

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 is classified by both economic and functional classifications based, as far as possible, on the Government Finance Statistics Manual.

The Estimates is 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 2020 to 30 June 2021.

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 2020-2021, 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 2021.

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

ELEMENTS	ACCOUNTING BASIS
<u>Revenue</u>	
Revenue from Non-Exchange Transactions (Except for Income Tax-Companies & Bodies Corporate which is on cash basis)	Accrual
Revenue from Exchange Transactions (Except for Dividends and Withdrawals from Income of Quasi Corporations which are on cash basis)	Accrual
<u>Expenses</u>	
Employee Costs	Accrual
Subsidies	Cash
Grants	Partial Accrual
Social Benefits	Accrual
Operating Expenses	Accrual
Depreciation and Amortisation	Accrual
Financial Guarantee Expense	Accrual
Other Expenses (excluding Other Transfer Payments)	Accrual
- Other Transfer Payments (except for Transfers to Regional/International Organisations, Insurance & Compensation arising out of Government Liability)	Cash
Finance Costs	Accrual

ASSETS AND LIABILITIES	MEASUREMENT BASIS
<u>Assets</u>	
Receivables from Non-Exchange Transactions	At Cost
Receivables from Exchange Transactions	At Cost Less Expected Credit Losses
Loans and Advances	At Cost
Investments	
- Equity Investments and Redeemable Preference Shares	At Fair Value
- Other Investments	At Cost
Other Financial Assets	
- IMF -SDR Deposits	At Cost
- IMF -Reserve Tranche Position	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

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ASSETS AND LIABILITIES	MEASUREMENT BASIS
- Roads and Bridges	
• Acquired before 30 June 2020	At a value estimated by the Road Development Authority
• Acquired after 30 June 2020	At cost
- Donated Assets	Initially at fair value
Intangible Assets	At Cost
Prepayments	At Cost
<u>Liabilities</u>	
Payables	At Cost
Deposits	At Cost
Government Debt	
• Domestic Debt and External Debt (Except for Silver Retirement/Savings Bonds which are recognised at cost plus accrued interest)	At Amortised Cost
• IMF -SDR Allocations	At Cost
Financial Guarantee Liability	At the higher of present obligation and the amount initially recognised less cumulative amortisation
Employee Benefit Obligations	
• 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, 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 2020 to 30 June 2021.

2.4 Authorisation Date

The financial statements were authorised for issue on 29 December 2021 by Mr. S.D. Ramdeen, the Accountant-General.

NOTES TO THE ACCOUNTS

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.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise 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 and Receivables from Exchange Transactions

Receivables from Non-Exchange Transactions comprise receivables from taxation, contribution sociale généralisée, and fines, penalties and forfeits.

Receivables from Exchange Transactions comprise receivables from finance income, licences, rent & royalties, sales of goods and services and other revenue.

These are recognised when it is probable that the future economic benefits associated with the asset will flow to the Government and can be measured reliably. Receivables are accounted for on an accrual basis.

Impairment of Receivables

A loss allowance for expected credit losses (ECL) is recognised on receivables from exchange transactions. An impairment gain or loss is recognised in Statement of Financial Performance representing the amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

However, for non-exchange transactions, assessment has not been made to determine impairment with respect to receivables from non-exchange transactions.

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(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 or Deficit
Redeemable Preference Shares	Fair Value Through Surplus or Deficit
Other Investments (Fixed Deposits)	Cost

(a) Equity Investments and Redeemable Preference Shares 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.

(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.

(iv) Other Financial Assets

(a) IMF SDR Deposits

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

IMF SDR Deposits are translated at year-end exchange rate with any gains/losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

NOTES TO THE ACCOUNTS

(b) 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/losses recognised in the Statement of Performance as foreign exchange gains or losses.

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).

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

Valuation Methodology

The value of the roads as at 30 June 2020 has been estimated by the Road Development Authority based on the cost of constructing a road to the following standard:

SN	Road Type	Cost per km (MUR)
1	Motorways	120M
2	A Roads	75M
3	B Roads	65M

The value of roads constructed after 30 June 2020 has been measured at cost.

NOTES TO THE ACCOUNTS

- Dams
- Bridges

Valuation Methodology

The value of bridges as at 30 June 2020 has been estimated by Road Development Authority by using the benchmark of recently constructed bridges of similar nature and size.

The value of bridges constructed after 30 June 2020 has been measured at cost.

- Stadiums & Gymnasiums and
- Other Structures.

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

b) Transport Equipment:

- Ships/Vessels;
- Aircrafts/Helicopters; and
- Other Vehicles.

c) Other Machinery & Equipment:

- Medical Equipment;
- Office Equipment; and
- Machinery.

(ii) Land and Buildings

Land represents the estimated value of State Lands (main land) and Outer Islands. The valuation methodology is as follows:

State Lands acquired before 30 June 2018

These have been estimated by the Government Valuation Department. The direct comparison method has been used to some extent based on freehold sales evidence for various uses in the different regions of the island.

The methodology adopted for State Land leased by the government for various purposes is a reduced rate of 1/3 of freehold value. This rate was applied to these leased properties based on use such as residential, agricultural, industrial and commercial.

In cases where the State Land was leased for industrial use such as hotel, the rate per arpent obtained through analysis of sale of leasehold rights of State Land along the Pas Geometriques was adopted.

Forestry Lands, Parks and Gardens and Guardianages and Islets used as Nature Reserves were valued at a uniform rate of Rs 200,000/Arpent.

Public Beaches and Islets were valued based on rent paid per annum under the State Land Act and were capitalised in perpetuity at rate of 8%.

For Islets leased as hotels i.e industrial site, valuation has been carried out based on sales of leasehold rights along the Pas Geometriques.

For grazing land, 1/3 rate of market value of agricultural land as per region has been used for assessment.

NOTES TO THE ACCOUNTS

For Ex Tea Land, Agricultural Stations, MSPA Lands and land settlement, valuation has been based on freehold agricultural sales evidence according to different regions.

For National Parks used as touristic sites, a rate of Rs 2.5M/Arpent has been used based on previous valuation in respect of financial year 2016/2017.

For campment sites, valuation has been carried out based on Pas Geometriques sales evidences (leasehold sites).

In respect of land acquired by Government for different purposes, the amount of compensation reported to the Ministry of Housing & Land Use Planning has been used.

State Lands acquired after 30 June 2018

These have been recognised at cost.

Outer Islands

These have been recognised at the value estimated by the Government Valuation Department.

Buildings represent residential and non-residential buildings, whether purchased, constructed or upgraded.

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.

NOTES TO THE ACCOUNTS

(vi) Borrowing Costs

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

(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 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.

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. Internally generated intangible assets are not capitalised and expenditure is reflected in surplus or 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 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.

NOTES TO THE ACCOUNTS

(ii) Deposits

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

(iii) Government Debt

a) Domestic and External Debts

Initial Recognition and Measurement

Upon initial recognition, Domestic and External Debts are measured at 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 Treasury 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 Debts

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 or deficit. Amortised cost is calculated by taking into account any discount or premium on acquisition of these instruments excluding commitment fees, management charges and front-end fees.

- Silver Retirement/Savings Bonds

These instruments are recognised at cost plus accrued interest.

