



REPUBLIC OF MAURITIUS
THE TREASURY

18 August 2011

THE FINANCIAL SECRETARY
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Dear Sir,

I am pleased to submit the Annual Report of the Accountant General and the accounts of the Republic of Mauritius for the fiscal year ended 31 December 2010 .

The Accountant-General is required under section 19 of the Finance and Audit Act 1973 to submit to the Director of Audit statements showing fully the financial position of the Republic of Mauritius on the last day of each fiscal year. The statements in respect of fiscal year 2010 were submitted to the Director of Audit within the period prescribed in the Act.

These statements form an integral part of the accounts of the Republic of Mauritius and are included in this report together with the certificate of the Director of Audit thereon.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'C. Romooah'.

(C. ROMOOAH)
AG. ACCOUNTANT-GENERAL



MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
Government Centre, Port Louis, Mauritius

29 August 2011

Dear Sir,

I have the honour to submit the Annual Report of the Accountant-General and the accounts of the Republic of Mauritius for the fiscal year ended 31 December 2010.

Yours faithfully,

A. Mansoor

(A. Mansoor)
Financial Secretary

The Honourable Charles Gaëtan Xavier-Luc DUVAL, G.C.S.K.
Vice Prime Minister, Minister of Finance and Economic Development
PORT LOUIS.

THE TREASURY

OUR MISSION

“Striving towards excellence in service delivery through continuous improvement and enhancement”

OUR VISION

“To be recognised as a modern organisation providing financial services of international standard”

OUR	}		T hinking strategically
CORE		Focusing on	R esults
VALUES		Working with	U nequivocal loyalty and integrity
			S erving customers with sincerity and courtesy
		Fostering	T eamwork

THE TREASURY

ACKNOWLEDGEMENT

I take this opportunity to express my gratitude to the Financial Secretary, the Director of Audit, Senior Chief Executives, Permanent Secretaries, Supervising Officers and the Government Printer for their usual support and co-operation.

I also wish to put on record the hard work and dedication put up by all Treasury staff for their sustained effort to enable the timely preparation and submission of the statutory financial statements.

C.ROMOOAH
AG. ACCOUNTANT-GENERAL

1.0 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Accountant General is required under the Finance and Audit Act to submit Annual Statements to the Director of Audit. The accounts of the government for the fiscal year ended 31 December 2010 were closed on 20 April 2011, and the Annual Statements were submitted within the statutory date limit.

1.2 SUMMARY OF FINANCIAL HIGHLIGHTS

The accumulated deficit of the Consolidated Fund was reduced by Rs1,218.7M during the fiscal year under review and stood at Rs75,544.8M as at the year-end.

For the fiscal year 2010, actual revenue and actual expenditure amounted to Rs81,313.2M and Rs79,894.1M respectively, compared to original estimates of Rs144,110M and Rs85,348.2M.

Revenue from taxes remains the major source, and accounts for about 68% of the total revenue.

On the expenditure side, Public Order and Safety, Health, Education and Social Protection account for 52% of the total expenditure, while servicing of debt represents 14%.

The total public debt as at 31 December 2010 amounted to Rs172,814.3M compared to Rs168,553.7M last year.

1.3 GOVERNMENT ACCOUNTS

The Director of Audit has in his Audit Report 2010 pointed out the need for government to move to accrual accounting, and to adopt International Public Sector Accounting Standards (IPSASs) in the preparation of financial statements.

The Treasury is embarking on a process to gradually adopt IPSAS and to shift from cash basis to accrual basis in the preparation of accounts for government.

2.0 TREASURY ACTIVITIES AND PERFORMANCE

2.1 OVERVIEW OF THE TREASURY

The Treasury, a department operating under the aegis of the Ministry of Finance and Economic Development, is administered by the Accountant-General. The statutory duties of the Accountant-General are laid down in various legislation and regulations. The Finance and Audit Act specifically requires the Accountant-General to sign and submit to the Director of Audit, within 6 months of the close of every fiscal year, annual statements showing fully the financial position of the Republic of Mauritius on the last day of such fiscal year.

