

## NOTES TO THE ACCOUNTS

### 1. GENERAL INFORMATION

The Republic of Mauritius is an island found in the East Coast of Madagascar. It got its independence on 12 March 1968. The country has a Westminster type of Parliamentary Government. The core vision of Mauritius in 2030 is:

- to place the country among the High-Income Countries of the world,
- to become a country where the society and the economy are inclusive, with a better sharing of prosperity, a narrower gap between the poor and rich and no families and children living in absolute poverty,
- and where the population across all strata enjoy a higher quality of life and a higher standard of living in a clean and safe environment.

Under the Finance and Audit Act, it is the responsibility of the Accountant-General to prepare the accounts of the Government within six months of the close of every fiscal year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

##### A Estimates

The Estimates (Budget) of the Government is appropriated by votes of expenditure on a cash basis, except for 'cost of borrowings' which is appropriated on an accrual basis and 'carry-over of capital expenditure' where amount earmarked in a fiscal year is carried over to a period not exceeding 3 months in the following fiscal year.

The Estimates are for the Budgetary Central Government, which includes Ministries and Government Departments. Transfers to Special Funds are appropriated and included as expenditure in the approved Estimates in the year of expenditure. However, the revenue and expenditure of the Special Funds are not included in the approved Estimates.

The approved Estimates covers the fiscal period from 1 July 2019 to 30 June 2020.

##### B Financial Statements

- (i) Following the amendments made to the Finance and Audit Act in July 2017, the financial statements of the Government for the financial year 2022-2023 and onwards will have to be prepared in compliance with International Public Sector Accounting Standards (IPSAS).

For the financial year 2019-2020, the financial statements have been prepared in accordance with Section 19 (3A)(a) of the Finance & Audit Act 1973 as subsequently amended, i.e. as far as possible in compliance with IPSAS and present fairly the financial transactions and financial position of Government as at 30 June 2020.

## NOTES TO THE ACCOUNTS

Accordingly, the elements of the financial statements have been accounted for as follows:

<b>ELEMENTS</b>	<b>ACCOUNTING BASIS</b>
<b><u>Revenue</u></b>	
Revenue from Non-Exchange Transactions	Partial Accrual
Revenue from Exchange Transactions	Cash
<b><u>Expenses</u></b>	
Employee Costs	Accrual
Subsidies	Cash
Grants	Partial Accrual
Social Benefits	Accrual
Operating Expenses	Accrual
Depreciation and Amortisation	Accrual
Other Expenses (excluding Other Transfer Payments)	Accrual
- Other Transfer Payments (except for Transfers to Regional/International Organisations)	Cash
Finance Costs	Accrual

<b>ASSETS AND LIABILITIES</b>	<b>MEASUREMENT BASIS</b>
<b><u>Assets</u></b>	
Receivables from Non-Exchange Transactions	At Cost
Loans and Advances	At Cost
Investments	
- Equity Investments	At Fair Value
- Other Investments	At Cost
Inventories	Lower of Cost and Replacement Cost
Property, Plant and Equipment (excluding Land, Roads, Bridges and Donated Assets)	At Cost
- Land	
• Acquired before 30 June 2018	At a value estimated by Government Valuation Department
• Acquired after 30 June 2018	At Cost
- Roads and Bridges	At a value estimated by the Road Development Authority
- Donated Assets	At Fair Value
Intangible Assets	At Cost
IMF -SDR Deposits	At Cost
IMF -Reserve Tranche Position	At Cost
Prepayments	At Cost

## NOTES TO THE ACCOUNTS

ASSETS AND LIABILITIES	MEASUREMENT BASIS
<b><u>Liabilities</u></b>	
Payables	At Cost
Deposits	At Cost
Government Debt	At Amortised Cost
IMF -SDR Allocations	At Cost
Employee Benefits Obligation	
• Short-Term Employee Benefits	At Cost
• Post-Employment Benefits	At an amount estimated by an independent actuary

- (ii) The accounting policies have been applied consistently throughout the year. Where necessary and where it is practicable, comparative figures have been restated to conform to changes in presentation, or in accounting policies in the current year.

### 2.2 Reporting Entity

The accounts are for the Budgetary Central Government of the Republic of Mauritius, which comprises Ministries, Government Departments and Special Funds bank balances and investments as per Statement H – Statement of Special Funds deposited with the Accountant-General.

### 2.3 Reporting Period

The accounts cover the financial year of the Government of Mauritius from 1 July 2019 to 30 June 2020.

### 2.4 Authorisation Date

The financial statements were authorised for issue on 30 December 2020 by Mr. S.D. Ramdeen, the Accountant-General.

### 2.5 Foreign Currencies

- (i) Functional and Presentation Currency

The accounts are presented in Mauritian Rupees (Rs), rounded to the nearest rupee, which is also the functional currency.

- (ii) Transactions and Balances

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at reporting date.

## NOTES TO THE ACCOUNTS

### 2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand, cash remitted to Ministries/Departments, cash balances with banks, both local and overseas, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and cash held on behalf of Special Funds.

### 2.7 Financial Assets

#### (i) Receivables from Non-Exchange Transactions

Receivables from Non-Exchange Transactions comprise of receivables from taxation excluding corporate taxes. These are recognised when it is probable that the future economic benefits from the taxable event will flow to the Government and can be measured reliably. Receivables from taxation are accounted for on an accrual basis.

#### (ii) Loans and Advances

Loans and Advances are recognised at cost. Loans are the outstanding balances due by Statutory and Other Bodies and Advances are made under the authority of warrants issued under Section 6(1) of the Finance and Audit Act and are recoverable within specified periods.

#### (iii) Investments

These represent mainly investments made out of monies standing to the credit of the Consolidated Fund and Special Funds in accordance with Section 3(4)(a) and 9(3)(a) of the Finance and Audit Act.

#### *Initial Recognition of Investments*

On initial recognition, investments are measured at fair value.

#### *Classification and Measurement Basis Of Investments*

The table below shows the classification and measurement basis for the different categories of investments:

Category	Classification and Measurement Basis
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation)	Fair Value Through Surplus/Deficit
Other Investments (Fixed Deposits)	Cost

#### (a) Equity Investments Recognised at Fair Value Through Surplus Or Deficit

Investments classified as fair value through surplus or deficit are measured at fair value at the end of each financial year, with any gains or losses on remeasurements recognised in surplus or deficit. Any dividend earned on these investments is also recognised in surplus or deficit.

## NOTES TO THE ACCOUNTS

### (b) Other Investments Recognised at Cost

Other investments (fixed deposits) held by Government at banks/financial institutions have been reported at cost. The fair value of these investments approximate its carrying amount.

### 2.8 Inventories

Inventories comprise mainly of distributable items and consumables. Inventories are measured at lower of cost and current replacement cost. Donated inventories from non-exchange transactions for nil or nominal consideration are initially measured at its fair value at the date of receipt.

The cost has been determined using First In First Out Basis (FIFO).

Donated inventories have been recognised for the first time in the financial year 2019-2020.

### 2.9 Prepayments

Prepayments are recognised as assets when payment for goods or services has been made in advance of obtaining a right to access those goods or services.

### 2.10 Property, Plant and Equipment

Property, Plant and Equipment include the following:

- (a) Infrastructure, Plant and Equipment;
- (b) Land and Buildings; and
- (c) Assets under Construction.

Furniture, Fixtures and Fittings are currently being expensed.

- (i) Infrastructure, Plant and Equipment

On initial recognition, Infrastructure, Plant and Equipment are stated at cost or deemed cost. Subsequently, they are stated at cost less accumulated depreciation. Infrastructure, Plant and Equipment represent the cost of the following:

- a) Infrastructure Assets -
  - Roads - classified roads/motorways (value estimated by Road Development Authority and less accumulated depreciation);
  - Dams constructed as from 01 July 1990;
  - Bridges (value estimated by Road Development Authority and less accumulated depreciation);
  - Stadiums & Gymnasiums constructed as from 01 July 1990; and
  - Other Structures constructed as from 01 July 1990.

