest 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 Company would have to pay to borrow over a similar term, and with 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 Company 'would have 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.

5. PROPERTY, PLANT AND EQUIPMENT

2021	Freehold land and buildings	School infrastructure	Furniture and fittings	Computer equipment	Laboratory equipment	Books	Motor vehicles	Asset in Progress*	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST:									
At 01 January 2021	96,242,339	97,582,386	40,918,283	62,207,937	6,082,717	34,321,461	4,375,751	1,956,453	343,687,327
Additions	-	1,980,428	515,785	3,517,839	223,013	1,427,948	-	3,391,414	11,056,427
Transfers**	586,000	236,050	59,550	-	-	282,419	-	(1,164,019)	-
Write off***	-	-	-	-	-	(751,164)	-		(751,164)
Disposal	-	-	-	(33,661)	-	-	-	-	(33,661)
At 31 December 2021	**96,828,339**	**99,798,864**	**41,493,618**	**65,692,115**	**6,305,730**	**35,280,664**	**4,375,751**	**4,183,848**	**353,958,929**
DEPRECIATION:									
At 01 January 2021	37,852,662	41,899,026	33,776,184	61,412,222	5,491,798	31,912,248	3,659,741	-	216,003,881
Charge for the year	2,714,944	4,726,606	3,129,213	2,580,417	397,555	1,023,841	358,000	-	14,930,576
Disposal	-	-	-	(33,661)	-	-	-	-	(33,661)
At 31 December 2021	**40,567,606**	**46,625,632**	**36,905,397**	**63,958,978**	**5,889,353**	**32,936,089**	**4,017,741**	**-**	**230,900,796**
NET BOOK VALUES:									
At 31 December 2021	**56,260,733**	**53,173,232**	**4,588,221**	**1,733,137**	**416,377**	**2,344,575**	**358,010**	**4,183,848**	**123,058,133**
At 31 December 2020	58,389,677	55,683,360	7,142,099	795,715	590,919	2,409,213	716,010	1,956,453	127,683,446

*Assets in progress relate to books purchased in 2021 to be used in 2022 and school infrastructure under construction. As of 31.05.2022 Rs 100,000 out of the Rs 4,183,848 has been capitalised.

**The transfers relate to assets in progress that have been completed in 2021.
***The Rs 751,164 refer to books which the Company has decided to write off as those books are given to students rather than used over 5 years.

5. PROPERTY, PLANT AND EQUIPMENT

2020	Freehold land and buildings	School infrastructure	Furniture and fittings	Computer equipment	Laboratory equipment	Books	Motor vehicles	Asset in Progress*	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST:									
At 01 January 2020	96,119,028	94,469,514	37,298,057	59,444,465	5,920,682	32,851,449	4,375,751	2,485,870	332,964,816
Additions	123,311	3,112,872	3,620,226	2,865,472	162,035	1,637,018	-	1,370,453	12,891,387
Transfers**	-	-	-	-	-	843,020	-	(843,020)	-
Write off***	-	-	-	-	-	(1,010,026)	-	(1,056,850)	(2,066,876)
Disposal	-	-	-	(102,000)	-	-	-	-	(102,000)
At 31 December 2020	96,242,339	97,582,386	40,918,283	62,207,937	6,082,717	34,321,461	4,375,751	1,956,453	343,687,327
DEPRECIATION:									
At 01 January 2020	35,161,795	37,005,512	30,516,630	57,341,810	5,088,220	30,441,487	2,948,593	-	198,504,047
Charge for the year	2,690,867	4,893,514	3,259,554	4,172,412	403,578	1,470,761	711,148	-	17,601,834
Disposal	-	-	-	(102,000)	-	-	-	-	(102,000)
At 31 December 2020	37,852,662	41,899,026	33,776,184	61,412,222	5,491,798	31,912,248	3,659,741	-	216,003,881
NET BOOK VALUES:									
At 31 December 2020	58,389,677	55,683,360	7,142,099	795,715	590,919	2,409,213	716,010	1,956,453	127,683,446
At 31 December 2019	60,957,233	57,464,002	6,781,427	2,102,655	832,462	2,409,962	1,427,158	2,485,870	134,460,769

*Assets in progress relate to books purchased in 2020 to be used in 2021 and school infrastructure under construction. As of 30.06.2021 Rs 1,018,819 out of the Rs 1,956,453 has been capitalised.