The other responsibilities of the Accountant General laid down in the Financial Management Kit and include:-

- 1) *ensuring the adequacy and reliability of the central computerized Treasury Accounting System (TAS) for the processing and recording of Government transactions and for the preparation of financial and non-financial reports including performance reports;*
- 2) *managing government's cash flows, in particular determining government's cash requirements and ensuring that sufficient funds are available to meet the payment obligations of government as they fall due;*
- 3) *ensuring that proper cash management systems are in place in all ministries/departments for the efficient and effective use of cash resources;*
- 4) *advising Accounting Officers on accounting and financial matters, and*
- 5) *In relation to public service benefits:*
 - i. *maintaining a register of Government pensioners and ensuring the payment of retirement benefits and monthly pensions on a timely basis;*
 - ii. *processing applications from public officers on a form approved by the Accountant General in respect of*

advances for the purchase of motorcars / motorcycles / autocycles;

iii. processing applications for passage benefits and ensuring timely payment of such benefits to eligible officers.

2.2 GOVERNMENT ACCOUNTS AND ANNUAL STATEMENTS

The accounts were closed on 20 April 2011. The annual statements as required under Section 19(3) of the Finance and Audit Act were submitted to the Director of Audit on 29 April 2011.

2.3 PUBLIC SERVICE BENEFITS

Public Service benefits are processed and paid centrally by the Treasury. The three main categories of benefits currently paid are:

- I. Motor Car and Motor Cycle Advances;
- II. Passage Benefits; and
- III. Retirement Benefits.

2.4 MOTOR CAR & MOTOR CYCLE ADVANCES

During the period under review, a total amount of Rs 271.1 M was advanced to 693 officers as detailed below:-

Advances	No. of Officers	Loan Granted (Rs'M)
Motor Cycle	202	13.6
Motor Car	491	257.5
Total	693	271.1

The outstanding balance of motor car/motor cycle advances as at 31 December 2010 stood at Rs 1,201.1 M.

2.5 PASSAGE BENEFITS

For the year ending 31 December 2010, some 4,830 applications for passage benefits were processed in respect of eligible government employees, involving a total expenditure of Rs 318.3 M as follows:-

Passage Benefits	No. of Cases	Amount (Rs'M)
Passage Cost	1,936	74.0
Cash in Lieu of Passages	2,894	244.3
TOTAL	4,830	318.3

2.6 RETIREMENT BENEFITS

Retirement benefits/gratuities and other allowances are payable to retired Government employees, heirs of deceased public officers/deceased pensioners, officers on contract, former members of the National Assembly and Ministers' Drivers and Constituencies Clerks.

During the year under review, retirement benefits/gratuities for 26,890 beneficiaries were processed involving a total disbursement of Rs 4,118.3 M as detailed below:-

Retirement Benefits	No. of Beneficiaries	Amount (Rs'M)
National Assembly Retiring Allowances	106	59.1
Pensions	24,523	3,050.9
Compassionate Allowances	71	3.8
Retiring/Contract/Death Gratuities	2,190	1,004.5
Total	26,890	4,118.3

2.7 TOWARDS A NEW ACCOUNTING FRAMEWORK

2.7.1 APPLICATION OF IPSAS

International Public Sector Accounting Standards (IPSASs) are intended to be best practice in financial reporting in the public sector and are developed by the International Public Sector Accounting

Standard Board (IPSASB) which is an arm of the International Federation of Accountants (IFAC).

Currently, only one of the annual statements required under Section 19 of the Finance and Audit Act, namely the Statement of Receipts and Payments (Statement AA), is prepared in accordance with Cash Basis IPSAS.

It is envisaged to gradually apply IPSAS in the preparation of other annual statements to the extent applicable.

2.7.2 FROM CASH BASIS TO ACCRUAL BASIS

Prior to the fiscal year 2008-09, the accounts of government were prepared on a cash basis. Although the cash basis is generally considered to be the simplest basis not only for the preparation of accounts but also for users, there have been demands for the introduction of accrual basis in government accounting.

Accordingly as from 2008-09, there was a shift from “full cash” to “modified cash” as a basis for the preparation of government accounts. All transactions are recorded on a cash basis, except for “costs of borrowings” which are accounted on an accrual basis.

The Treasury intends to extend the accrual basis to other items of the government accounts with a view to meeting demands for better accountability.

3.0 FINANCIAL HIGHLIGHTS

3.1 CONSOLIDATED FUND

The Finance and Audit Act requires government revenues to be credited to the Consolidated Fund, and provides for this Fund to be charged with government expenditure incurred on the authority of warrants issued by the Minister of Finance and Economic Development.