Infrastructure assets do not include assets acquired by the Government on behalf of other public sector bodies.

- b) Transport Equipment -
  - Ships/Vessels acquired as from 01 July 1992;
  - Aircrafts/Helicopters acquired as from 01 July 1997; and
  - Other Vehicles acquired as from 01 July 2007.

## NOTES TO THE ACCOUNTS

c) Other Machinery & Equipment -

- Medical Equipment acquired as from 01 July 2007;
- Office Equipment acquired as from 01 July 2007; and
- Machinery acquired as from 01 July 2007.

Equipment acquired as from 01 July 2018 under recurrent expenditure items have been capitalised and depreciated.

(ii) Land and Buildings

Land represent the estimated value of State Lands (main land) and Outer Islands. Land is recognised at the value estimated by the Government Valuation Department.

Buildings represent residential and non-residential buildings, whether purchased, constructed or upgraded as from 01 July 1969.

Buildings are initially recognised at cost and subsequently at cost less accumulated depreciation.

(iii) Assets under Construction

Assets in the course of construction are recognised at cost.

Depreciation of these assets commences when the assets are ready for their intended use.

(iv) Donated Assets

When an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value at the date of acquisition and subsequently depreciated over its remaining useful life.

(v) Depreciation

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Full year depreciation is charged in the year of acquisition and none in year of disposal. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset over its remaining useful life, as follows:

Buildings	50 years
Infrastructure Assets	10 – 50 years
Transport Equipment	8 – 25 years
Other Machinery & Equipment	4 – 20 years

Land is not depreciated.

(vi) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## NOTES TO THE ACCOUNTS

### (vii) Derecognition

Property, plant and equipment and/or any significant part of an asset are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognised.

### 2.11 Intangible Assets

Intangible assets include licenses, computer software and IT projects acquired, developed or under development as from 01 July 2009. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets acquired as from 01 July 2018 under recurrent expenditure items have been capitalised. Internally generated intangible assets are not capitalised and expenditure is reflected in surplus/deficit in the period in which the expenditure is incurred.

Intangible assets are amortised using the straight-line method over a period of 8 years. Full year amortisation is charged in the year of acquisition. Intangible assets which are still under development phase are recognised at cost and no amortisation is charged until the asset is available for use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Any surplus or deficit arising from the disposal is recognised in the statement of financial performance.

### 2.12 Transactions with International Monetary Fund

#### (i) IMF SDR Allocations and IMF SDR Deposits

IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF and that are related to the allocation of SDR Holdings. SDR Holdings are international reserve assets created by the IMF and allocated to members to supplement reserves.

IMF SDR Deposits represent international reserve assets allocated to Mauritius by the IMF (SDR Holdings) and held at the Bank of Mauritius.

IMF SDR Allocations and IMF SDR Deposits are translated at year-end exchange rates with any gains/loss arising on re-measurement recognised in the Statement of Financial Performance in the period in which they arise.

#### (ii) IMF Reserve Tranche Position

The Reserve Tranche Position represents that portion of the quota of the Republic of Mauritius in IMF that has been paid in reserve assets, i.e. SDRs or foreign currency acceptable to the IMF.

Reserve Tranche transactions, i.e. subscriptions, purchases and sales, are initially translated at the exchange rate at the date of the transaction. At year-end, the SDR Reserve Tranche Position is translated using year-end exchange rates and any gains/loss recognised in the Statement of Performance as foreign exchange gains or losses.

## NOTES TO THE ACCOUNTS

### 2.13 Financial Liabilities

#### (i) Payables

Payables are of a short-term nature and are recognised at cost as the effect of discounting is not considered material. Payables comprise the following:

- (a) 'Cost of Borrowings' consist of Accrued Interest on Re-opening of Government Bonds and Treasury Notes;
- (b) 'Accounts Payable' which are expenses incurred by the Government during the financial year but not yet paid as at year end;
- (c) 'Retention Money on Contracts' which is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Government; and
- (d) 'Carry-over of Capital Expenditure' which represents the balance of the provision earmarked for capital projects in the current financial year payable within 3 months of the close of the financial year as per Section 3A of the Finance and Audit Act. The amount recognised in the Statement of Financial Position represents that portion of the total provision carried-over in respect of which goods were received or works completed by end of the financial year.

#### (ii) Deposits

Deposits are money deposited with the Government under Section 8 of the Finance and Audit Act and are recognised at their carrying amount.

#### (iii) Government Debt

##### *Initial Recognition and Measurement*

Upon initial recognition, Government Debt is measured at its fair value.

For concessionary loans, the difference between the loan proceeds and the fair value on initial recognition is accounted as revenue from non-exchange transactions.

##### *Subsequent Measurement*

- Treasury Bills and Treasury Certificates

Treasury Bills and Certificates are measured at amortised cost which is equivalent to the amount payable at maturity to the holders of these instruments, due to the short term nature of these liabilities.

- Treasury Notes, Government of Mauritius Bonds, Inflation-Indexed Bonds, Other Long-Term Securities, Domestic Loans and External Loans

Subsequently, these instruments are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus/deficit. Amortised cost is calculated by taking into account any discount or premium on acquisition of these instruments.

## NOTES TO THE ACCOUNTS

- Silver Retirement/Savings Bonds

These instruments are recognised at cost.

### *De-Recognition of Financial Liabilities*

A financial liability (or a part of a financial liability) is removed from the statement of financial position when, the financial liability is extinguished – i.e., when the obligation specified in the contract is discharged, waived, cancelled or expired.

## 2.14 Employee Benefits Obligation

### (i) Short-Term Employee Benefits

Short-term employee benefits are benefits which are expected to be settled wholly before twelve months after the reporting period in which the employee renders the related service.

Short-term employee benefits are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year. Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities

The short-term employee benefits consist of salaries, wages, salary compensation, overtime, travelling and transport, allowances, end of year bonus, social security contributions, passage benefits, and allowance in lieu of passage benefits.

Accumulated paid leave (bank of sick leave and vacation leave) are accrued in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

Passage benefits represents the estimated liability of the Government in respect of passage benefits accrued to public officers on permanent and pensionable establishment drawing a minimum monthly salary of Rs 25,525 or reckoning at least five years' service. Passage benefits are earned at the rate of 5% of the gross salaries annually. The carrying amount is re-measured each year and after taking into account amount paid and earned during the year.

### (ii) Post-Employment Benefits

#### (a) Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Government pays fixed contributions into another entity, the State Insurance Company of Mauritius Limited (SICOM Ltd), for full time employees who joined the Public Sector from 1 January 2013 onwards. The Government has no further payment obligations once the contributions have been paid. These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

#### (b) Defined Benefit Plans

The Government operates two Defined Benefit Plans, one for employees who joined service prior to the year 2013 and one for Members of the Legislative Assembly.

## NOTES TO THE ACCOUNTS

Both plans are unfunded. The calculation of defined benefit obligations is performed on a 3 yearly basis by a qualified actuary. Currently, Government appoints SICOM Ltd as its actuary. The cost of providing benefits is calculated using the projected unit method. The benefits are then discounted in order to determine the present value of the defined benefit obligation and the current service cost.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the net assets/equity.

Current service cost, past service cost and gain or loss on settlement, net interest on the defined benefit liability is recognised in surplus or deficit.

### (c) National Savings Fund

These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

## 2.15 Revenue from Non-Exchange Transactions

### (i) Taxation

Taxation consists of Taxes on Income and Profits, Taxes on Property, Taxes on Goods and Services, Taxes on International Trade and Transactions and Other Taxes. These are recognised on a cash basis.

### (ii) Transfers

#### (a) Fines, Penalties and Forfeits

Fines, Penalties and Forfeits are recognised on a cash basis.