**The transfers relate to assets in progress that have been completed in 2020.

***The Rs 1,010,026 refer to books which the Company has decided to write off as those books are given to students rather than used over 5 years and Rs 1,056,850 are robotics which have been ordered since October 2019 and which are still undelivered as at 30.06.2021. Management has reviewed the situation and has decided to write off the robotics as it is unlikely that these items will be delivered. No depreciation were charged on those items during the year.

6. INTANGIBLE ASSETS

	2021	2020
Cost	Rs	Rs
At 01 January	1,757,210	1,658,862
Addition	13,456	98,348
At 31 December	1,770,666	1,757,210
Amortisation		
At 01 January	1,565,406	1,436,403
Charge for the year	127,867	129,003
At 31 December	1,693,273	1,565,406
Net Book Value at 31 December	77,393	191,804

The intangible assets comprise mainly of accounting and payroll softwares.

7. RIGHT OF USE ASSET AND LEASES

7.1 Company as a lessee

The Company has one lease contract for a photocopier machine used in its operations. The lease for the photocopier is on a term of 5 years which started in May 2017 and which will end in May 2022. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. This lease contract includes extension and termination options, which are further discussed below.

Right-of-use asset

Set out below are the carrying amount of the right-of-use asset recognised and the movements during the period:

	2021	2020
Cost	Rs	Rs
At 01 January	284,477	485,285
Addition	-	-
Amortisation	(200,808)	(200,808)
At 31 December	83,669	284,477

The amortisation is calculated over a period of 3 years and 5 months as from the 01 Jan 2019 to 31 May 2022. The Directors have reviewed the carrying value of the right-of-use asset and are of the opinion that at 31 December 2021, the carrying value has not suffered any impairment.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021	2020
	Rs	Rs
At 01 January	302,002	499,931
Additions	-	-
Accretion of interest	11,560	24,071
Payments	(222,000)	(222,000)
At 31 December	91,562	302,002
Analysed as:		
Current	91,562	210,440
Non-current	-	91,562
	91,562	302,002

7. RIGHT OF USE ASSET AND LEASES (CONTINUED)

7.1 Company as a lessee (continued)

The following are the amounts recognised in profit or loss

	2021	2020
	Rs	Rs
Depreciation expense of right-of-use asset	200,808	200,808
Interest expense on lease liabilities (included in finance costs)	11,560	24,071
Total amount recognised in profit or loss	212,368	224,879

The Company had total cash outflows for leases of Rs 222,000 in 2021 (2020: Rs 222,000).

The Company's lease contract includes extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. At 31 December 2021, it was certain that the Company would not terminate the photocopier lease before it ends (May 2022) but no decision has been taken yet as to whether the Company will extend the lease or not.

7.2 Company as a lessor

At 31 December 2021, the Company had received income of Rs 161,000 for the rental of its Multipurpose Hall (2020: Rs 346,500).

8. INVENTORIES

	2021	2020
	Rs	Rs
Student Ipads	107,100	2,456,055
Student uniforms	905,751	1,180,028
Less: Provision for slow moving items	(186,749)	(200,207)
: Amount written off	(10,400)	-
	815,702	3,435,876

Inventories are stated at the lower of cost or net realisable value. Rs 13,458 (2020: Rs 33,442) was recognised in the profit and loss as provision for slow moving and obsolete items and Rs 10,400 was written off. The cost of inventory sold was Rs 911,611 (2020: Rs 1,180,198).