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.

b) International Monetary Fund (IMF)- SDR Allocations

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 Allocations are translated at year-end exchange rate with any gains/losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

NOTES TO THE ACCOUNTS**(iv) Financial Guarantee Liability**

The Government provides financial guarantee as and when required in respect of loans contracted by Public Sector Bodies. Such guarantees are given to the lender to reimburse the amount of any loss incurred in the event of non-repayment of the respective loans by the Public Sector Bodies.

These financial guarantee contracts are initially recognised as a liability at fair value.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the liability and the amount initially recognised less cumulative amortisation.

2.13 Employee Benefit Obligations**(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) and end of year bonus 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 represent 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 as per PRB 2016 and minimum monthly salary of Rs 27,400 or reckoning at least five years' service as per PRB 2021. 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.

NOTES TO THE ACCOUNTS**(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.

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 obligations and the current service cost.

Remeasurements, comprising actuarial gains and losses, are reflected immediately in net assets/equity.

(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.

2.14 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.

NOTES TO THE ACCOUNTS

For the financial year 2020/21, the revenue recognition policy adopted for each major type of taxation revenue is as follows:

Revenue Type	Revenue Recognition Point
Taxes on Income and Profits	<p>1. <u>Income Tax- Individuals (self-assessment)</u></p> <p>Revenue is recognised when the taxable activity takes place based on income tax returns submitted by the taxpayer by 15 October of the following financial year.</p> <p>Any revenue for the current financial year declared after 15 October or relating to prior periods are recognised as revenue in the year that the returns are submitted.</p> <p>Revenue recognised represents the net amount payable by the tax payer after any refund and deduction of any Pay As You Earn (PAYE) or Tax Deduction at Source (TDS).</p>
	<p>2. <u>Income Tax- Companies & Bodies Corporate</u></p> <p>Revenue is recognised on a cash basis.</p>
	<p>3. <u>Pay As You Earn (PAYE) and Tax Deduction at Source (TDS)</u></p> <p>Revenue is recognised in the financial year the taxable activity takes place based on returns submitted in the current financial year. PAYE /TDS for the month of June submitted up to the cut-off date of 31 July of the following financial year are recognised as revenue in the current financial year.</p> <p>PAYE /TDS relating to any month prior to June that are declared after the end of the current financial year and PAYE/TDS relating to any prior periods are recognised as revenue in the year in which the returns are submitted.</p>
Taxes on Property	Revenue is recognised on an accrual basis.
Taxes on Goods and Services and Taxes on International Trade and Transactions	<p>1. <u>Value Added Tax (VAT)</u></p> <p>Revenue is recognised in the year the taxable activity takes place based on returns relating to the current financial year submitted by the taxpayer during the financial year and returns pertaining to the month of June and Quarter April to June submitted by 31 July of the following financial year, net of any repayment.</p> <p>VAT returns for the month of July to May and Quarters July to March declared after financial year end and VAT relating to prior periods are recognised as revenue, net of any repayment in the year in which the returns are submitted.</p>
	<p>2. <u>Custom & Excise Duties and Other taxes collected at Customs</u></p> <p>Revenue is recognised in the financial year the taxable activity takes place based on the customs declarations submitted at customs.</p>
	<p>3. <u>Betting and Gaming Taxes</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>
Other Taxes	<p>1. <u>Environment Protection Fee (EPF)</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>
	<p>2. <u>Advertising Structure Fee, Shooting and Fishing Lease and Passenger Fee</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>

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Penalties, interests and surcharges arising in relation to taxation are recognised as revenue in the year when these charges are applied.

Revenue on assessments is recognised in the financial year in which the Assessment, Objection or Appeal is finalised i.e. after the resolution of the dispute.

For the financial year 2019/20, all taxation revenue were recognised on a cash basis.

(ii) Transfers

(a) Fines, Penalties and Forfeits

Fines, Penalties and Forfeits are recognised on an accrual basis. For the financial year 2019/20, these were recognised on a cash basis.

(b) Grants and Aid

Grants and Aid consist of Grants from Domestic and Foreign Governments, International Organisations and Other General Government Units.

These grants are recognised on an accrual basis.

(c) Other Transfers

Other transfers include:

- Transfer 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.
- Concessionary Loans
The difference between loan proceeds and the fair value of the loan on initial recognition is recognised as revenue.
- 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.
- 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.

(iii) Contribution Sociale Généralisée (CSG)

CSG is recognised on an accrual basis.

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2.15 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licenses, Finance Income, Dividends and Withdrawals from Income of Quasi Corporations, Rent and Royalties, Sales of Goods and Services and Other Revenue.

For the financial year 2020/21, these revenues except for Dividends and Withdrawals from Income of Quasi Corporations, have been recognised on an accrual basis. Dividends and Withdrawals from Income of Quasi Corporations have been recognised on a cash basis.

For the financial year 2019/20, all revenue were recognised on a cash basis.

2.16 Expenses

(i) Subsidies and Grants

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

Contributions to International/Regional Organisations, Insurance & Compensation arising out of Government Liability 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.

Operating expenses include rental expense on operating leases which are recognised on a straight-line basis over the lease terms. The Government does not currently hold any assets under a finance lease. The Government leases various offices, warehouses, rental of network lines amongst others. Rental of offices, warehouses and network lines are made for fixed periods between 2 to 10 years which may be extended. All other rental contracts are for short term lease, normally less than one year.

(iv) Other Expenses

Other expenses, except for other transfer payments are recognised on an accrual basis.

All transfer payments, except those made to regional/international organisations, Insurance & Compensation arising out of Government liability, 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 are measured at amortised cost and are recognised using the effective interest rate method.

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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: estimation of Receivables and loss allowance for expected credit losses on Receivables from Exchange Transactions, 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 benefit obligations, assumptions used in calculating the fair value of Government Debt for which there is no observable market price and Financial Risk and estimation to compute the value for Financial Guarantee Liability. 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 2021	30 June 2020
	Rs	Rs
Cash and Bank balances	40,292,906,562	27,290,921,022
Remittances	2,217,455,202	2,205,982,271
Total	42,510,361,764	29,496,903,293
Comprising :		
Local currency balances	37,382,086,848	26,892,079,674
Foreign currency balances - at local banks	5,058,706,042	2,571,239,957
Foreign currency balances - at external banks	69,568,874	33,583,662

As at 30 June 2021, there is no significant cash and cash equivalent balances that are not available for use.

Cash and cash equivalents include an amount of Rs 25,567,657,163 (2020: Rs 12,722,525,766) for Special Funds.