#### (b) Grants and Aid

Grants and Aid consist of Grants from Foreign Governments and Domestic and International Organisations.

These grants are recognised on an accrual basis.

#### (c) Other Transfers

Other transfers include:

- Transfers of surplus cash balances from statutory bodies and special funds and any contributions made by a party to Government. These are recognised on a cash basis.
- Goods in-kind  
Goods in-kind are measured at fair value as at the date of acquisition and recognised on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Government and can be measured reliably.

## NOTES TO THE ACCOUNTS

- Concessionary Loans

For concessionary loans, the difference between loan proceeds and the fair value of the loan on initial recognition is recognised as revenue.

- Debt Forgiveness

Debts written off by Development Partners/Donor Agencies are recognised as revenue when the debt no longer meets the definition of a liability.

### 2.16 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licenses, Finance Income, Dividends and Withdrawals from Income of Quasi Corporations, Rent & Royalties, Sales of Goods and Services, and Other Revenue. These revenues are recognised on a cash basis.

### 2.17 Expenses

(i) Grants and Subsidies

Subsidies and grants to Local Authorities, Extra Budgetary Units, Rodrigues Regional Assembly and other General Government units are recognised when payments are made.

Grants/contributions to International/Regional Organisations are recognised in the period to which they relate to.

(ii) Social Benefits

Social benefits are recognised in the period to which they relate to.

(iii) Operating Expenses

These are recognised in the period when goods are received or services are rendered.

(iv) Other Expenses

Other expenses, except for transfer payments, are recognised in the period when goods are received or services are rendered.

All transfer payments, except those made to regional/international organisations, are recognised on a cash basis. Transfers made to regional/international organisations are recognised in the period when goods are received or services are rendered.

(v) Finance Costs

Finance costs on financial liabilities measured at amortised cost are recognised in surplus or deficit using the effective interest rate method.

## NOTES TO THE ACCOUNTS

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements includes the use of accounting estimates and management assumptions and judgement. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant include, but are not limited to: selection of useful lives and the depreciation/amortization method for Property Plant and Equipment/Intangible Assets, estimating the fair value of certain categories of Property Plant and Equipment and Investments, actuarial measurement of post-employment benefits obligation, assumptions used in calculating the fair value of Government Debt for which there is no observable market price and Financial Risk. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

### 4. CASH AND CASH EQUIVALENTS

The total cash and cash equivalents are made up as follows:

	30 June 2020	30 June 2019
	Rs	Rs
Cash and Bank balances	27,290,921,022	4,310,228,261
Remittances	2,205,982,271	1,318,305,486
<b>Total</b>	<b>29,496,903,293</b>	<b>5,628,533,747</b>
<b>Comprising of:</b>		
Local currency balances	26,892,079,674	4,919,797,103
Foreign currency balances - at local banks	2,571,239,957	673,931,624
Foreign currency balances - at external banks	33,583,662	34,805,020

As at 30 June 2020, there is no significant cash and cash equivalent balances that are not available for use. Cash and cash equivalents include an amount of Rs 12,749,000,662 for Special Funds.

#### *Non-cash transactions*

A total amount of Rs 1,425,149,418 comprising of borrowings and grants was paid by the funding agencies directly to the contractor in respect of works for the Government which have been accounted accordingly.

## NOTES TO THE ACCOUNTS

## 5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2020
	Rs
Income Tax - Individual	3,110,537,762
Value Added Tax	4,272,440,296
Customs and Excise	20,561,823
Betting and Gaming	198,257,379
PAYE	611,826,367
TDS	12,164,816
Others	42,180,723
<b>Total</b>	<b>8,267,969,166</b>
	<hr/>
- Within one year	8,267,969,166
- After one year	-
<b>Total</b>	<b>8,267,969,166</b>
	<hr/>

Receivables from taxation have been recognised for the first time in the financial statements for the financial year 2019-2020. Due to impracticability issue, no restatements have been made with respect to the financial year 2018-2019. Therefore, the comparative information is not comparable to the information presented for the financial year 2019-2020.

The difference between the two figures presented in Statement A – Statement of Financial Position and Statement N – Statement of Arrears of Revenue is due to the different basis applied in computing the figures by the Mauritius Revenue Authority.

## 6. LOANS AND ADVANCES

	30 June 2020		30 June 2019	
	Current	Non-Current	Current	Non-Current
	Rs	Rs	Rs	Rs
Loans	2,570,355,296	8,905,619,885	1,985,146,164	8,631,112,742
Advances	1,908,534,768	2,322,411,831	3,568,888,597	2,456,684,943
<b>Total</b>	<b>4,478,890,064</b>	<b>11,228,031,716</b>	<b>5,554,034,761</b>	<b>11,087,797,685</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

**(i) Loans**

Loans amounting to Rs 11,475,975,181 (2019: Rs 10,616,258,906) represents the outstanding balance of loans made by Government to Statutory and Other Bodies, details of which are given in Statement M.

**(ii) Advances**

	30 June 2020	30 June 2019
	Rs	Rs
Government Officers (include Motor Cars & Motor Cycles Advances)	2,087,170,562	2,242,027,973
Parastatals/Local Government/Corporate Bodies	2,038,153,298	3,683,448,061
Ministries/Departments	105,622,739	100,097,506
<b>Total</b>	<b>4,230,946,599</b>	<b>6,025,573,540</b>

**7. INVESTMENTS**

Details of investments are shown below:

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
Equity Investments	103,435,922,104	103,194,237,463
Other Investments	914,695,000	919,095,000
<b>Total</b>	<b>104,350,617,104</b>	<b>104,113,332,463</b>
- Within one year	842,900,000	225,900,000
- After one year	103,507,717,104	103,887,432,463
<b>Total</b>	<b>104,350,617,104</b>	<b>104,113,332,463</b>

Refer to Note 30 for details on the prior year adjustments.

**(i) Equity Investments***Fair Value of Equity Investments*

The Government uses the following hierarchy for determining and measuring the fair value of investments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Other techniques for which all inputs are observable and have a significant effect on the recorded fair value, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

## NOTES TO THE ACCOUNTS

The level of fair value measurement used for each category of investment is shown in the table below:

Category	Level	Basis
Quoted investments	Level 1	Based on market prices of shares on the Stock Exchange of Mauritius as at the end of the financial year, except for Air Mauritius Limited, where the last available quote was on 22 April 2020.
Unquoted investments	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees except for Investment Support Programme and National Property Fund Ltd which are based on latest available Management Accounts.
Equity participation	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees

The table below shows an analysis of equity investments mandatorily measured at fair value through surplus or deficit by the level of hierarchy:

	Level 1	Level 3	Total Carrying Amount	Total Fair Value
	Rs	Rs	Rs	Rs
<b>30 June 2020</b>				
Quoted investments	628,414,326	-	628,414,326	628,414,326
Unquoted investments	-	56,413,818,787	56,413,818,787	56,413,818,787
Equity participation	-	46,393,688,991	46,393,688,991	46,393,688,991
<b>Total</b>	<b>628,414,326</b>	<b>102,807,507,778</b>	<b>103,435,922,104</b>	<b>103,435,922,104</b>
<b>30 June 2019</b>				
Quoted investments	911,544,397	-	911,544,397	911,544,397
Unquoted investments	-	55,889,004,075	55,889,004,075	55,889,004,075
Equity participation	-	46,393,688,991	46,393,688,991	46,393,688,991
<b>Total</b>	<b>911,544,397</b>	<b>102,282,693,066</b>	<b>103,194,237,463</b>	<b>103,194,237,463</b>

There have been no transfers between Level 1 and 3 during the current year.

(ii) Other Investments

Other Investments includes an amount of Rs 320,000,000 which pertains to Special Funds.

Additional details in respect of investments are provided in the Statement F - Statement of Investments.