At 31 December 2021, the Company had recognised Rs 186,749 (2020: Rs 200,207) as provision for slow moving items.

9. TRADE AND OTHER RECEIVABLES

	2021	2020
	Rs	Rs
School fees receivable	3,261,471	4,523,937
Less: Allowance for credit losses	(2,267,041)	(3,850,403)
School fees receivable - net	994,430	673,534
Prepayments	5,244,138	5,102,380
Other receivables	1,573,615	1,081,433
	7,812,183	6,857,347

School fees receivable are unsecured, non-interest bearing and payable monthly in advance. At 31 December 2021, school fees receivable at nominal value of Rs 2,267,041 (2020 : Rs 3,850,403) were impaired and fully provided for.

The prepayments consist mainly of electronic books, books and subscriptions. Other receivables comprise of loan and deposits.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for credit losses were as follows:

	2021	2020
	Rs	Rs
At 01 January	3,850,403	2,461,040
Charge	821,565	1,389,363
Debtors written off	(2,404,927)	-
At 31 December	2,267,041	3,850,403

At 31 December 2021 and 2020, the ageing analysis of school fees receivable excluding those which are impaired is as follows:

		Past due but not impaired			
	Total	< 30 days	30 - 60 days	60 - 90 days	> 90 days
	Rs	Rs	Rs	Rs	Rs
2021	944,430	17,266	333,080	169,863	424,222
2020	673,554	39,000	367,225	128,986	138,323

10. CASH AT BANK- TERTIARY SCHOLARSHIP FUND

	2021	2020
	Rs	Rs
At 01 January	1,211,951	1,114,187
Bank charges	(1,937)	(909)
Gain on exchange	51,326	98,673
At 31 December	1,261,340	1,211,951

11. CASH AND CASH EQUIVALENTS

	2021	2020
	Rs	Rs
Cash at bank and in hand	52,566,938	39,750,167
Bank overdraft	(453)	(30,190)
	52,566,485	39,719,977

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank overdraft limit as at 31.12.21 was Rs 15m.

12. ISSUED CAPITAL

	2021		2020	
	Number of shares	Rs	Number of shares	Rs
Authorised:				
Ordinary shares of Rs 50,000 each	200	10,000,000	200	10,000,000
Issued:				
Fully paid	134	6,700,000	134	6,700,000
Partly paid	10	250,000	10	250,000
Ordinary shares of Rs 50,000 each	144	6,950,000	144	6,950,000

The partly paid shares are in respect of 10 ordinary shares for which Rs 25,000 per share have been paid.

13. RETIREMENT BENEFIT OBLIGATIONS

	2021	2020
	Rs	Rs
Funded obligations *(note 13 (b) - (f))*	(9,350,000)	10,687,000
Unfunded obligations *(note 13 (g) - (i))*	6,977,272	9,942,704
	(2,372,728)	20,629,704

The Company participates in a defined contribution (DC) pension plan. Its contributions for DC employees are expensed to profit or loss and amounted to **Rs 6,912,663** for the year ended 31 December 2021 (2020: Rs 6,679,938). Some employees have a "No Worse off Guarantee" (NWOG) that their benefits would not be worse than what they would have earned under a previous defined benefit (DB) pension plan . The Company has recognised a net asset of **Rs 9,350,000** at 31 December 2021 (2020: Rs 10,687,000) in respect of the NWOG. The Company has also recognised a net liability of **Rs 6,977,272** at 31 December 2021 (2020: Rs 9,942,704) in respect of any retirement gratuities, residual gratuities and pensions that are expected to be paid out of the Company's cash flow to its employees.

(a) The assets of the fund are held independently and administered by Swan Life Limited . The actuary is Aon Hewitt Ltd.