Non-cash transactions

Non-cash transaction amounted to Rs 3,095,729,943 (2020: Rs 1,456,404,509) as follows:

	30 June 2021	30 June 2020
	Rs	Rs (Restated)
Donated Property, Plant and Equipment	339,850,603	3,476,565
Loans Write-Off	2,300,000,000	-
Payment by the funding agencies directly to the contractor in respect of works for the Government	287,049,663	1,425,149,418
Others	168,829,677	27,778,526
Total	3,095,729,943	1,456,404,509

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5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2021	30 June 2020 (Restated)
	Rs	Rs
Income Tax - Individual	3,208,251,685	2,910,537,762
Value Added Tax	5,633,701,537	4,272,440,296
Income Tax – Companies & Bodies Corporate	3,506,019,347	-
Customs and Excise	35,239,668	20,561,823
Betting and Gaming	233,434,564	198,257,379
PAYE	1,336,319,322	611,826,367
TDS	401,041,496	12,164,816
Taxes on Property	414,018,587	377,268,664
Other Taxes	140,486,194	42,180,723
Fines, Penalties and Forfeits	67,244,785	81,721,271
Contribution Sociale Généralisée (CSG)	710,838,423	-
Total	15,686,595,608	8,526,959,101
- Within one year	15,686,595,608	8,526,959,101
- After one year	-	-
Total	15,686,595,608	8,526,959,101

Receivables from Income Tax – Companies & Bodies Corporate have been recognised for the first time in the financial statements for the financial year 2020-2021. Due to impracticability issue, no restatements have been made with respect to the financial year 2019-2020. Therefore, the comparative information is not comparable to the information presented for the financial year 2020-2021 for Income Tax – Companies & Bodies Corporate.

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. Arrears of Revenue is computed on a claim basis while receivables are computed when transactions are incurred.

Refer to Note 33(i) for details on the prior year adjustments.

During the financial year 2020-2021, an amount of Rs 1,413,283 was written off (Refer to Note 29).

NOTES TO THE ACCOUNTS

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	30 June 2021	30 June 2020 (Restated)
	Rs	Rs
Finance Income	1,028,324,825	2,304,649,078
Licence	212,689,918	202,924,369
Other Revenue	16,271,193	69,568,428
Rent & Royalties	742,537,694	671,169,971
Sales of Goods & Services	270,468,405	278,349,936
	<u>2,270,292,035</u>	<u>3,526,661,782</u>
Less: Loss Allowance	(149,761,466)	(136,059,734)
Total	<u>2,120,530,569</u>	<u>3,390,602,048</u>
- Within one year	2,120,530,569	3,390,602,048
- After one year	-	-
Total	<u>2,120,530,569</u>	<u>3,390,602,048</u>

During the financial year 2020-2021, an amount of Rs 1,527,304,336 was written off. Out of this amount, an amount of Rs 1,526,409,775 was charged directly through surplus/deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 29). The remaining amount of Rs 894,561 was written off against loss allowance (Refer to table below).

The changes in the loss allowance in respect of receivables from exchange transactions are as follows:

	Rs
Loss Allowance as at 1 July 2020	136,059,734
Receivables Write-Off	(894,561)
Impairment Loss	14,596,293
Loss Allowance as at 30 June 2021	<u>149,761,466</u>

Receivables from exchange transactions net of loss allowance has been recognised for the first time in the financial statements for the financial year 2020-2021.

Refer to Note 33(ii) for details on the prior year adjustments.

NOTES TO THE ACCOUNTS

7. LOANS AND ADVANCES

	30 June 2021			30 June 2020 (Restated)		
	Current Rs	Non-Current Rs	Total Rs	Current Rs	Non-Current Rs	Total Rs
Loans	1,476,463,087	8,250,816,245	9,727,279,332	2,570,355,296	8,908,886,729	11,479,242,025
Advances	1,920,679,553	2,177,182,172	4,097,861,725	1,908,534,768	2,322,411,831	4,230,946,599
Total	3,397,142,640	10,427,998,417	13,825,141,057	4,478,890,064	11,231,298,560	15,710,188,624

Refer to Note 33(iii) for details on the prior year adjustments.

(i) Loans

	30 June 2021 Rs	30 June 2020 (Restated) Rs
Loans as per Statement M- Statement of all Outstanding Loans financed from Revenue	9,723,121,744	11,475,975,181
Interest Capitalised on Accrual Basis	4,157,588	3,266,844
Loans as per Statement A- Statement of Financial Position	9,727,279,332	11,479,242,025

(ii) Advances

	30 June 2021 Rs	30 June 2020 Rs
Government Officers (include Motor Cars & Motor Cycles Advances)	1,996,697,288	2,085,464,323
Parastatals/Local Government/Corporate Bodies	1,995,601,514	2,041,055,607
Ministries/Departments	105,562,923	104,426,669
Total	4,097,861,725	4,230,946,599

NOTES TO THE ACCOUNTS

8. INVESTMENTS

Details of investments are shown below:

	30 June 2021	30 June 2020 (Restated)
	Rs	Rs
Equity Investments	108,099,765,631	103,237,096,950
Redeemable Preference Shares	200,000,000	200,000,000
Other Investments	11,510,295,000	914,695,000
Total	119,810,060,631	104,351,791,950
- Within one year	11,086,500,000	842,900,000
- After one year	108,723,560,631	103,508,891,950
Total	119,810,060,631	104,351,791,950

Refer to Note 33(iv) for details on the prior year adjustments.

(i) Equity Investments and Redeemable Preference Shares

Fair Value of Equity Investments and Redeemable Preference Shares

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.

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 latest share price following the resumption of dealings has been used.
Unquoted Investments	Level 3	Based on the Net Asset figures from the latest audited financial statements of investees except for: i) ISM Ltd and National Fishing Company Ltd, where their costs have been deemed to be their market value as no audited financial statements are available due to their recent incorporation;

NOTES TO THE ACCOUNTS

Category	Level	Basis
		ii) National Property Fund Ltd which is based on the unaudited financial statements for the financial year 2020/21.
Equity Participation	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees.
Redeemable Preference Shares	Level 3	Based on the value disclosed in the latest audited financial statements of investees.

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

	Level 1	Level 3	Total Carrying Amount	Total Fair Value
30 June 2021	Rs	Rs	Rs	Rs
Quoted investments	704,011,166	-	704,011,166	704,011,166
Unquoted investments	-	75,845,667,417	75,845,667,417	75,845,667,417
Equity participation	-	31,550,087,048	31,550,087,048	31,550,087,048
Redeemable Preference Shares		200,000,000	200,000,000	200,000,000
Total	704,011,166	107,595,754,465	108,299,765,631	108,299,765,631
30 June 2020 (Restated)				
Quoted investments	628,414,326	-	628,414,326	628,414,326
Unquoted investments	-	56,214,993,633	56,214,993,633	56,214,993,633
Equity participation	-	46,393,688,991	46,393,688,991	46,393,688,991
Redeemable Preference Shares		200,000,000	200,000,000	200,000,000
Total	628,414,326	102,808,682,624	103,437,096,950	103,437,096,950

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

There has been an equity investment of Rs 25 billion by the Mauritius Investment Corporation Ltd in Airport Holdings Ltd in December 2021, which as a result, will increase the Net Assets value of Government in the future.

NOTES TO THE ACCOUNTS

A reconciliation of fair value measurements in level 3 is set out below:

	Rs
Balance at 30 June 2019	102,282,693,066
Additions during the year	7,027,520,285
Disposal of investments	(73,953)
Dividend capitalised	4,555,820
Gains on foreign exchange transactions	282,082,817
Fair value loss on investment	(6,789,270,257)
Balance at 30 June 2020	102,807,507,778
Movement in fair value due to reclassification of redeemable preference shares	1,174,846
Balance at 30 June 2020 (restated)	102,808,682,624
Additions during the year	22,337,960,742
Dividend capitalised	1
Gains on foreign exchange transactions	248,405,841
Fair value loss on investment	(17,799,294,743)
Balance at 30 June 2021	107,595,754,465

(ii) Other Investments

Other Investments includes an amount of Rs 10,920,000,000 which pertains to Special Funds.