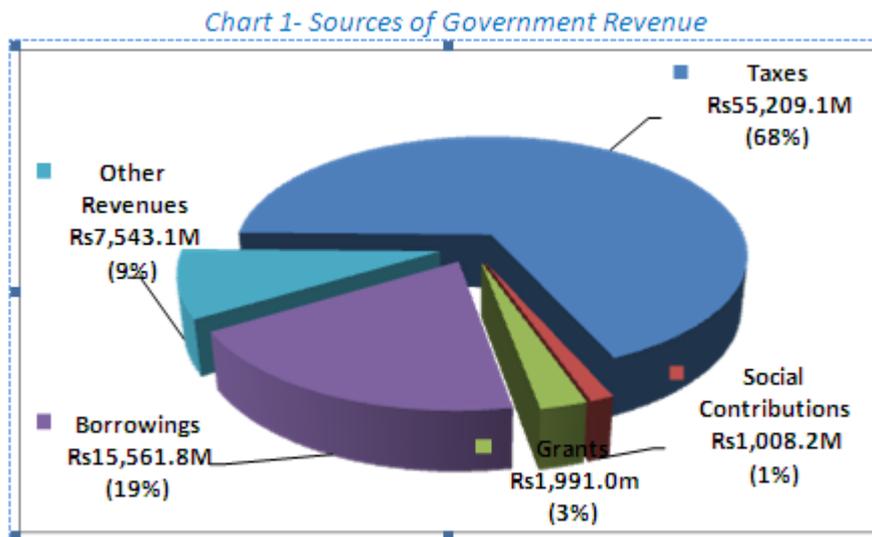
During the year under review, actual revenue and actual expenditure amounted to Rs 81,313.2 M and Rs 79,894.1 M respectively.

The accumulated deficit of the Fund as at 31 December 2010 stood at Rs 75,544.8 M compared to Rs 76,763.5 M as at 31 December 2009.

Detailed statements of revenue and expenditure are included in this report (Statement D and Statement D1).

3.1.1 ANALYSIS OF TOTAL REVENUE

The total revenue Rs 81,313.2 M collected during the fiscal year 2010 is illustrated in chart 1 below.



Revenue from taxes remains the major source of Government revenue and accounts for about **68%** of the total revenue. Details of taxes collected are set out in Table 1.

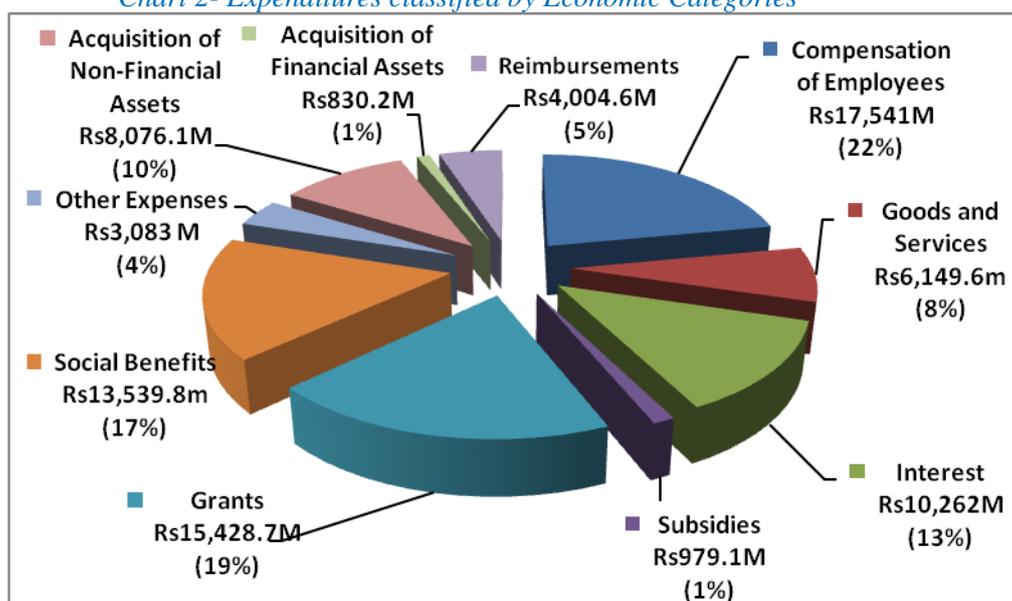
Table 1 Details of Taxes Collected

Taxes	Rs (Million)
Income Tax	13,976.2
Value Added Tax	21,094.5
Customs and Excise Duties	10,856.1
Taxes on Financial Transactions	249.2
Tax on Properties	1,408.7
Registration Fees	2,246.4
Other Taxes	5,378.0
TOTAL	55,209.1

3.1.2 ANALYSIS OF TOTAL EXPENDITURE

The total expenditure of Rs 79,894.1 M is analysed by economic categories in Chart 2 below.