## NOTES TO THE ACCOUNTS

## 8. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure, Plant and Equipment			Land and Buildings		Asset under	Total
	Infrastructure	Transport	Other	Land	Buildings	Construction	
	Assets	Equipment	Machinery & Equipment			(AUC)	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
<b>At 30 June 2018</b>	<b>35,289,255,824</b>	<b>9,380,661,178</b>	<b>7,989,572,983</b>	<b>306,684,091,654</b>	<b>27,813,660,745</b>	-	<b>387,157,242,384</b>
Reclassification adjustment <sup>1</sup>	(1,268,809,148)	-	(368,302,666)	-	(805,104,560)	2,442,216,374	-
<b>At 30 June 2018 (Restated)</b>	<b>34,020,446,676</b>	<b>9,380,661,178</b>	<b>7,621,270,317</b>	<b>306,684,091,654</b>	<b>27,008,556,185</b>	<b>2,442,216,374</b>	<b>387,157,242,384</b>
Additions	1,569,238,183	581,893,226	1,003,055,661	895,325,198	642,714,181	3,121,049,821	7,813,276,270
Transfer from AUC	1,004,963,921	-	470,351,605	-	212,353,055	(1,687,668,581)	-
Adjustment <sup>2</sup>	76,829,096,465	-	-	58,779,582,000	-	-	135,608,678,465
<b>At 30 June 2019 (Restated)</b>	<b>113,423,745,245</b>	<b>9,962,554,404</b>	<b>9,094,677,583</b>	<b>366,358,998,852</b>	<b>27,863,623,421</b>	<b>3,875,597,614</b>	<b>530,579,197,119</b>
Additions	1,638,022,110	502,343,422	907,359,412	852,815,275	734,437,062	2,403,299,247	7,038,276,528
Transfer from AUC	814,547,317	-	30,997,355	-	1,126,389,915	(1,971,934,587)	-
Disposal	-	-	(11,931,020)	-	-	-	(11,931,020)
<b>At 30 June 2020</b>	<b>115,876,314,672</b>	<b>10,464,897,826</b>	<b>10,021,103,330</b>	<b>367,211,814,127</b>	<b>29,724,450,398</b>	<b>4,306,962,274</b>	<b>537,605,542,627</b>

## NOTES TO THE ACCOUNTS

	Infrastructure, Plant and Equipment			Land and Buildings		Asset under	Total
	Infrastructure	Transport	Other	Land	Buildings	Construction	
	Assets	Equipment	Machinery & Equipment				
Rs	Rs	Rs	Rs	Rs	Rs	Rs	
<b>DEPRECIATION</b>							
<b>At 30 June 2018</b>	<b>8,494,913,707</b>	<b>3,657,584,454</b>	<b>4,437,164,208</b>	-	<b>6,323,298,095</b>	-	<b>22,912,960,464</b>
Adjustment <sup>1</sup>	(372,760,678)	-	(56,466,792)	-	(21,674,490)	-	(450,901,960)
<b>At 30 June 2018 (Restated)</b>	<b>8,122,153,029</b>	<b>3,657,584,454</b>	<b>4,380,697,416</b>	-	<b>6,301,623,605</b>	-	<b>22,462,058,504</b>
Charge for the year	826,256,030	601,754,659	919,054,689	-	557,272,469	-	2,904,337,847
Adjustment <sup>2</sup>	(3,753,136,024)	-	-	-	-	-	(3,753,136,024)
<b>At 30 June 2019 (Restated)</b>	<b>5,195,273,035</b>	<b>4,259,339,113</b>	<b>5,299,752,105</b>	-	<b>6,858,896,074</b>	-	<b>21,613,260,327</b>
Charge for the year	2,358,446,686	628,161,499	990,639,380	-	594,489,008	-	4,571,736,573
Disposal	-	-	(11,575,873)	-	-	-	(11,575,873)
<b>At 30 June 2020</b>	<b>7,553,719,721</b>	<b>4,887,500,612</b>	<b>6,278,815,612</b>	-	<b>7,453,385,082</b>	-	<b>26,173,421,027</b>
<b>NET BOOK VALUE</b>							
<b>At 30 June 2019 (Restated)</b>	<b>108,228,472,210</b>	<b>5,703,215,291</b>	<b>3,794,925,478</b>	<b>366,358,998,852</b>	<b>21,004,727,347</b>	<b>3,875,597,614</b>	<b>508,965,936,792</b>
<b>At 30 June 2020</b>	<b>108,322,594,951</b>	<b>5,577,397,214</b>	<b>3,742,287,718</b>	<b>367,211,814,127</b>	<b>22,271,065,316</b>	<b>4,306,962,274</b>	<b>511,432,121,600</b>

1. Relates to the recognition of AUC. Refer to Note 30 (ii)(I) on prior year adjustments.

2. Refer to Note 30 (ii) (II), 30 (ii) (III) and 30 (iii) on prior year adjustments.

Donated assets amounting to Rs 3,476,565 have been recognised for the first time in the financial year 2019-2020.

As at 30 June 2020, contractual commitments for the acquisition of Property, Plant, and Equipment amounted to Rs 123,753,806.

## NOTES TO THE ACCOUNTS

## 9. INTANGIBLE ASSETS

	Licenses & Software	Asset under Development	Total
	Rs	Rs	Rs
<b>COST</b>			
<b>At 30 June 2018</b>	<b>2,701,572,155</b>	-	<b>2,701,572,155</b>
Reclassification Adjustments	(327,117,891)	327,117,891	-
<b>At 30 June 2018 (Restated)</b>	<b>2,374,454,264</b>	<b>327,117,891</b>	<b>2,701,572,155</b>
Additions	96,114,989	63,995,561	160,110,550
<b>At 30 June 2019 (Restated)</b>	<b>2,470,569,253</b>	<b>391,113,452</b>	<b>2,861,682,705</b>
Additions	202,410,492	163,104,475	365,514,967
Reclassification Adjustments	61,500,605	(61,500,605)	-
Impairment	-	(367,702,808)	(367,702,808)
<b>At 30 June 2020</b>	<b>2,734,480,350</b>	<b>125,014,514</b>	<b>2,859,494,864</b>
<b>AMORTISATION</b>			
<b>At 30 June 2018</b>	<b>1,778,750,474</b>	-	<b>1,778,750,474</b>
Reclassification Adjustments	(165,520,146)	-	(165,520,146)
<b>At 30 June 2018 (Restated)</b>	<b>1,613,230,328</b>	-	<b>1,613,230,328</b>
Charge for the year	207,812,137	-	207,812,137
<b>At 30 June 2019 (Restated)</b>	<b>1,821,042,465</b>	-	<b>1,821,042,465</b>
Charge for the year	210,076,072	-	210,076,072
<b>At 30 June 2020</b>	<b>2,031,118,537</b>	-	<b>2,031,118,537</b>
<b>NET BOOK VALUE</b>			
<b>At 30 June 2019 (Restated)</b>	<b>649,526,788</b>	<b>391,113,452</b>	<b>1,040,640,240</b>
<b>At 30 June 2020</b>	<b>703,361,813</b>	<b>125,014,514</b>	<b>828,376,327</b>

As at 30 June 2020, contractual commitments for the acquisition of intangible assets amounted to Rs 27,804,797.

HRMIS, a project which was under the development phase, has been impaired fully as at 30 June 2020 as the Government decided to windup the project.

Refer to Note 30(iv) for details on the prior year adjustments.

## NOTES TO THE ACCOUNTS

### 10. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

#### (i) International Monetary Fund (IMF)

##### a) SDR Allocations and SDR Deposits

The rupee equivalent of the deposit of SDR 70,911,549 by the IMF to the Republic of Mauritius, i.e. Rs 3,937,250,300 is being shown as an asset "IMF SDR Deposit".