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

9. OTHER FINANCIAL ASSETS

	30 June 2021	30 June 2020
	Rs	Rs
IMF -SDR Deposits	4,313,379,338	3,937,250,300
IMF -Reserve Tranche Position	2,123,814,085	1,920,129,985
Total	6,437,193,423	5,857,380,285

IMF- SDR Deposits represent the rupee equivalent of the deposit of SDR 70,911,549 (2020: SDR 70,911,549) by the IMF to the Republic of Mauritius.

IMF – Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 34,915,303 (2020: SDR 34,582,356), whilst the Quota amounted to SDR 142,200,000 (2020: SDR 142,200,000).

Previously, the above items were presented separately on the face of the Statement A- Statement of Financial Position.

The movement in the Reserve Tranche is as follows:

	30 June 2021	30 June 2020
	Rs	Rs
Balance as at 1 July	1,920,129,985	1,069,362,969
Gains on Foreign Exchange Transactions	184,784,100	174,490,076
Transactions during the year	18,900,000	676,276,940
Balance as at 30 June	2,123,814,085	1,920,129,985

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure, Plant and Equipment			Land and Buildings		Asset under Construction (AUC)	Total
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings	Rs	Rs
	Rs	Rs	Rs	Rs	Rs		
COST							
At 30 June 2019	113,423,745,245	9,962,554,404	9,094,677,583	366,358,998,852	27,863,623,421	3,875,597,614	530,579,197,119
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)
Adjustment	76,750,000	-	-	-	-	-	76,750,000
At 30 June 2020 (Restated)	115,953,064,672	10,464,897,826	10,021,103,330	367,211,814,127	29,724,450,398	4,306,962,274	537,682,292,627
Additions	1,381,446,333	251,570,491	1,002,240,847	1,390,633,238	1,241,016,033	2,442,773,443	7,709,680,385
Transfer from AUC	863,266,304	-	-	-	1,224,400,738	(2,087,667,042)	-
Disposal	-	(725,000)	(5,508,790)	-	-	-	(6,233,790)
At 30 June 2021	118,197,777,309	10,715,743,317	11,017,835,387	368,602,447,365	32,189,867,169	4,662,068,675	545,385,739,222

NOTES TO THE ACCOUNTS

	Infrastructure, Plant and Equipment			Land and Buildings		Asset under Construction (AUC)	Total
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings		
	Rs	Rs	Rs	Rs	Rs		
DEPRECIATION							
At 30 June 2019	5,195,273,035	4,259,339,113	5,299,752,105	-	6,858,896,074	-	21,613,260,327
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)
Adjustment	95,863,715	-	(37,904,778)	-	(38,661)	-	57,920,276
At 30 June 2020 (Restated)	7,649,583,436	4,887,500,612	6,240,910,834	-	7,453,346,421	-	26,231,341,303
Charge for the year	2,450,161,438	607,881,622	964,160,221	-	643,718,962	-	4,665,922,243
Disposal	-	(725,000)	(4,586,167)	-	-	-	(5,311,167)
At 30 June 2021	10,099,744,874	5,494,657,234	7,200,484,888	-	8,097,065,383	-	30,891,952,379
Carrying Amounts							
At 30 June 2020 (Restated)	108,303,481,236	5,577,397,214	3,780,192,496	367,211,814,127	22,271,103,977	4,306,962,274	511,450,951,324
At 30 June 2021	108,098,032,435	5,221,086,083	3,817,350,499	368,602,447,365	24,092,801,786	4,662,068,675	514,493,786,843

Refer to Note 33 (vi) on prior year adjustments.

Donated assets amounting to Rs 339,850,603 (2020: Rs 3,476,565) have been recognised in the financial year 2020-2021. During the financial year ended 30 June 2021, the Government of Mauritius has received 17.25 Arpents of land valued at Rs 138,037,500 from Rose-Belle Sugar Estate Board following the waive-off of the loan balance due by the latter.

As at 30 June 2021, contractual commitments for the acquisition of Property, Plant, and Equipment amounted to Rs 2,449,462,519 (2020: Rs 123,753,806).

NOTES TO THE ACCOUNTS

11. INTANGIBLE ASSETS

	Licenses & Software	Asset Under Development (AUD)	Total
	Rs	Rs	Rs
COST			
At 30 June 2019	2,470,569,253	391,113,452	2,861,682,705
Additions	202,410,492	163,104,475	365,514,967
Transfer from AUD	61,500,605	(61,500,605)	-
Impairment	-	(367,702,808)	(367,702,808)
At 30 June 2020	2,734,480,350	125,014,514	2,859,494,864
Additions	146,290,568	122,755,964	269,046,532
Impairment	-	(153,086)	(153,086)
At 30 June 2021	2,880,770,918	247,617,392	3,128,388,310
AMORTISATION			
At 30 June 2019	1,821,042,465	-	1,821,042,465
Charge for the year	210,076,072	-	210,076,072
Adjustment	12,732,152	-	12,732,152
At 30 June 2020 (Restated)	2,043,850,689	-	2,043,850,689
Charge for the year	200,195,264	-	200,195,264
At 30 June 2021	2,244,045,953	-	2,244,045,953
Carrying Amounts			
At 30 June 2020 (Restated)	690,629,661	125,014,514	815,644,175
At 30 June 2021	636,724,965	247,617,392	884,342,357

Refer to Note 33(vii) for details on the prior year adjustments.

As at 30 June 2021, contractual commitments for the acquisition of Intangible Assets amounted to Rs 1,887,923 (2020: 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 wind up the project. During the year ended 30 June 2021, an amount of Rs 153,086 was incurred with respect to the project and same has been impaired at year end.

NOTES TO THE ACCOUNTS

12. PAYABLES

	30 June 2021	30 June 2020
	Rs	Rs
Cost of Borrowings	11,307,000	5,677,000
Accounts Payable	1,139,185,353	625,711,380
Retention Money on Contracts	453,258,327	446,487,156
Carry-over of Capital Expenditure	211,362,427	505,482,170
Total	1,815,113,107	1,583,357,706
- Within one year	1,559,870,211	1,552,385,176
- After one year	255,242,896	30,972,530
Total	1,815,113,107	1,583,357,706

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

	30 June 2021	30 June 2020
	Rs	Rs
Government Bonds	6,080,000	-
Treasury Notes	5,227,000	5,677,000
Total	11,307,000	5,677,000

13. DEPOSITS

	30 June 2021	30 June 2020
	Rs	Rs
Grants	284,071,732	42,136,075
Other Deposits	7,969,547,912	2,406,966,250
Total	8,253,619,644	2,449,102,325
- Within one year	6,886,844,611	1,742,997,392
- After one year	1,366,775,033	706,104,933
Total	8,253,619,644	2,449,102,325

The amount of liabilities recognised in respect of grants that are subject to conditions are Rs 284,071,732 (2020: Rs 42,136,075). Other Deposits include an amount of Rs 5 billion payable to Bank of Mauritius within 1 year.