Funded obligations

(b) The liability recognised in the statement of financial position in respect of the funded obligations is:

	2021	2020
	Rs	Rs
Present value of funded obligations	18,665,000	20,106,000
Fair value of plan assets	(28,015,000)	(9,419,000)
Liability in the statement of financial position	(9,350,000)	10,687,000

(c) The amounts recognised in the statement of comprehensive income in respect of funded obligations are as follows:

(i) Amounts recognised in profit or loss

	2021	2020
	Rs	Rs
Current service cost	732,000	461,000
Interest cost	543,000	606,000
Expected income	(492,000)	(477,000)
Net expense (included in staff costs) (Note 19)	783,000	590,000

13. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Funded obligations (Continued)

(c) The amounts recognised in the statement of comprehensive income in respect of the funded obligations are as follows: (Continued)

(ii) Amounts recognised in other comprehensive income

	2021	2020
	Rs	Rs
Expected return on plan assets	(404,000)	60,000
Liability experience gain	1,196,000	(2,055,000)
Liability (gain)/loss due to change in financial assumptions	(3,912,000)	9,663,000
Net (gain) /loss	(3,120,000)	7,668,000

(d) Changes in present value of the funded obligations:

	2021	2020
	Rs	Rs
At 01 January	20,106,000	11,431,000
Current service cost	732,000	461,000
Interest cost	543,000	606,000
Liability experience gain	1,196,000	(2,055,000)
Liability (gain)/loss due to change in financial assumptions	(3,912,000)	9,663,000
At 31 December	18,665,000	20,106,000

(e) Changes in the fair value of plan assets are :

	2021	2020
	Rs	Rs
At 01 January	9,419,000	9,002,000
Expected income	492,000	477,000
Employer contributions	17,700,000	-
Experience adjustments on plan assets	404,000	(60,000)
At 31 December	28,015,000	9,419,000

(f) Amounts in respect of funded obligations for the current and previous three years are as follows:

	2021	2020	2019	2018
	Rs	Rs	Rs	Rs
Present value of funded obligations	18,665,000	20,106,000	11,431,000	8,770,000
Fair value of plan assets	(28,015,000)	(9,419,000)	(9,002,000)	(5,049,000)
(Asset)/Liability in the statement of financial position	(9,350,000)	10,687,000	2,429,000	3,721,000
Experience adjustments on plan liabilities	1,196,000	(2,055,000)	(1,408,000)	(1,851,000)
Experience adjustments on plan assets	(404,000)	60,000	166,000	22,000
Liability (gain)/loss to change in financial assumptions	(3,912,000)	9,663,000	3,228,000	567,000

13. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Unfunded obligations

(g) The amounts recognised in the statement of financial position in respect of the unfunded obligations are as follows:

	2021	2020
	Rs	Rs
Present value of unfunded obligations	6,977,272	9,942,704
Liability in the statement of financial position	6,977,272	9,942,704

Changes in present value of unfunded obligations:

	2021	2020
	Rs	Rs
At 01 January	9,942,704	5,542,136
Current service cost	1,490,000	823,000
Interest cost	268,000	526,000
Liability experience loss	3,334,000	890,000
Liability (gain) /loss due to change in financial assumptions	(8,003,000)	2,216,000
Direct benefits paid	(54,432)	(54,432)
At 31 December	6,977,272	9,942,704

The contributions and direct benefits paid included in the statement of cashflows amounts to **Rs 17,754,432** (2020: Rs 54,432) i.e **Rs 54,432** (2020: Rs 54,432) paid for unfunded obligations and **Rs 17,700,000** (2020: nil) paid for defined obligations.