The rupee equivalent of the total allocation of SDR 96,805,549 made to the Republic of Mauritius, i.e. Rs 5,374,973,219 as at 30 June 2020 is shown as liability and is also included in the Statement J - Statement of Public Sector Debt.

##### b) Reserve Tranche Position

As at 30 June 2020, the Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 34,582,356, whilst the Quota amounted to SDR 142,200,000.

The rupee equivalent of the Reserve Tranche Position, i.e. Rs 1,920,129,985 is being shown as an asset in the Statement of Financial Position.

The movement in the Reserve Tranche is as follows:

	30 June 2020	30 June 2019
	Rs	Rs
Balance as at 1 July	1,069,362,969	1,031,052,667
Exchange Differences	174,490,076	13,535,654
Consolidated Fund adjustment	676,276,940	24,774,648
Balance as at 30 June	<u><u>1,920,129,985</u></u>	<u><u>1,069,362,969</u></u>

##### c) Treasury Notes

Pursuant to Section 4(3) of the International Financial Organisations Act, non-interest bearing demand notes have been issued by the Government to the IMF, as part of the Quota subscription of the Republic of Mauritius. The value of the notes as at 30 June 2020 stood at Rs 5,906,600,000.

#### (ii) Other International Financial Organisations

Pursuant to Section 4(3) of the International Financial Organisations Act, the Government has also issued non-negotiable securities to the International Development Association. The value of securities as at 30 June 2020 stood at Rs 9,196,738.

## NOTES TO THE ACCOUNTS

## 11. PAYABLES

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
Cost of Borrowings	5,677,000	34,864,000
Accounts Payable	625,711,380	1,134,789,397
Retention Money on Contracts	446,487,156	327,257,282
Carry-over of Capital Expenditure	505,482,170	484,051,943
<b>Total</b>	<b>1,583,357,706</b>	<b>1,980,962,622</b>
- Within one year	1,552,385,176	1,915,705,273
- After one year	30,972,530	65,257,349
<b>Total</b>	<b>1,583,357,706</b>	<b>1,980,962,622</b>

Cost of Borrowings is made up of accrued interest on re-opening of Government Bonds and Treasury Notes. Details are as follows:

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
Government Bonds	-	20,604,000
Treasury Notes	5,677,000	14,260,000
<b>Total</b>	<b>5,677,000</b>	<b>34,864,000</b>

Refer to Note 30 for details on the prior year adjustments.

## 12. DEPOSITS

	30 June 2020	30 June 2019
	Rs	Rs
Grants and Donations	42,035,487	35,274,411
Other Deposits	2,407,066,838	2,175,571,275
<b>Total</b>	<b>2,449,102,325</b>	<b>2,210,845,686</b>
- Within one year	1,742,997,392	1,370,806,896
- After one year	706,104,933	840,038,790
<b>Total</b>	<b>2,449,102,325</b>	<b>2,210,845,686</b>

## NOTES TO THE ACCOUNTS

## 13. GOVERNMENT DEBT

- a) Government Debt consists of outstanding balances of:
- (i) Government of Mauritius (GOM) Treasury Bills, GOM Treasury Notes and Treasury Certificates issued by the Government for the financing of Government's borrowing requirement;
  - (ii) GOM Securities issued by the Government for mopping up of excess liquidity;
  - (iii) GOM Bonds and other long-term Securities issued by the Government;
  - (iv) Silver Savings Bonds (SSB) and Silver Retirement Bonds (SRB); and
  - (v) Loans from domestic and foreign sources.

- b) Details of the total debt of the Government are provided in Statement J - Statement of Public Sector Debt.

	<b>Domestic Debt</b>	<b>External Loans</b>	<b>Total</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>Balance at 1 July 2018</b>	221,962,001,394	39,552,350,073	261,514,351,467
Reclassification of Interest Payable	4,744,085,148	186,521,490	4,930,606,638
Adjustment w.r.t. Recognition of Debt at amortised cost	(373,944,033)	(4,703,673,747)	(5,077,617,780)
<b>Balance at 1 July 2018 (Restated)</b>	<b>226,332,142,509</b>	<b>35,035,197,816</b>	<b>261,367,340,325</b>
Cash Flows:			
- Issue/ Receipt	90,279,467,200	91,934,390	90,371,401,590
- Redeemed/ Repayment	(66,857,621,499)	(4,067,200,181)	(70,924,821,680)
Non-Cash Movement:			
- Exchange Difference	-	144,259,752	144,259,752
- Loan Written Off	-	(399,903,912)	(399,903,912)
- Other Changes <sup>1</sup>	478,815,299	1,001,777,536	1,480,592,835
<b>Balance at 30 June 2019</b>	<b>250,232,803,509</b>	<b>31,806,065,401</b>	<b>282,038,868,910</b>
Cash Flows:			
- Issue/ Receipt	122,499,369,300	9,044,215,514	131,543,584,814
- Redeemed/ Repayment	(66,363,034,305)	(10,875,078,051)	(77,238,112,356)
Non-Cash Movement:			
- Capitalised Interest On Conversion From SRB To SSB	6,969,390	-	6,969,390
- Direct Payments	48,700,133	771,855,000	820,555,133
- Exchange Difference	3,625,318	3,686,935,395	3,690,560,713
- Other Changes <sup>1</sup>	129,529,616	(1,181,908,026)	(1,052,378,410)
<b>Balance at 30 June 2020</b>	<b>306,557,962,961</b>	<b>33,252,085,233</b>	<b>339,810,048,194</b>

1. Other changes pertain to interest accruals, non-exchange revenue and interest expense.

## NOTES TO THE ACCOUNTS

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
- Within one year	84,211,090,025	34,809,894,935
- After one year	255,598,958,169	247,228,973,975
<b>Total</b>	<b>339,810,048,194</b>	<b>282,038,868,910</b>

**14. EMPLOYEE BENEFITS OBLIGATION**

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
Liability in respect of Defined Benefit Plans (Refer to Note 15)	116,791,541,957	116,791,541,957
Accrued Sick Leave	6,552,736,137	5,441,788,675
Accrued Vacation Leave	8,365,603,582	7,587,165,085
Passage Benefits	3,044,076,010	2,566,520,498
<b>Total</b>	<b>134,753,957,686</b>	<b>132,387,016,215</b>
- Within one year	777,766,929	1,120,663,772
- After one year	133,976,190,757	131,266,352,443
<b>Total</b>	<b>134,753,957,686</b>	<b>132,387,016,215</b>

Refer to Note 30 for details on the prior year adjustments.

**15. DEFINED BENEFIT PLAN****Amounts Recognised in Statement Of Financial Position at End of Year:**

	30 June 2020	30 June 2019 (Restated)
	Rs	Rs
Defined Benefit Obligation	116,791,541,957	116,791,541,957
Fair Value of Plan Assets	-	-
<b>Liability Recognised in Statement of Financial Position at End of Year</b>	<b>116,791,541,957</b>	<b>116,791,541,957</b>

## NOTES TO THE ACCOUNTS

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
<b><u>Amounts Recognised in Statement of Financial Performance:</u></b>		
Charge to Surplus/Deficit	6,546,841,482	8,044,511,362
<b><u>Amounts Recognised in Statement of Net Assets/Equity:</u></b>		
<b>Remeasurement</b>		
Net Assets/Equity	-	(2,007,077,292)

The plan is a defined benefit arrangement for the employees and it is unfunded.

Weighted average duration of the defined benefit obligation : 14 years  
(Calculated as a % change in PV of liabilities for a 1% change in discount rate)

The plan is exposed to actuarial risks such as : longevity risk, salary increase risk and pension increase risk.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Year Ended 30 June 2020	Year Ended 30 June 2019
Discount rate	6.50%	6.50%
Future salary increases	4.00%	4.00%
Future pension increases	3.00%	3.00%
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables rated down by 2 years	
Retirement age	65 years	

The discount rate is determined by reference to market yields on bonds for the year ended 30 June 2019.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 13,144 M (increase by Rs 16,299 M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 6,272 M (decrease by Rs 5,359 M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 3,498 M (decrease by Rs 3,485 M) if all assumptions were held unchanged.