NOTES TO THE ACCOUNTS

14. GOVERNMENT DEBT

	30 June 2021	30 June 2020
	Rs	Restated Rs
Domestic and External Debts	380,880,889,867	339,817,356,731
IMF -SDR Allocations	5,888,449,212	5,374,973,219
Total	<u>386,769,339,079</u>	<u>345,192,329,950</u>
- Within one year	86,064,586,334	84,491,859,449
- After one year	300,704,752,745	260,700,470,501
Total	<u>386,769,339,079</u>	<u>345,192,329,950</u>

A. Domestic and External Debts

a) Domestic and External Debts consist 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.

NOTES TO THE ACCOUNTS

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

	Domestic Debt (N1) Rs	External Debt Rs	Total Rs
Balance at 30 June 2019	250,232,803,509	31,806,065,401	282,038,868,910
Cash Flows:			
- Issue/ Receipt	122,499,369,300	9,020,992,809	131,520,362,109
- Redeemed/ Repayment	(66,363,034,305)	(10,875,078,051)	(77,238,112,356)
Non-Cash Movement:			
- Direct Payments	48,700,133	771,855,000	820,555,133
- Capitalised Interest on Conversion from SRB to SSB	6,969,390	-	6,969,390
- Expenses Disbursed Directly out of the Loan Proceeds	-	23,222,705	23,222,705
- Losses on Foreign Exchange Transactions	3,625,318	3,686,935,395	3,690,560,713
- Other Changes (N2)	130,976,765	(1,176,046,638)	(1,045,069,873)
Balance at 30 June 2020 (Restated)	306,559,410,110	33,257,946,621	339,817,356,731
Cash Flows:			
- Issue/ Receipt	108,949,847,498	26,283,638,481	135,233,485,979
- Redeemed/ Repayment	(93,018,891,370)	(4,909,609,707)	(97,928,501,077)
Non-Cash Movement:			
- Direct Payments	67,641,481	-	67,641,481
- Capitalised Interest on Conversion from SRB to SSB	23,953,476	-	23,953,476
- Capitalisation of Interest	1,139,433	-	1,139,433
- Expenses Disbursed Directly out of the Loan Proceeds	-	14,817,761	14,817,761
- Losses on Foreign Exchange Transactions	9,194,644	6,546,690,629	6,555,885,273
- Debt Forgiveness (N3)	-	(152,872,482)	(152,872,482)
- Other Changes (N2)	(338,289,274)	(2,413,727,434)	(2,752,016,708)
Balance at 30 June 2021	322,254,005,998	58,626,883,869	380,880,889,867
		30 June 2021	30 June 2020
		Rs	(Restated)
		Rs	Rs
- Within one year		86,064,586,334	84,491,859,449
- After one year		294,816,303,533	255,325,497,282
Total		380,880,889,867	339,817,356,731

NOTES TO THE ACCOUNTS

N1: Domestic Debt includes Government Securities held by non-residents.

N2: Other changes relates to non-exchange revenue and interest expense.

N3: The loan "Economic & Technical Cooperation - New Wards & OT Victoria Hospital" from the Government of the People's Republic of China has been written off during the financial year ended 30 June 2021.

Refer to Note 33 (viii) for details on the prior year adjustments.

B. IMF- SDR Allocations

The rupee equivalent of the total allocation of SDR 96,805,549 (2020: SDR 96,805,549) made to the Republic of Mauritius, i.e. Rs 5,888,449,212 as at 30 June 2021 (2020: Rs 5,374,973,219) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt.

Previously, the above item was presented separately on the face of the Statement A- Statement of Financial Position.

15. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2021	30 June 2020 (Restated)
	Rs	Rs
Liability in respect of Defined Benefit Plan (Refer to Note 16)	116,791,541,957	116,791,541,957
Accrued Sick Leave	7,502,597,860	6,552,736,137
Accrued Vacation Leave	8,546,146,865	8,365,603,582
Accrued Passage Benefits	3,689,162,874	3,044,076,010
Accrued Bonus	1,041,321,453	816,749,086
Accrued Basic Salary (Pay Research Bureau Report 2021)	457,462,969	-
Total	<u>138,028,233,978</u>	<u>135,570,706,772</u>
- Within one year	2,769,446,947	1,594,516,015
- After one year	135,258,787,031	133,976,190,757
Total	<u>138,028,233,978</u>	<u>135,570,706,772</u>

Refer to Note 33(x) for details on the prior year adjustments.

NOTES TO THE ACCOUNTS

16. DEFINED BENEFIT PLAN

Amounts Recognised in Statement Of Financial Position at End of Year:

	30 June 2021	30 June 2020
	Rs	Rs
Defined Benefit Obligations	116,791,541,957	116,791,541,957
Fair Value of Plan Assets	-	-
Liability Recognised in Statement of Financial Position at End of Year	116,791,541,957	116,791,541,957

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
<u>Amounts Recognised in Statement of Financial Performance:</u>		
Charge to Surplus or Deficit	7,537,414,996	6,546,841,482

Amounts Recognised in Statement of Net Assets/Equity:**Remeasurements**

Net Assets/Equity	-	-
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The plan is a defined benefit arrangement for the employees and it is unfunded.

Weighted average duration of the defined benefit obligations : 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 2021	Year Ended 30 June 2020
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.

NOTES TO THE ACCOUNTS

Significant actuarial assumptions for determination of the defined benefit obligations 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 obligations 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 obligations would increase by Rs 6,272 M (decrease by Rs 5,359M) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligations would increase by Rs 3,498 M (decrease by Rs 3,485 M) if all assumptions were held unchanged.

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.

17. FINANCIAL GUARANTEE LIABILITY

	30 June 2021	30 June 2020 (Restated)
	Rs	Rs
Balance as at 1 July	1,903,777,323	1,276,975,176
Increases (New Guarantees)	648,702,510	667,971,802
Remeasurement	(155,170,926)	(168,259,037)
Losses on Foreign Exchange Transactions	93,267,971	127,089,382
Balance as at 30 June	2,490,576,878	1,903,777,323
- Within one year	-	-
- After one year	2,490,576,878	1,903,777,323
Total	2,490,576,878	1,903,777,323

Details of the loan guaranteed by the Government as at 30 June 2021 are provided in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government.

Refer to Note 33(ix) for details on the prior year adjustments.

18. 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.

NOTES TO THE ACCOUNTS

The value of Net Assets/Equity of the Government as at 30 June 2021 amounted to Rs 180,939,055,525 (2020(restated): Rs 195,323,460,847). The movement in the Net Assets/ Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity.

(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 monies deposited with the Accountant-General by the various funds set up under the Finance and Audit Act. The total balance of Special Funds as at 30 June 2021 amounted to Rs 36,487,657,163 and comprise of investments and cash balances to the amount of Rs 10,920,000,000 and Rs 25,567,657,163 respectively. Details of Special Funds are provided in Statement H.

