

# INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Phoenix Beverages Limited

Key Audit Matter	How our audit addressed the key audit matter
<b>Impairment assessment on goodwill and trademarks</b>	
<p>The carrying value of goodwill arising from the acquisition of a business in prior years amount to MUR 680 360 000.</p> <p>The Group and the Company also had trademarks arising from the purchase of a brand in prior years at its cost of MUR 193 000 000.</p> <p>Management is required to conduct annual impairment tests to assess the carrying amounts of goodwill and trademarks.</p> <p>The significant assumptions used have been disclosed in Note 6.</p> <p>We have identified the impairment tests on goodwill and trademarks as a key audit matter due to the materiality of the balances and the associated subjective nature of the management's projected cash flow prepared and model used.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"><li>Validated the assumptions used to calculate the weighted average cost of capital by making reference to market data.</li><li>Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current market conditions and expected future performance of the cash generating units.</li><li>Subjected the key assumptions to sensitivity analysis .</li><li>Compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of these projections.</li><li>Involved our fair value specialists who assessed the reasonableness and appropriateness of the key inputs.</li></ul>
<b>Valuation of investments through FVTOCI</b>	
<p>The fair value of unquoted investments amounting to MUR 1 378 939 000 at year end is derived by using projections prepared by management which includes estimates and judgements.</p> <p>The significant assumptions used have been disclosed in Note 7.</p> <p>We have identified the significant judgements, namely the economic recovery and cash flows forecast to be a key audit matter due to the subjective nature of the management's projected cash flow prepared and model used.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"><li>Tested the mathematical accuracy of the valuation models.</li><li>Assessed the reasonableness of the forecasts used in the fair value exercise.</li><li>Compared actual performance to that of previous years forecast.</li><li>Assessed the key inputs in the valuation models by comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk free rates in the market, specific risk premium, debt/equity ratios as well as the beta of comparable companies.</li><li>Involved our fair value specialists who assessed the reasonableness and appropriateness of the key inputs.</li></ul>

### Other matter

The consolidated and separate financial statements for the year ended 30 June 2021 were audited by another auditor, who on 29 September 2021 expressed an unmodified opinion thereon.

### Other information

The directors are responsible for the other information. The other information comprises the Reporting Context, information on the Group including the Operating Context and Group Performance, Statutory Disclosures, the Corporate Governance Report and Company Secretary's Certificate. The other information does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements do not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' 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 Group's and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.