Chart 2- Expenditures classified by Economic Categories



More than 80% of the total Government expenditure has been incurred on compensation of employees, servicing of debts, acquisition of non-financial assets, and social benefits and grants.

3.1.3 GOVERNMENT EXPENDITURE BY FUNCTIONS

Government expenditures can also be classified by functions based on the United Nations Classification of Functions of Government (COFOG). COFOG is a detailed classification of the functions, or socio-economic objectives, that ministries/departments aim to achieve through various kinds of outlays. COFOG covers all government expenditures except acquisition of financial assets and repayment of loans.

Table 2 provides government expenditures for the fiscal year under review as per the COFOG classification totaling Rs 75,059.3M. Expenditures on acquisition of financial assets and repayment of loans amounted to Rs 4,834.8M.

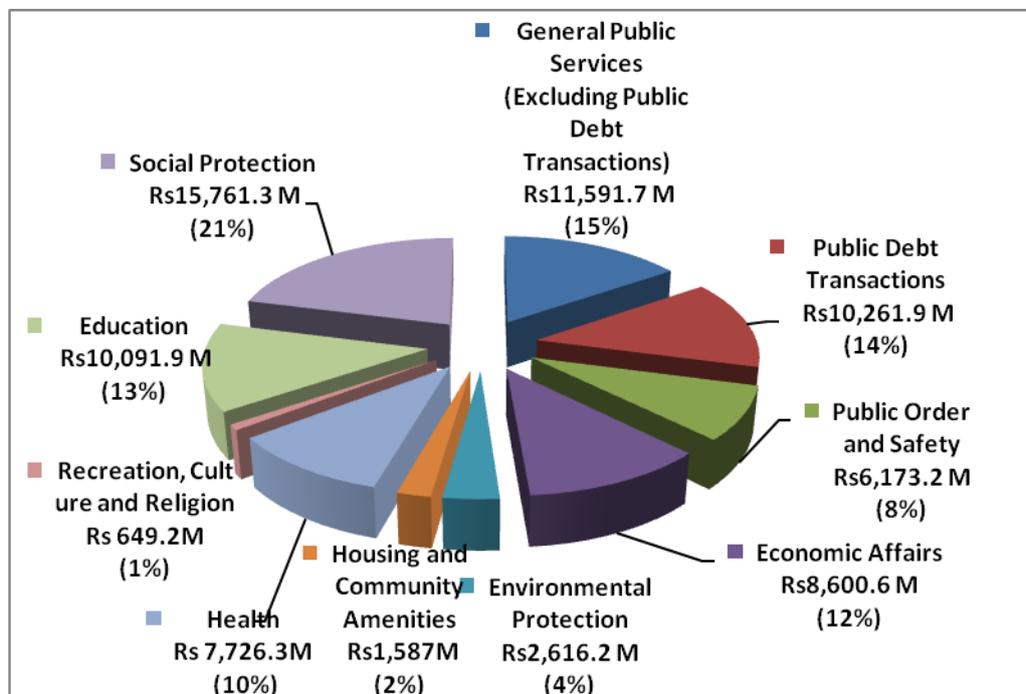
Table 2- Expenditure by Functions of Government

Functional Categories	(a)	(b)	(a + b)	% of Total Outlays
	Current Expenditure Rs(M)	Acquisition of Non-Financial Assets Rs(M)	Total Rs(M)	
General Public Services	21,278.7	574.9	21,853.6	29%
Public Debt Transactions	10,261.9	-	10,261.9	14.0%
General transfers between levels of government	2,128.8	-	2,128.8	2.8%
Others	8,888.0	574.9	9,462.9	12.6%
Public Order and Safety	5,452.3	720.9	6,173.2	8%
Economic Affairs	6,503.7	2,096.9	8,600.6	12%
Fuel and energy	37.4	-	37.4	0.0%
Agriculture, forestry, fishing and hunting	2,861.9	49.0	2,910.9	3.9%
Mining, manufacturing, and construction	329.4	1.0	330.4	0.4%
Transport	2,268.4	2,011.7	4,280.1	5.7%
Tourism	437.2	20.3	457.5	0.6%
R & D Economic affairs	47.6	-	47.6	0.1%
Economic Affairs n.e.c *	78.2	-	78.2	0.1%
General economic, commercial, and labour affairs	443.6	14.9	458.5	0.6%
Environmental Protection	835.4	1,780.8	2,616.2	4%
Housing and Community Amenities	683.2	903.8	1,587.0	2%
Health	6,465.2	1,261.1	7,726.3	10%
Recreation, Culture and Religion	586.3	62.9	649.2	1%
Education	9,440.8	651.1	10,091.9	13%
Social Protection	15,737.7	23.6	15,761.3	21%
Total	66,983.2	8,076.1	75,059.3	100%

* n.e.c = not elsewhere classified

Outlays for the functional classifications are also illustrated in the chart below. Public Order and Safety, Health, Education and Social Protection account 52 % of the total government functional expenditure, while servicing of debt represents 14%.