19. TAXATION

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Taxes on Income and Profits	26,427,974,303	26,816,731,058
Taxes on Property	5,702,005,871	5,062,389,081
Taxes on Goods and Services	32,743,545,270	54,567,219,747
Taxes on International Trade and Transactions	19,996,674,436	1,216,330,414
Other Taxes	1,722,322,220	1,529,205,069
Total	86,592,522,100	89,191,875,369

For the financial year under review, revenue from taxation have been measured on an accrual basis except for Income Tax-Companies & Bodies Corporate. However, the comparative figures for the year 2019-2020 were recognised on a partial accrual basis and hence is not entirely comparable.

NOTES TO THE ACCOUNTS

20. GRANTS AND AID

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Grants from Foreign Governments	1,334,478,570	4,140,311,600
Grants from International Organisations	312,866,497	147,573,016
Grants from Other General Government Units	570,020,341	-
Grant from Bank of Mauritius	-	18,000,000,000
Total	2,217,365,408	22,287,884,616

21. OTHER TRANSFERS

	Year Ended 30 June 2021	Year Ended 30 June 2020 (Restated)
	Rs	Rs
Transfer of Surplus Cash Balances from Statutory Bodies and Special Funds	150,000,000	371,570,000
Contribution from Bank of Mauritius (N1)	55,000,000,000	-
Contribution in respect of Tourism Development Projects on State Lands	-	5,622,064
Concessionary Loans	2,680,356,224	1,582,489,198
Goods in-kind	353,164,909	12,182,771
Debt Forgiveness	152,872,482	-
Others	287,125	-
Total	58,336,680,740	1,971,864,033

N1: This represents a One-off Solidarity Contribution from Bank of Mauritius.

22. LICENCES

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Road Motor Vehicle Licences	1,704,328,693	1,587,055,505
Company and Other Licences	795,298,863	1,008,246,640
Total	2,499,627,556	2,595,302,145

NOTES TO THE ACCOUNTS

23. DIVIDENDS AND WITHDRAWALS FROM INCOME OF QUASI CORPORATIONS

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Dividend from Quoted and Unquoted Investments	110,896,955	556,895,381
Withdrawals from Income of Quasi Corporations	992,103,379	2,152,003,043
Total	1,103,000,334	2,708,898,424

24. OTHER REVENUE

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Civil Service Family Protection Scheme	312,270,667	316,503,108
Miscellaneous Revenue	92,580,866	150,144,430
Total	404,851,533	466,647,538

25. EMPLOYEE COSTS

	Year Ended 30-Jun-21	Year Ended 30-Jun-20 (Restated)
	Rs	Rs
Wages, Salaries, Compensations and Allowances	27,458,142,212	25,778,450,423
Contributions to Defined Contribution Plan, Family Protection Scheme and National Savings Fund	1,702,567,792	855,601,703
Amount Recognised in respect of Defined Benefit Plans (Note 16)	7,537,414,996	6,546,841,482
Other Employee Benefits	5,191,894,302	6,589,150,066
Total	41,890,019,302	39,770,043,674

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.

NOTES TO THE ACCOUNTS

26. GRANTS

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	Rs
Donations and Contributions	29,783,095,328	10,374,311,303
Capital Grants	4,209,046,254	3,863,303,217
Current Grants	21,607,191,105	22,194,580,115
Total	55,599,332,687	36,432,194,635

27. SOCIAL BENEFITS

	Year Ended 30 June 2021	Year Ended 30 June 2020 (Restated)
	Rs	Rs
Social Assistance	757,571,535	754,317,796
Pension (Retirement, Widow, Invalid and Others)	35,440,790,787	30,235,599,667
Other Social Benefits	797,048,307	3,221,077,589
Total	36,995,410,629	34,210,995,052

28. OPERATING EXPENSES

	Year Ended 30 June 2021	Year Ended 30 June 2020 (Restated)
	Rs	Rs
Cost of Utilities	846,730,915	758,539,446
Fuel and Oil	267,018,515	248,416,759
Rental Expense	1,145,769,653	1,064,956,072
Office Expenses	123,400,037	137,889,721
Maintenance	1,203,534,770	1,288,326,819
Cleaning Services	937,009,235	782,958,743
Medical Supplies, Drugs and Scientific Equipment	2,732,338,878	3,152,837,392
Travelling and Mission Expenses	241,223,590	53,347,843
Other Operating Expenses	3,585,089,324	3,395,458,127
Total	11,082,114,917	10,882,730,922

NOTES TO THE ACCOUNTS

29. OTHER EXPENSES

	Year Ended 30-Jun-21	Year Ended 30-Jun-20 (Restated)
	Rs	Rs
Transfers	7,962,255,173	3,852,277,693
Insurance	9,269,038	11,009,981
Compensation arising out of Government Liability	13,948,495	9,290,187
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	192,358,199	106,025,547
Impairment Loss on Receivables from Exchange Transactions (N1)	14,596,293	-
Receivables from Exchange Transactions Write-Off (N1)	1,526,409,775	-
Receivables from Non Exchange Transactions Write-Off	1,413,283	-
Loans, Advances and Inventories Write-Off	2,497,112,925	7,182,865
Others	2,109,374,302	2,100,511,688
Total	14,326,737,483	6,086,297,961

N1: Refer to Note 6

30. FINANCE COSTS

	Year Ended 30 June 2021	Year Ended 30 June 2020 (Restated)
	Rs	Rs
Interest Expense on Domestic Debt	11,862,714,818	12,749,963,446
Interest Expense on External Debt	772,861,776	1,112,133,380
Management Charges	70,409,123	24,298,374
Total	12,705,985,717	13,886,395,200

31. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

(i) International Monetary Fund- 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 2021 stood at Rs 6,220,530,000 (2020: Rs 5,906,600,000),

NOTES TO THE ACCOUNTS

(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 2021 stood at Rs 9,196,738 (2020: Rs 9,196,738).

32. 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 2020 - 2021. The original estimates of expenditure amounting to Rs 144,300M (2020: Rs 123,700M) were passed by the National Assembly on 23 June 2020 and supplementary estimates amounting to Rs 17,000M and Rs 23,600M (2020: Rs 33,700M) were passed on 11 May 2021 and 30 June 2021 respectively (2020: 30 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 the resurgence of COVID-19 pandemic and also funds were transferred or re-allocated in accordance with the Virement Rules.

(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	3,385,959,280	3%	Recurrent revenue was lower mainly due to the lockdown and the impact of COVID-19 on the economy. This was partly offset by higher receipts from Social Contribution.
Recurrent Expenditure	(5,917,214,316)	(4%)	The increase in recurrent expenditure was mainly due to the transfer of Rs 4.6 billion to the State Trading Corporation to enable the latter to settle its liability following the determination of the Privy Council in the STC v/s Betamax case. Additional funds were also required for payment of pensions to a higher number of beneficiaries and to cater for Social Contribution with effect from September 2020.
Capital Revenue	5,802,634,592	19%	The lower capital revenue was due lower grant from Government of India and Government of

NOTES TO THE ACCOUNTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			Peoples' Republic of China and the exceptional contribution from the Bank of Mauritius being lower than expected.
Capital Expenditure	(15,313,963,383)	(51%)	Capital expenditure was higher essentially due to transfers to Special Funds for the implementation of various schemes and programmes following the resurgence of the COVID-19 pandemic. Provisions were required for the writing-off of long outstanding loans of some public bodies. These were, however, partly offset by delays in implementation of some capital projects.
Net Acquisition of Financial Assets	(16,140,850,043)	(1617%)	The increase was due to the equity injection in the National Property Fund Ltd and delays in the disposal of some non-strategic assets following the resurgence of COVID-19.