(h) The amounts recognised in the statement of comprehensive income in respect of unfunded obligations are as follows:

(i) Amounts recognised in profit or loss

	2021	2020
	Rs	Rs
Current service cost	1,490,000	823,000
Interest cost	268,000	526,000
Benefit expense (included in staff costs) (Note 19)	1,758,000	1,349,000

(ii) Amounts recognised in other comprehensive incom

	2021	2020
	Rs	Rs
Liability experience loss	3,334,000	890,000
Liability (gain)/loss due to change in financial assumptions	(8,003,000)	2,216,000
Benefit (income)/expense (included in other comprehensive income)	(4,669,000)	3,106,000

13. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Unfunded obligations (Continued)

(i) Amounts in respect of unfunded obligations for the current and previous three years are as follows:

	2021	2020	2019	2018
	Rs	Rs	Rs	Rs
Present value of unfunded obligations	6,977,272	9,942,704	5,542,136	3,995,568
Experience adjustments on plan liabilities	3,334,000	890,000	(967,000)	(402,000)
Liability (gain)/loss due to change in financial assumptions	(8,003,000)	2,216,000	1,897,000	1,836,000

(j) The principal assumptions used in determining pension obligations for the Company's plans are shown below:

	2021	2020
	Rs	Rs
Discount rate	4.6%	2.7%
Rate of salary increase- Teaching Staff	4.2%	4.2%
Rate of salary increase- Non-Teaching Staff	3.2%	3.2%
Rate of pension increase	0.0%	0.0%
Average retirement age	65 years	65 years
Life expectancy for pensioners at average retirement age		
Male	13.6 years	12.3 years
Female	15.2 years	13.8 years

(k) Sensitivity analysis on defined benefit obligations as at 31 December :

	2021	2020
Increase due to 1% decrease in discount rate	5,224,000	15,476,000
Decrease due to 1% increase in discount rate	4,271,000	9,022,000

The above sensitivity analysis has been carried out by recalculating the present value of obligations at end of year after increasing or decreasing the discount rate while leaving all other assumptions unchanged. The results are particularly sensitive to a change in discount rate due to the nature of the liabilities being the difference between a minimum DB liability and the projected DC liabilities, the latter being Rs 23,235,000 as at 31 December 2021. Any similar variation in other assumptions would have shown smaller variations in the DB obligations.

(l) Future cash flows

The funding policy is to pay contributions to an external legal entity at the rate recommended by the Company's actuary.

The expected employer contribution for 2022 is Rs 4,507,000 for those entitled to a "No Worse off Guarantee" (NWOG) and Rs 836,000 for retirement gratuities, residual gratuities and unfunded pensions .

The weighted average duration of the defined benefit obligations under the NWOG is 5 years and 21 years for retirement gratuities, residual gratuities and unfunded pensions.

13. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(m) Components of amount recognised in profit or loss

	2021	2020
	Rs	Rs
- Current service cost	2,222,000	1,284,000
- Net interest on net defined benefit liability	319,000	655,000
	2,541,000	1,939,000

(n) Components of amount recognised in other comprehensive income:

	2021	2020
	Rs	Rs
Return on plan assets (above)/below expected income	(404,000)	60,000
Liability experience(gain)/loss	4,530,000	(1,165,000)
Liability loss due to change in financial assumptions	(11,915,000)	11,879,000
	(7,789,000)	10,774,000

14. TRADE AND OTHER PAYABLES

	2021	2020
	Rs	Rs
School fees and book rentals received in advance	36,724,825	23,630,449
Contract liabilities	7,673,645	7,782,803
Other payables	16,551,404	11,844,047
	60,949,874	43,257,299

Terms and conditions of the above financial liabilities:

Contract liabilities (Capital Levy)

Capital Levy is a one-off payment paid by parents who enroll their children at Le Bocage International School to secure a place. Capital Levy is reimbursed on a pro-rata basis over two years in case a student leaves the school. No refund is made if the student leaves the school after 2 years. Capital levy received but not yet utilized for relevant purposes are recognized under current liability in the financial position. Capital levy are amortised over two years and are released from current liability and subsequently recognized in profit or loss.

Movements in capital levy were as follows:

	2021	2020
	Rs	Rs
At 01 January	7,782,803	7,229,060
Additions	5,761,250	6,221,250
Refunded	(194,192)	(86,667)
Released to profit or loss (note 16)	(5,676,216)	(5,580,840)
At 31 December	7,673,645	7,782,803

Other payables are non-interest bearing and have an average credit term of one month.