**NOTES TO THE ACCOUNTS**

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

**16. NET ASSETS/EQUITY**

The Net assets/Equity is the net position of the Government after deducting all its liabilities from its assets at end of the year and comprises the following:

- a) Consolidated Fund (Cash basis);
- b) Accumulated Surplus; and
- c) Special Funds.

The value of Net Assets/Equity of the Government as at 30 June 2020 amounted to Rs. 194,125,851,676. The movement in the Net Assets/ Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity.

As at 30 June 2019, the Net Assets/Equity also included Reserve (Assets) amounting to Rs 299,025,312,236 which represented the value of non-purchased State Lands. This amount has been reclassified to Accumulated Surplus and the comparatives restated accordingly (refer to note 30(vii)).

**(a) Consolidated Fund**

Consolidated Fund has been established by Section 103 of the Constitution of the Republic of Mauritius. In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund has, during the year under review, been:

- (i) credited with all the revenues of the Government and all other money properly accruing to it; and
- (ii) charged only with expenses on the authority of warrant issued by the Minister of Finance.

**(b) Accumulated Surplus**

This represents the accumulated surplus to date, of the Budgetary Central Government of Mauritius after making necessary adjustments for accrual accounting which is provided in Statement AC – Statement of Changes in Net Assets or Equity.

**(c) Special Funds**

These are the monies deposited with the Accountant-General by the various funds set up under the Finance and Audit Act.

## NOTES TO THE ACCOUNTS

## 17. TAXATION

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	Rs
Taxes on Income and Profits	26,816,731,058	26,717,112,114
Taxes on Property	5,062,389,081	6,161,252,248
Taxes on Goods and Services	54,567,219,747	59,638,755,638
Taxes on International Trade and Transactions	1,216,330,414	1,379,403,070
Other Taxes	1,529,205,069	1,610,983,584
<b>Total</b>	<b>89,191,875,369</b>	<b>95,507,506,654</b>

## 18. GRANTS AND AID

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	Rs
Grants from Foreign Governments	4,140,311,600	1,576,164,111
Grants from International Organisations	147,573,016	71,748,876
Grant from Bank of Mauritius	18,000,000,000	-
<b>Total</b>	<b>22,287,884,616</b>	<b>1,647,912,987</b>

## 19. OTHER TRANSFERS

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Transfer of Surplus Cash Balances from Statutory Bodies and Special Funds	371,570,000	1,754,847,115
Contribution in respect of Tourism Development Projects on State Lands	5,622,064	23,671,725
Concessionary Loans	1,614,279,383	3,074,559
Goods in-kind	12,182,771	-
Debt Forgiveness	-	399,903,912
<b>Total</b>	<b>2,003,654,218</b>	<b>2,181,497,311</b>

## NOTES TO THE ACCOUNTS

## 20. LICENCES

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	Rs
Road Motor Vehicle Licences	1,587,055,505	1,604,366,349
Company and other Licences	1,008,246,640	1,188,419,399
<b>Total</b>	<b>2,595,302,145</b>	<b>2,792,785,748</b>

## 21. DIVIDENDS AND WITHDRAWALS FROM INCOME OF QUASI CORPORATIONS

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Dividend from Quoted and Unquoted Investments	556,895,381	185,865,859
Withdrawals from Income of Quasi Corporations	2,152,003,043	1,138,125,594
<b>Total</b>	<b>2,708,898,424</b>	<b>1,323,991,453</b>

## 22. OTHER REVENUE

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Civil Service Family Protection Scheme	316,503,108	325,877,554
Miscellaneous Revenue	150,144,430	205,291,217
<b>Total</b>	<b>466,647,538</b>	<b>531,168,771</b>

## 23. EMPLOYEE COSTS

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Wages, Salaries, Compensations and Allowances	25,774,109,630	25,088,503,667
Contributions to Defined Contribution Plan, Family Protection Scheme and National Savings Fund	855,601,703	866,872,823
Amount Recognised in respect of Defined Benefit Plans (Note 15)	6,546,841,482	8,044,511,362
Other Employee Benefits	6,589,150,066	7,640,700,715
<b>Total</b>	<b>39,765,702,881</b>	<b>41,640,588,567</b>

## NOTES TO THE ACCOUNTS

Other employee benefits include cash in lieu of vacation leave, cash in lieu of sick leave, passage benefits, cash in lieu of passage benefits, gratuity, travelling and transport, staff welfare amongst others.

## 24. GRANTS

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	Rs
Donations and Contributions	10,374,311,303	356,961,450
Capital Grants	3,863,303,217	2,467,709,292
Current Grants	22,194,580,115	21,730,471,662
<b>Total</b>	<b>36,432,194,635</b>	<b>24,555,142,404</b>

## 25. SOCIAL BENEFITS

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	Rs
Social Assistance	754,317,796	788,599,649
Pension (Retirement, Widow, Invalid and Others)	30,235,599,667	22,680,971,054
Other Social Benefits	3,221,105,074	774,371,205
<b>Total</b>	<b>34,211,022,537</b>	<b>24,243,941,908</b>

## 26. OPERATING EXPENSES

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Cost of Utilities	758,539,446	799,565,985
Fuel and Oil	248,416,759	307,785,201
Rental Expense	1,064,956,072	1,027,182,730
Office Expenses	137,862,236	123,137,213
Maintenance	1,288,326,819	1,155,989,929
Cleaning Services	782,958,743	907,518,813
Medical Supplies, Drugs and Scientific Equipment	3,425,333,129	1,986,067,524
Travelling and Mission Expenses	53,347,843	288,251,690
Other Expenses	3,395,417,283	3,152,247,380
<b>Total</b>	<b>11,155,158,330</b>	<b>9,747,746,465</b>

## NOTES TO THE ACCOUNTS

## 27. OTHER EXPENSES

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Transfers	3,852,318,537	3,434,326,259
Insurance	11,009,981	6,963,543
Compensation arising out of Government Liability	9,290,187	10,896,589
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	106,025,547	65,850,633
Others	2,100,511,688	2,074,608,531
<b>Total</b>	<b>6,079,155,940</b>	<b>5,592,645,555</b>

## 28. FINANCE COSTS

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
Interest expense on domestic debt	12,750,899,378	12,057,513,338
Interest expense on external debt	1,135,679,096	1,693,846,510
Management charges	24,298,374	3,492,616
<b>Total</b>	<b>13,910,876,848</b>	<b>13,754,852,464</b>

## 29. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The approved budget is in respect of revenue estimates and Government expenditure, both recurrent and capital, appropriated by votes for the financial year 2019 - 2020. The original estimates of expenditure amounting to Rs 123,700M were passed by the National Assembly on 25 July 2019 and a supplementary estimates amounting to Rs 33,700M was approved on 12 June 2020.

The Statements of Comparison of Budget Estimates and Actual Amounts - Statement AE and Statement AF are prepared on the same basis as the budget.

(i) Explanation between Original and Total Provisions (Final Budget)

The amounts presented under 'Total Provisions' in Statements of Comparison of Budget Estimates and Actual Amounts - Statement AE and Statement AF differed from the original estimates as there was a supplementary estimates approved in relation to COVID- 19 and also funds were transferred or re-allocated in accordance with the Virement Rules.