33. 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) Receivables from Non- Exchange Transactions

Receivables from Taxes on Property and Fines, Penalties and Forfeits have been recognised for the first time in the financial statements for the year ended 30 June 2021. These have been accounted retrospectively and the comparative figures restated by Rs 458,989,935.

Receivables from Income Tax- Individual has been overstated in the financial year 2019-20. Relevant adjustments have been made to restate the comparative figure by Rs 200 M.

(ii) Receivables from Exchange Transactions

Receivables from Exchange Transactions net of loss allowance has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 3,390,602,048.

(iii) Loans and Advances

Loans to Statutory and Other Bodies has been restated by Rs 3,266,844 relating to interest capitalised under accrual basis.

(iv) Adjustments to Fair Value of Investments

Redeemable Preference Shares held in Landscape (Mauritius) Ltd has been classified separately from Unquoted Shares for the first time in the financial statements for the year ended 30 June 2021. The re-classification has been applied

NOTES TO THE ACCOUNTS

retrospectively and this has impacted on the fair value of unquoted shares. The comparative fair value of unquoted shares held in Landscape (Mauritius) Ltd increased by Rs 1,174,846.

(v) Inventories

Inventories was understated by Rs 265,312,872 in the financial year 2019-2020. Relevant adjustment has been made to restate the comparative figure. This figure includes inventories written-off amounting to Rs 7,182,865.

(vi) Property, Plant and Equipment

Roads and Bridges and depreciation charge were undervalued by Rs 76,750,000 and Rs 57,920,276 respectively in the financial year 2019- 2020. Relevant adjustments have been made to restate the comparative figures.

(vii) Intangible Assets

Amortisation charge was undervalued by Rs 12,732,152. Relevant adjustment has been made to restate the comparative figure.

(viii) Government Debt

Government Debt was understated by Rs 7,308,537 in the financial year 2019-2020. Relevant adjustments have been made to restate the comparative figure.

(ix) Financial Guarantee Liability

Financial Guarantee Liability has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 1,903,777,323.

(x) Employee Benefit Obligations

End of year bonus accrual has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 816,749,086.

(xi) Adjustments to Consolidated Fund and Accumulated Surplus

Consolidated Fund balance has been restated by Rs 12,127,830,765 following a misclassification between Accumulated Surplus and Consolidated Fund.

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

NOTES TO THE ACCOUNTS

The effects of the above changes are illustrated below:

	30 June 2020	(Decrease)/ Increase	30 June 2020 (Restated)
	Rs	Rs	Rs
Statement of Financial Performance (Classification of Expenses by Nature) (extract)			
Revenue			
Revenue from Non-Exchange Transactions			
Other Transfers	2,003,654,218	(31,790,185)	1,971,864,033
Finance Income	254,218,261	3,266,844	257,485,105
Expenses			
Employee Costs	39,765,702,881	4,340,793	39,770,043,674
Social Benefits	34,211,022,537	(27,485)	34,210,995,052
Operating Expenses	11,155,158,330	(272,427,407)	10,882,730,923
Depreciation and Amortisation	4,781,812,645	70,652,428	4,852,465,073
Financial Guarantee Expense	-	499,712,766	499,712,766
Other Expenses	6,079,155,940	7,142,021	6,086,297,961
Finance Costs	13,886,395,201	24,481,647	13,910,876,848
Other Gains/(Losses)			
Fair Value Gain/ (Loss) on Investments	(7,072,400,328)	1,174,846	(7,071,225,482)
Losses on Foreign Exchange Transactions	(3,068,237,187)	(127,089,382)	(3,195,326,569)

NOTES TO THE ACCOUNTS

	30-Jun-20 (Adjusted) Rs	Increase/ (Decrease) Rs	30-Jun-20 (Restated) Rs	30-Jun-19 Rs	Increase/ (Decrease) Rs	1-Jul-19 (Restated) Rs
Statement of Financial Position (extract)						
ASSETS						
Receivables from Non-Exchange Transactions	8,267,969,166	258,989,935	8,526,959,101	-	-	-
Receivables from Exchange Transactions	-	3,390,602,048	3,390,602,048	-	-	-
Loans and Advances	15,706,921,780	3,266,844	15,710,188,624	16,641,832,446	-	16,641,832,446
Investments	104,350,617,104	1,174,846	104,351,791,950	104,113,332,463	-	104,113,332,463
Inventories	2,119,751,417	265,312,872	2,385,064,289	1,531,094,628	-	1,531,094,628
Property, Plant and Equipment	511,432,121,600	18,829,724	511,450,951,324	508,965,936,792	-	508,965,936,792
Intangible Assets	828,376,327	(12,732,152)	815,644,175	1,040,640,240	-	1,040,640,240
LIABILITIES						
Deposits	2,449,102,325	-	2,449,102,325	2,210,845,686	-	2,210,845,686
Government Debt	345,185,021,413	7,308,537	345,192,329,950	286,801,101,726	-	286,801,101,726
Employee Benefit Obligations	135,566,365,979	4,340,793	135,570,706,772	132,387,016,215	812,408,293	133,199,424,508
Financial Guarantee Liability	1,276,975,175	626,802,148	1,903,777,323	-	1,276,975,175	1,276,975,175
NET ASSETS/EQUITY						
Consolidated Fund	61,289,567,666	(12,127,830,765)	49,161,736,901	29,626,400,023	-	29,626,400,023
Accumulated Surplus	117,704,374,775	15,414,823,405	133,119,198,180	187,304,023,827	(2,089,383,469)	185,214,640,358

NOTES TO THE ACCOUNTS

34. RECONCILIATION: DEFICIT WITH BUDGETARY RESULT

	Year Ended 30 June 2021	Year Ended 30 June 2020 (Restated)
	Rs	Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	(30,419,771,571)	(53,894,879,849)
Prepayments	(792,633)	(1,427,051)
Accruals	(437,026,617)	363,885,362
Inventories	103,358,254	853,969,661
Depreciation and Amortisation	(4,866,117,507)	(4,852,465,073)
Net Movement in Investments	(17,723,697,903)	(7,071,225,482)
Loss on Foreign Exchange Transactions	(5,708,397,119)	(3,195,326,569)
Subscriptions to International Organisations	(369,592,232)	(125,316,173)
Financing from Bank of Mauritius	-	18,000,000,000
Capitalisation of Dividend	1	4,555,820
Net Movement in Loan to Statutory and Other Bodies	22,874,012	25,969,088
Net movement in Receivables from Exchange Transactions	2,487,162,639	-
Government Debt Write-Off	152,872,482	-
Net Movement in Non-Financial Assets	7,774,211,622	6,993,566,370
Carry-over of Capital Expenditure	140,893,595	129,661,912
Net Movement in Employee Benefits	(2,457,527,206)	(2,371,282,263)
Financial Guarantee Expense	(493,531,583)	(499,712,765)
Interest and Other Adjustments in respect to Government Debt	2,459,525,700	1,085,610,563
Deficit as presented in the Statement of Financial Performance (Statements AA & AB)	(49,335,556,066)	(44,554,416,449)