15. TAXATION

The Company is a not-for-profit company and is exempt from income tax.

16. REVENUE FROM CONTRACTS FROM CUSTOMERS

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations and determining the timing of satisfaction

Service Contracts

The Company concluded that revenue is to be recognised over time when the performance obligation occurs over a period of time and at a point in time when the performance obligation occurs at a specific point in time.

- Principal versus agent considerations

The Company determined that is it a principal in the contracts since it is primarily responsible for fulfilling the promise to provide the specific service.

Set out below of the disaggregation of the Company's revenue from the contracts with customers:

	2021	2020
Types of fees	Rs	Rs
School fees	158,420,983	161,754,794
Capital levy (Note 14)	5,676,216	5,580,840
Entrance exams	100,769	126,367
Total revenue from contracts with customers	164,197,968	167,462,001

17. OTHER OPERATING INCOME

	2021	2020
	Rs	Rs
Book and ipad rentals	7,962,585	4,906,125
Others	1,488,385	1,777,606
	9,450,970	6,683,731

Others comprise mainly of sales of uniforms, rental of the Multi Purpose Hall and refund from CEB for sales of electricity.

18. OPERATING SURPLUS

	2021	2020
	Rs	Rs
The following items have been charged in arriving at the operating surplus:		
Depreciation (Note 5)	14,930,576	17,601,834
Amortisation of intangible assets (Note 6)	127,867	129,003
Amortisation of right-of-use asset (Note 7)	200,808	200,808
Staff costs (Note 19)	120,627,317	113,433,208
Repairs and maintenance	5,972,204	6,389,245
Increase in allowance for credit losses (Note 9)	821,565	1,389,363
Auditor remuneration	353,050	332,350

19. STAFF COSTS

		2021	2020
		Rs	Rs
Salaries and related costs		107,194,154	102,066,839
Social security costs		3,979,500	2,747,431
Pension costs - defined benefit scheme	- funded (Note 13(c))	783,000	590,000
	-unfunded (Note 13(h))	1,758,000	1,349,000
Pension costs - defined contribution scheme (Note 13)		6,912,663	6,679,938
		120,627,317	113,433,208

The number of employees at the end of the year was 132 (2020: 133).

20. FINANCE INCOME

	2021	2020
	Rs	Rs
Interest on bank balance	134,164	289,583

21. FINANCE COSTS

	2021	2020
	Rs	Rs
Interest on bank overdraft	252	172
Interest on lease liabilities (Note 7)	11,560	24,071
	11,812	24,243

22. RELATED PARTY DISCLOSURES

During the years ended 31 December 2021 and 2020, the Company transacted with related parties. The nature, volume of transactions and the balances are as follows:

Name of related party	Relationship	Nature of transactions	2021	2020
			Rs	Rs
Volume of transactions during the year				
La Sentinelle Ltd	Common directorship	Advertising and recruitment expenses	34,086	61,928
Librairie Le Cygne	Common directorship	Stationery	9,798	9,318
Atom Travel Services	Close family member	Travel agency	75,943	1,060,754
Balances outstanding at year end				
Atom Travel Services	Close family member	Travel agency	(8,257)	-

All related party transactions are made at normal market prices.

Key management personnel

PROGOS defines its key management personnel (KMP) as the members of the senior management. The remuneration of the KMP are approved by the Finance Committee. In addition to their remuneration, there are no other short or long-term benefits,post employment benefits or share-based benefits given to KMP except for pensions paid to Mauritian KMP upon retirement. On termination of their employment contracts, expatriate KMP are paid an end of contract gratuity.

There were no transactions with KMP except for salaries and benefits paid during the year. This amount to Rs 16,114,442 for 2021 (2020: Rs 15,326,780).