## NOTES TO THE ACCOUNTS

(ii) Explanation of material differences between Original Estimates and Actual Amount

The table hereunder provides the explanation for material variances:

Budget line item	Variance amount Rs	Variance percentage	Explanation
Recurrent Revenue	15,224,912,411	13%	The lower recurrent revenue was mainly due to the impact of COVID-19 on the economy.
Recurrent Expenditure	(13,346,493,394)	(11%)	The increase in recurrent expenditure was due to increase in the rate of basic pensions with effect from December 2019 and implementation of the wage assistance scheme and self-employed assistance scheme following the outbreak of COVID-19 pandemic.
Capital Expenditure	(5,817,158,660)	(34%)	The excess is explained by the transfer of Rs 10.0 billion to the National Resilience Fund and Rs 2.0 billion to the National Environment Fund for which funds were appropriated through the Supplementary Appropriation (2019-20) Act of 2020.  However, this was partly offset by lower expenditure on capital projects arising from delays in implementation due to the lockdown/confinement period.

### 30. PRIOR YEAR ADJUSTMENTS

Prior year adjustments have been made to the carrying amount of items presented in the Statement of Financial Position and Statement of Changes in Net Assets/Equity. These changes have also resulted in the restatement of certain amounts presented in the Statement of Financial Performance (Statements AA and AB).

(i) Investments

Previously, investments were recognised at cost. These are now measured at fair value as described in note 2.7 and details of which are provided in Statement F.

**NOTES TO THE ACCOUNTS****(ii) Property, Plant and Equipment (PPE)**

During the financial year 2019-2020, there have been the following changes in accounting policy:

**I. Assets under Construction**

During the financial year 2019-2020, PPE has been restated with respect to Assets under Construction. Assets under Construction have been identified and classified separately under Property, Plant and Equipment (PPE). The costs incurred in relation to the assets under construction were previously being capitalised and depreciated over the life of the asset depending on the class of the PPE. As from the current year, there has been a change in accounting treatment for assets under construction. Depreciation charged in previous years in respect of these assets have been adjusted accordingly. The new accounting policy has been applied retrospectively.

**II. Roads and Bridges**

Roads and bridges were previously recognised based on a historical cost basis. During the year under review, a valuation exercise was carried out to have a more reliable estimate of the cost of roads and bridges. These estimates have been computed based on the type of the roads and their respective cost per kilometre. This has been accounted for retrospectively by restating the cost and accumulated depreciation by Rs 76,838,578,818 and Rs 3,752,756,730 respectively.

**III. Outer Islands**

Outer Islands amounting to Rs 58,779,582,000 have been recognised for the first time based on a value estimated by the Government Valuation Department. This has been accounted for retrospectively and the comparative figures restated accordingly.

**(iii) Adjustments to PPE and Payables**

Retention money of Rs 9,482,353 was overstated in the financial year 30 June 2019. Relevant adjustments were made to restate the comparatives. The accumulated depreciation was also restated by Rs 379,294.

**(iv) Recognition of Assets under Development as Intangible Assets**

Prior to the financial year 2019-2020, intangible assets under development phase were being capitalised and amortised over a period of 8 years. As from the current financial year, such assets under development phase are classified separately as 'Asset under Development' and no amortisation is charged until they are available for use. The change in accounting policy has been applied retrospectively.

**(v) Government Debt at Amortised Cost**

During the financial year under review, accounting for Government Debt has been changed from cost to amortised cost using the effective interest rate as described in note 2.13. This has been accounted for retrospectively and the comparative figures have been restated.

## NOTES TO THE ACCOUNTS

### (vi) Recognition of Employee Benefits Obligation

Government pension liabilities and other employee benefits such as passage benefits, sick leave and vacation leave have been recognised for the first time in the financial statements for the year 2019-2020. In this respect, the prior year figures have been restated retrospectively.

### (vii) Reserve Assets

The value relating to the initial recognition of non-purchased State Lands were previously presented as Reserve (Assets) in the Statement of Financial Position.

This has now been classified under Accumulated Surplus which provides a fairer presentation. Prior year comparative figures have been restated accordingly.

The new accounting policies provide a fairer presentation and more relevant information in accordance with international best practice.

The effects of the above changes are illustrated below:

	30 June 2019	(Decrease)/ Increase	30 June 2019 (Restated)
	Rs	Rs	Rs
<b>Statement of Financial Performance (Classification of Expenses by Nature) (extract)</b>			
<b>Revenue</b>			
<b>Revenue from Non-Exchange Transactions</b>			
Other Transfers	1,778,518,840	402,978,471	2,181,497,311
<b>Expenses</b>			
Employee Costs	37,889,985,879	3,750,602,688	41,640,588,567
Finance Costs	12,651,150,742	1,103,701,722	13,754,852,464
Depreciation and Amortisation	3,245,011,848	(133,241,158)	3,111,770,690

## NOTES TO THE ACCOUNTS

	30 June 2019 (Adjusted) Rs	(Decrease)/ Increase Rs	30 June 2019 (Restated) Rs	30 June 2018 Rs	(Decrease)/ Increase Rs	1 July 2018 (Restated) Rs
<b>Statement of Financial Position (extract)</b>						
<b>ASSETS</b>						
Investments	32,012,525,428	72,100,807,035	104,113,332,463	23,410,851,727	1,305,375,268	24,716,226,995
Property, Plant and Equipment	369,520,149,620	139,445,787,172	508,965,936,792	364,244,281,920	450,901,960	364,695,183,880
Intangible Assets	991,751,058	48,889,182	1,040,640,240	922,821,681	165,520,146	1,088,341,827
<b>LIABILITIES</b>						
Payables	2,301,734,782	(320,772,160)	1,980,962,622	6,484,476,199	(4,930,606,638)	1,553,869,561
Government Debt	280,626,951,940	1,411,916,970	282,038,868,910	261,514,351,467	(147,011,142)	261,367,340,325
Employee Benefits Obligation	129,648,133,831	2,738,882,384	132,387,016,215	-	129,648,133,831	129,648,133,831
<b>NET ASSETS/EQUITY</b>						
Consolidated Fund	29,626,371,023	29,000	29,626,400,023	27,772,340,857	1,305,426,268	29,077,767,125
Accumulated Surplus/ (Deficit)	(20,461,403,368)	207,765,427,195	187,304,023,827	(184,258,609,116)	175,071,167,291	(9,187,441,825)
Reserve (Assets)	-	-	-	299,025,312,236	(299,025,312,236)	-

## NOTES TO THE ACCOUNTS

## 31. RECONCILIATION: DEFICIT WITH BUDGETARY RESULT

	Year Ended 30 June 2020	Year Ended 30 June 2019 (Restated)
	Rs	Rs
<b>Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)</b>	<b>(53,894,879,849)</b>	<b>(15,761,898,441)</b>
Prepayments	(1,427,051)	1,057,236
Accruals	363,885,362	(89,917,883)
Inventories	588,656,790	225,801,900
Depreciation and Amortisation	(4,781,812,645)	(3,111,770,690)
Net Movement in Investments	(7,072,400,328)	45,748,327
Losses on Foreign Exchange Transactions	(3,068,237,187)	(23,630,074)
Subscriptions to international organisations	(125,316,173)	(46,786,849)
Financing from Bank of Mauritius	18,000,000,000	-
Capitalisation of Dividend	4,555,820	14
Net Movement in Loan to Statutory and Other Bodies	22,702,244	27,391,300
Government Debt written-off	-	399,903,912
Net Movement in Non-Financial Assets	6,993,566,370	7,741,984,762
Carry-over of capital Expenditure	129,661,912	-
Net Movement in Employee Benefits	(2,366,941,472)	(4,745,959,676)
Interest and other adjustments in respect to Government Debt	1,092,919,101	(1,100,627,163)
<b>Deficit as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b>	<b><u>(44,115,067,106)</u></b>	<b><u>(16,438,703,325)</u></b>