NOTES TO THE ACCOUNTS

35. RECONCILIATION: DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 30 June 2021	Year Ended 30 June 2020
	Rs	(Restated) Rs
Deficit as presented in the Statement of Financial Performance (Statements AA & AB)	(49,335,556,066)	(44,554,416,449)
(a) (Gains)/Losses Adjustments		
Loss on Foreign Exchange Transactions	5,708,397,119	3,195,326,569
	5,708,397,119	3,195,326,569
(b) Non-Cash Adjustments		
Donations	(572,573,091)	(616,777,056)
Net Movement in Loan to Statutory and Other Bodies	(22,874,012)	(25,969,088)
Net movement in Receivables from Exchange Transactions	(2,487,162,639)	-
Capitalisation of Dividend	(1)	(4,555,820)
Government Debt Write-Off	(152,872,482)	-
Loans and Advances Write-Off	2,482,340,439	1,500
Net Movement in Investments	17,723,697,903	7,071,225,482
Direct Payment by Funding Agency	3,469,718	45,235,500
Interest Accrued	(246,950,338)	41,545,790
Depreciation and Amortisation	4,866,117,507	4,852,465,073
Net Movement on Non-Financial Assets	434,853	367,910,539
Net Movement in Employee Benefits	2,457,527,205	2,371,282,263
Interest and Other Adjustments on Government Debt	(2,459,525,700)	(1,085,610,563)
Financial Guarantee Expense	493,531,583	499,712,765
	22,085,160,945	13,516,466,385
(c) Working Capital Movement		
Increase in Deposits	5,804,554,600	238,256,639
Decrease/(Increase) in Advances	244,737,810	(186,196,999)
Increase in Special Funds	23,445,131,397	10,817,085,617
Decrease in Prepayments	792,633	1,427,051
Increase/(Decrease) in Payables	459,530,687	(789,398,026)
(Increase) in Inventories	(90,043,948)	(845,263,455)
	29,864,703,179	9,235,910,827
(d) Classification Adjustments		
Dividends and Withdrawals from Income of Quasi Corporations	(1,103,000,333)	(2,704,342,604)
	(1,103,000,333)	(2,704,342,604)
Net Cash flows from Operating Activities	7,219,704,844	(21,311,055,272)

NOTES TO THE ACCOUNTS

36. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

	Operating Activities Rs	Investing Activities Rs	Financing Activities Rs	Total Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	(22,889,452,678)	(7,530,318,893)	-	(30,419,771,571)
(a) Basis Differences				
Carry-over of Capital Expenditure	163,397,665	(301,890,872)	-	(138,493,207)
Interest Accrued	(262,907,532)	-	-	(262,907,532)
Interest Capitalised	15,957,193	-	-	15,957,193
Advances (increase)/decrease	427,078,249	(293,993,375)	-	133,084,874
Deposits/Payables Increase	5,804,554,600	-	-	5,804,554,600
Investments and Other Securities (increase)	-	(24,660,248,204)	-	(24,660,248,204)
Loans to Statutory and Other Bodies (increase)	-	(489,201,424)	-	(489,201,424)
Net movement in Non-Financial Assets	(95,523,021)	95,523,021	-	-
Dividends and Withdrawals from Income of Quasi Corporations	(1,103,000,333)	1,103,000,333	-	-
Donations	(219,408,182)	-	-	(219,408,182)
Subscriptions to International Organisations	(262,092,232)	-	-	(262,092,232)
Borrowings (Increase)	-	-	37,304,984,902	37,304,984,902
Direct Payment by Funding Agency	3,469,718	64,171,763	-	67,641,481
Non-Cash Adjustment relating to Other Expense	(107,500,000)	-	-	(107,500,000)
Loans Write-Off	2,300,000,000	-	-	2,300,000,000
(b) Entity Differences				
Special Funds (net)	23,445,131,397	-	-	23,445,131,397
Actual Amount as presented in the Statement of Cash Flow (Statement AD)	7,219,704,844	(32,012,957,651)	37,304,984,902	12,511,732,095

NOTES TO THE ACCOUNTS

37. FINANCIAL RISK MANAGEMENT

Government 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 increase resulting in additional costs. In relation to domestic debt, almost 97% of Government securities have been issued at a fixed rate of interest.

With regard to Government external debt, the share of variable interest rate loans represent 33.8% of the total external debt at end June 2021 (2020: 63.3%). To mitigate this risk, the strategy in place is to have a nearly balanced mix of fixed and variable interest rate loans over the medium term. Accordingly, preference is being given to contract new loans at a fixed interest rate.

Interest Rate Sensitivity Analysis

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:

	Year Ended 30 June 2021		Year Ended 30 June 2020 (Restated)	
	Rs Million	Rs Million	Rs Million	Rs Million
Government Debt:				
<u>Inflation-Indexed Bonds:</u>	+10 bp	-10 bp	+10 bp	-10 bp
Impact on Surplus or Deficit	+10	-10	+10	-10
 <u>External Debts:</u>	+10 bp	-10 bp	+10 bp	-10 bp
Impact on Surplus or Deficit	+29	-29	+28	-28

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 39M for the year 2020-2021 (2020: Rs38 M- restated).

(ii) Foreign Exchange Risk

Exposure to exchange rate risks arise as transactions denominated in foreign currencies are undertaken by Government. The strategy has been to minimise exposures to exchange rate risks by having greater recourse to domestic financing and to align the currency composition of public sector external debt to that of export earnings of the country.

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Accordingly, the share of external debt in Government debt portfolio stood at 21.7% at 30 June 2021 (Based on nominal value) (2020:12.5%). 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.

Foreign Currency Sensitivity Analysis

The table below details the sensitivity analysis regarding the impact of a 5 % increase or decrease (2020: 5%- restated) in exchange rates:

		Year ended 30 June 2021	Year ended 30 June 2020 (Restated)
		Rs million	Rs million
Impact on profit (Appreciation of MUR)	+5%	+3,600	+2,200
Impact on loss (Depreciation of MUR)	-5%	-3,600	-2,200

As per the above table, an appreciation/depreciation of MUR by 5% against all foreign currencies in which external debt has been contracted would increase/decrease profits by Rs 3.6 billion for FY 2020-21 (2020: Rs 2.2 billion- restated).

(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 has been increased from 4.7 years at end of June 2020 to 5.0 years at end of June 2021.

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 Debts are repayable on a semi-annual or annual basis. Therefore, the refinancing risk for External Debts is quite low.

NOTES TO THE ACCOUNTS

38. OPERATING LEASE ARRANGEMENTS

Lease expense has been recognised in the Statement of Financial Performance under item rental expense (Refer to Note 28- Operating expenses).

As at 30 June, the outstanding commitments under non-cancellable operating leases, which fall due are as follows:

	30 June 2021	30 June 2020
	Rs	Rs
Within 1 year	527,765,055	399,432,320
Between 1 to 5 years	707,312,940	685,705,709
More than 5 years	122,399,401	95,428,122
Total	1,357,477,396	1,180,566,151