Chart 3- Functional Classifications of Government Expenditure



3.2 SPECIAL FUNDS

The total amount of the Special Funds deposited with the Accountant-General as at 31 December 2010 was Rs 6,256.1 M.

3.3 PUBLIC SECTOR DEBT

The public sector debt outstanding as at 31 December 2010 stood at Rs172,814.3 M as per ‘**Statement J**’ is summarized in the table below:

Table 3-Public Sector Debt

Public Sector Debt	Amount	Rs'M	% of Total Public Sector Debt
Government Debt		150,731.4	87.22%
Agencies – Extra Budgetary Units		108.7	0.06%
Local Government Debt		3.5	0.002%
Public Enterprise Debt		21,970.7	12.72%
Total Public Sector Debt		172,814.3	100%

3.3.1 GOVERNMENT DEBT

At 31 December 2010, Government Debt stood at Rs 150,731.4 M, details of which are provided below:

Table 4- Central Government Debt at Nominal Value

Government	Internal Rs(M)	External Rs(M)	Total Rs(M)
Long Term	50,598.6	22,094.5	72,693.1
Medium Term	44,022.9	-	44,022.9
Short Term	34,015.4	-	34,015.4
Total	128,636.9	22,094.5	150,731.4

3.3.2 DEBT SERVICING

The cost of servicing public debt during the year amounted to Rs 14,291.2 M and was as follows:-

Debt Servicing	Rs(M)	Rs(M)
Interest		
External Debt	363.3	
Internal Debt	9,898.6	10,261.9
Capital Repayments		
External Debt	834.5	
Internal Debt	3,170.2	4,004.7
Management/Service Charges		24.6
Total		14,291.2

3.4 LOANS TO STATUTORY BODIES, LOCAL AUTHORITIES & OTHER BODIES

A total amount of Rs 293.9 M was made to statutory bodies, local authorities and other bodies during the year under review. Capital and interest repayments during the period amounted to Rs 284.9 M and Rs 160.5 M respectively. The balance of such loans outstanding as of 31 December 2010 was Rs 5,027.6 M.

3.5 STATEMENT OF CASH RECEIPTS AND PAYMENTS

This Report includes a Statement of Cash Receipts and Payments (Statement AA), prepared in accordance with the International Public Sector Accounting Standard (IPSAS) “Financial Reporting under the Cash Basis of Accounting” issued by the International Federation of Accountants (IFAC).

During the year ended 31 December 2010, cash receipts amounted to Rs 81,313.2M and were primarily generated from taxation and borrowings. Payments totaling Rs 82,928 M were mainly on operating activities and debt servicing.

4.0 ANNUAL STATEMENTS

This report includes the following statements which are required to be submitted to the Director of Audit under the Finance and Audit Act:-

- A** Statement of Assets and Liabilities.
- AA** Statement of Receipts and Payments
- B** Abstract Account of Revenue and Expenditure of the Consolidated Fund
- D** Detailed Statement of Revenue of the Consolidated Fund
- D(1)** Detailed Statement of Expenditure by Programmes and Sub-programmes of the Consolidated Fund
- DD** Progress Report on Performance in Respect of Outcomes Achieved and Outputs Delivered
- F** Statement of Investments
- G** Detailed Statement of Advances
- H** Statement of Special Funds deposited with Accountant-General
- I** Detailed Statement of Deposits
- J** Statement of Public Sector Debt
- L** Statement of Contingent Liabilities, including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by the Government
- M** Statement of all Outstanding Loans financed from Revenue
- N** Statement of Arrears of Revenue
- O** Statement of Claims Abandoned
- P** Statement of Losses charged to Expenditure
- Q** Statement of Stores Losses
- R** Tabular Summary of Unallocated Stores – Ministry of Public Infrastructure
- U** Statement of Foreign Aid Received
- U(1)** Statement of Cash Aid Received from Foreign Countries