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal liabilities comprise of bank overdraft and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has financial assets comprising trade and other receivables and cash and short term deposits that derive directly from its operations.
The Company is exposed to interest rate risk, credit risk and liquidity risk. Management oversees the management of these risks whilst the Board of directors reviews, advises and agrees policies for managing each of these risks which are summarised below:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk related to its bank balances which earn interest at variable rates.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's surplus for the year (through the impact of variable rate borrowing):

	Increase/ decrease in basis points	Effect on surplus for the year
	Rs	Rs
2021		
Net financial assets	100	524,749
2020		
Net financial assets	100	394,180

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation by adopting a prudent liquidity risk management.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Company's objective is to maintain flexibility between continuity of funding and flexibility through the use of bank overdraft.

The table below provides an analysis of the maturity profile of financial liabilities at 31 December 2021 and

2021	On demand	Less than 3 months	Less than 12 months	1 to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Lease liabilities	-	-	91,562	-	-	91,562
Other payables	-	16,551,404	-	-	-	16,551,404
Total	-	16,551,404	91,562	-	-	16,642,966

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

2020	On demand	Less than 3 months	Less than 12 months	1 to 5 years	Over 5 years	Total
	Rs	Rs	Rs	Rs	Rs	Rs
Lease Liabilities	-	-	222,000	92,500	-	314,500
Payables	-	11,844,047	-	-	-	11,844,047
Total	-	11,844,047	222,000	92,500	-	12,158,547

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Company's management who has adopted a conservative approach due to the economic impact of Covid-19. The debtors as at 31.12.2021 have been reviewed as at 31.03.2022 and all unpaid balances have been provided for. This provision will be reviewd by management on a regular basis.The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company trades only with creditworthy parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to cash at bank, the Company's exposure to credit risk arises from the default of the counter party with a maximum equal to the carrying value of the instrument. Cash at bank is held with financially reputable institutions having strong credit ratings.

Financial assets subject to IFRS 9's impairment requirements

The Company's financial assets subject to the expected credit loss model within IFRS 9 are only short term receivables. At 31 December 2021, the total of short term receivables was **Rs 3,261,471** on which a loss allowance of **Rs 2,267,041** has been provided for (2020: total Rs 4,523,937 on which allowance of Rs 3,850,403 had been provided for).

An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses. The rates are based on days past due and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Capital management

The primary objective of the Company's capital management is to maximise the shareholder value. The Company monitors capital using a gearing ratio which is 'net debt' divided by total capital plus net debt. The Company's policy is to keep the gearing ratio less than 20%. The Company includes within net debt, retirement benefit obligations, lease liabilities, trade and other payables, less net cash at bank and in hand.

	2021	2020
	Rs	Rs
Lease Liabilities (current and non current)	91,562	302,002
Trade and other payables	60,949,874	43,257,299
Less: Cash at bank and in hand	(52,566,938)	(39,750,167)
Add: Bank overdraft	453	30,190
Net debt	8,474,951	3,839,324
Equity	125,744,857	113,983,922
Capital and net debt	134,219,808	117,823,246
Gearing ratio	6%	3%

24. COMMITMENT AND CONTINGENCIES

At 31 December 2021, the Company had no bank guarantee (2020: Rs 30,000).

25. COVID IMPACT AND GOING CONCERN

Covid-19 is not expected to have a significant impact on the Company. Management has determined that there is no material uncertainty that casts doubt on the Company's ability as a going concern. It expects that Covid-19 might have some impact,though not significant in relation to the Company's expected future performances. The debtors figure has been affected due to the impact of the crisis on its clients, however it is still manageable. Clients who have been the most affected by the pandemic have been offered discounts after they provided the necessary inormation and documentation. The school will continue to make every effort to assist those parents in need. The Board of the school decided to increase fees for 2022 by Rs 400 for all students.

26. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which need to be disclosed or require amendmends to the financial statements for the year ended 31 December 2021.