## NOTES TO THE ACCOUNTS

## 32. RECONCILIATION: DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 30 June 2020	Year Ended 30 June 2019
	Rs	(Restated) Rs
<b>Deficit as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b>	<b>(44,115,067,106)</b>	<b>(16,438,703,325)</b>
<b>(a) (Gains)/Losses Adjustments</b>		
Gains on Disposal of Investments	-	(548,342)
Losses on Foreign Exchange Transactions	3,068,237,187	23,630,074
	<b>3,068,237,187</b>	<b>23,081,732</b>
<b>(b) Non-Cash Adjustments</b>		
Donations	(616,777,056)	-
Net Movement in Loan to Statutory and Other Bodies	(22,702,244)	(27,391,300)
Capitalisation of Dividend	(4,555,820)	(14)
Government Debt Written Off	-	(399,903,912)
Written Off of Advances/Placement/VAT & TDS	1,500	6,000
Net Movement in Investments	7,072,400,328	(45,199,985)
Direct Payment by Funding Agency	45,235,500	-
Interest Accrued	18,323,084	385,485,671
Depreciation and Amortisation	4,781,812,645	3,111,770,690
Net Movement on Non-Financial Assets	367,910,539	-
Net Movement in Employee Benefits	2,366,941,472	4,745,959,676
Interest and other Adjustments in respect of Government Debt	(1,092,919,101)	1,100,627,163
	<b>12,915,670,847</b>	<b>8,871,353,989</b>
<b>(c) Working Capital Movement</b>		
Increase/(Decrease) in Deposits	238,256,639	(721,373,576)
(Increase) in Advances	(186,196,999)	(644,995,765)
Increase/(Decrease) in Special Funds	10,817,085,617	(2,119,279,303)
Decrease/(Increase) in Prepayments	1,427,051	(1,057,236)
(Decrease)/Increase in Accruals	(789,398,026)	377,142,821
(Increase)/Decrease in Inventories	(579,950,583)	(225,801,900)
	<b>9,501,223,699</b>	<b>(3,335,364,959)</b>
<b>(d) Classification Adjustments</b>		
Dividends and Withdrawals from Income of Quasi Corporations	(2,704,342,604)	(1,323,991,438)
	<b>(2,704,342,604)</b>	<b>(1,323,991,438)</b>
<b>Net Cash flows from Operating Activities</b>	<b>(21,334,277,977)</b>	<b>(12,203,624,001)</b>

## NOTES TO THE ACCOUNTS

## 33. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

	Operating Activities Rs	Investing Activities Rs	Financing Activities Rs	Total Rs
<b>Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)</b>	<b>(46,359,306,431)</b>	<b>(7,535,573,418)</b>	-	<b>(53,894,879,849)</b>
<b>(a) Basis Differences</b>				
Carry-over of Capital Expenditure	(295,850,751)	396,784,457	-	100,933,706
Interest Accrued	18,323,084	-	-	18,323,084
Advances (increase)/decrease	(186,195,499)	1,980,822,440	-	1,794,626,941
Deposits increase	238,256,639	-	-	238,256,639
Investments and Other Securities (increase)	-	(6,322,873,985)	-	(6,322,873,985)
Loans to Statutory and Other Bodies (increase)	-	(644,839,437)	-	(644,839,437)
Net movement in Non-Financial Assets	(177,573,074)	177,573,074	-	-
Dividends and Withdrawals from Income of Quasi Corporations	(2,704,342,604)	2,704,342,604	-	-
Donations	(604,594,285)	-	-	(604,594,285)
Subscriptions to International Organisations	(125,316,173)	-	-	(125,316,173)
Borrowings (Increase)	-	-	54,305,472,458	54,305,472,458
Financing from Bank of Mauritius	18,000,000,000	-	-	18,000,000,000
Direct Payment by Funding Agency	45,235,500	3,464,633	-	48,700,133
<b>(b) Entity Differences</b>				
Special Funds (net)	10,817,085,617	-	-	10,817,085,617
<b>Actual Amount as presented in the Statement of Cash Flow (Statement AD)</b>	<b>(21,334,277,977)</b>	<b>(9,240,299,632)</b>	<b>54,305,472,458</b>	<b>23,730,894,849</b>

## NOTES TO THE ACCOUNTS

### 34. FINANCIAL RISK MANAGEMENT

The Government's activities are exposed to various risks comprising mainly interest rate risk, foreign exchange risk, liquidity risk and refinancing risk. Given that there is a trade-off between cost and risk, Government's debt management strategy aims at minimising the cost of the debt portfolio within an acceptable level of risk. The main risks as well as the risk management policies are set out below:

#### (i) Interest Rate Risk

Government is exposed to interest rate risk as the rate of interest might change and result in additional costs. In relation to domestic debt, almost all the Government securities have been issued at a fixed rate of interest.

With regard to Government external debt, the share of loans having variable interest rate represent some 63.3% of the total external debt. To mitigate this risk, the strategy in place is to have a balanced mix of fixed and variable interest rate loans over the medium term. Accordingly, new loans are being contracted at fixed interest rate.

#### *Interest Rate Sensitivity Analysis*

The Government is exposed to interest rate risk as interest rates in relation to inflation-indexed bonds (assuming changes in interest and inflation rate are correlated) and variable interest rate external debts may change. The table below details the sensitivity analysis to a 10 basis points increase and decrease in the interest rate:

	<b>Year Ended</b>	
	<b>30 June 2020</b>	
	<b>Rs million</b>	<b>Rs million</b>
<b>Government Debt:</b>		
<u>Inflation-Indexed Bonds:</u>	+10 bp	-10 bp
Impact on surplus/deficit	+10	-10
 <u>External Debts:</u>	 +10 bp	 -10 bp
Impact on surplus/deficit	+23	-23

Based on the above table, it can be noted that an increase/decrease of 10 basis points in interest rates would result in an increase/decrease in the interest payments by about Rs 33 million for the year 2019-2020.

#### (ii) Foreign Exchange Risk

Exposures to exchange rate risks arise as transactions denominated in foreign currencies are undertaken by Government. The strategy has been to minimise exchange rate exposures by having greater recourse to domestic financing and to align the currency composition of public sector external debt to that of exports of goods and services. Accordingly, the share of external debt in Government debt portfolio has been gradually reduced over the years and it stood at some 12.5% at 30 June 2020 (Based on nominal value). The currency composition of foreign debt has also been diversified. In addition, the foreign currency risk is mitigated by maintaining bank accounts denominated in foreign currencies.

## NOTES TO THE ACCOUNTS

### *Foreign Currency Sensitivity Analysis*

The table below details the sensitivity analysis regarding the impact of a 10 % increase or decrease in exchange rates:

	<b>Year Ended</b>	
	<b>30 June 2020</b>	
	<b>Interest Cost</b>	<b>Capital Repayments</b>
	<b>Rs million</b>	<b>Rs million</b>
Impact of an appreciation of MUR by 10%	-72	-1,088
Impact of a depreciation of MUR by 10%	+72	+1,088

As per the above table, a depreciation of 10% in MUR against all foreign currencies in which external debt has been contracted would increase interest payments and capital repayments for FY 2019-2020 by approximately Rs 72 million and Rs 1,088 million respectively.

#### (iii) Liquidity Risk

Liquidity risk refers to the risk that the Government will encounter difficulty in meeting its financial obligations when they fall due. The liquidity risk for government is managed and mitigated by having an efficient and effective cash flow forecasting system that ensures adequacy of cash resources to meet all government obligations as and when they fall due.

#### (iv) Refinancing Risk

Refinancing or rollover risk is the risk that redemptions of securities will be concentrated over the shorter term or in a particular year which might affect the refinancing ability of the Government. To mitigate refinancing risk, actions have been taken to gradually move towards instruments with longer term.

The average time to maturity of domestic debt was around 4.7 years at end of June 2020 and it is further envisaged to increase it to 5 years within the next 3 years.

Concerning external debt, the majority of the loans are contracted with a term of 15 to 20 years and include a moratorium of 5 years on capital repayment. Compared to Government securities which are redeemable as a bullet payment on maturity date, external loans are repayable on a semi-annual or annual basis. Therefore, the refinancing risk for external loans is quite low.