

## NOTES TO THE FINANCIAL STATEMENTS

### 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 financial statements 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 year from 1 July 2021 to 30 June 2022.

##### 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 2021-2022, the financial statements have been prepared in accordance with Section 19 (3A)(a) of the Finance & Audit Act 1973, as subsequently amended, that is, as far as possible in compliance with IPSAS and present fairly the financial transactions and financial position of Government as at 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS

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	Accrual
Revenue from Exchange Transactions (except for Dividends which are on cash basis)	Accrual
<b><u>Expenses</u></b>	
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

<b>ASSETS AND LIABILITIES</b>	<b>MEASUREMENT BASIS</b>
<b><u>Assets</u></b>	
Receivables from Non-Exchange Transactions	At Cost Less Expected Credit Losses
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 Amortised Cost
Other Financial Assets	
- IMF -SDR Deposits	At Cost
- IMF -Reserve Tranche Position	At Cost
Inventories (excluding Donated Inventories from Non-Exchange Transactions and Agricultural Produce)	Lower of Cost and Current Replacement Cost
- Donated Inventories from Non-Exchange Transactions and Agricultural Produce	At Fair Value
Biological Assets	At Fair Value
Property, Plant and Equipment (excluding Land, Roads, Bridges and Donated Assets and Other Assets)	At Cost

## NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES	MEASUREMENT BASIS
- Land	
• Acquired before 30 June 2018	At a value estimated by Government Valuation Department
• Acquired after 30 June 2018	At Cost
- 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
- Other Assets	At Fair Value
Intangible Assets	At Cost
Prepayments	At Cost
<b><u>Liabilities</u></b>	
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 Liabilities	At the higher of the best estimate of expenditure required to settle the liability and the amount initially recognised less cumulative amortisation
Social Benefits Liabilities	At Cost
Provisions	At Cost
Employee Benefit Obligations	
- Short-Term Employee Benefits	At Cost
- Post-Employment Benefits (except Defined Benefit Plans)	At Cost
- Defined Benefit Plans	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.

**NOTES TO THE FINANCIAL STATEMENTS****2.2 Reporting Entity**

The financial statements are for the Budgetary Central Government of the Republic of Mauritius, which comprises Ministries, Government Departments and Special Funds' bank balances and investments.

**2.3 Reporting Period**

The financial statements cover the financial year of the Government of Mauritius from 01 July 2021 to 30 June 2022.

**2.4 Authorisation Date**

The financial statements were authorised for issue on 29 December 2022 by Mr. S.D. Ramdeen, the Accountant-General.

**2.5 Foreign Currencies****(i) Functional and Presentation Currency**

The financial statements 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 and 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, fines, penalties and forfeits and social contributions.

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

## NOTES TO THE FINANCIAL STATEMENTS

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 non-exchange transactions and 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.

The policy of loss allowance on receivables has been determined using judgement, estimates and various assumptions which are deemed to be reasonable and appropriate. For Ministries and Departments, factors/indicators such as past trends, historic data, ageing analysis and long overdue payments for a period of more than 10 years have been used to calculate the loss allowance.

For tax revenue, the policy for the calculation of loss allowance is as follows:

	<b>% Debt unrecoverable</b>
Over 10 years	20
Between 5 and 10 years	10
Between 1 and 5 years	2
Less than 1 year	0

### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### *Classification and Subsequent Measurement of Investments*

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

Category	Classification and Subsequent 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)	Amortised 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 Amortised Cost**

Other investments (fixed deposits) held by Government and Special Funds at banks and financial institutions have been reported at amortised cost with any movement recognised in surplus or deficit.

(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.

**(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 Financial Performance as foreign exchange gains or losses.

## 2.8 Inventories

Inventories comprise mainly of distributable items, consumables and agricultural produce. Inventories, except for agricultural produce and donated inventories, are measured at lower of cost and current replacement cost. The cost has been determined using First In First Out Basis (FIFO).

## NOTES TO THE FINANCIAL STATEMENTS

Agricultural produce that has been harvested from biological assets are measured at fair value at the point of harvest. The costs to sell relating to agricultural produce was considered to be insignificant. A gain or loss arising on recognition of agricultural produce at fair value are recognised in surplus or deficit.

Donated inventories from non-exchange transactions for nil or nominal consideration are initially measured at its fair value at the date of receipt.

### 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 Biological Assets

Biological assets are split into the following categories:

- (i) Bearer Biological Assets (other than bearer plants);
- (ii) Consumable Biological Assets; and
- (iii) Agricultural Produce (classified under inventories).

Bearer biological assets (other than bearer plants) are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. Examples of bearer biological assets include breeding stocks (birds, tortoise, fruit bats, fish, ewes, rams, bull, cows, heifers, ducks, broiler chicken, hatchable eggs) and bees.

Consumable biological assets are those that are held for harvest as agricultural produce or for sale or distribution at no charge or for a nominal charge as biological assets such as animals and plants for one-time use. Examples of consumable biological assets are trees in a timber plantation forest, fish in farms, sheep and cattle weaners.

Agricultural produce is the harvested produce of biological assets such as produce growing on bearer plants biological assets.

The Government recognises biological assets when, and only when, the Government controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Government and the fair value or cost of the assets can be measured reliably.

Bearer biological assets (other than bearer plants) and consumable biological assets are measured at fair value, with any change therein recognised in surplus or deficit. The fair value has been estimated by Ministry of Agro Industry and Food Security and Ministry of Fisheries. The costs to sell relating to biological assets was considered to be insignificant.

The fair value of biological assets is determined based mainly on market prices, quantity and weight.

### 2.11 Property, Plant and Equipment

Property, Plant and Equipment include the following:

- (i) Infrastructure, Plant and Equipment;
- (ii) Land and Buildings;
- (iii) Assets under Construction; and
- (iv) Other Assets

Furniture, Fixtures and Fittings are currently being expensed.

## NOTES TO THE FINANCIAL STATEMENTS

### (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.

- 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, at that time.

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.



**NOTES TO THE FINANCIAL STATEMENTS**

## (ii) Land and Buildings

- Land

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 and revised as at 30 June 2022, based on the information provided by various Ministries and Departments. 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 Lands leased by the Government for various purposes is a reduced rate of 1/3 of freehold value. The rate for leased properties was based on use such as residential, agricultural, industrial and commercial.

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

Nature Reserve and Walks, Shooting and Fishing Leases and Gardienages have been valued at a uniform rate of Rs 250,000/Arpent.

Islets used as Nature Reserve have been valued at rates of Rs 200,000 and Rs 215,000 per Arpent depending on regions. Public Beaches and Islets were valued based on rent paid per annum under the State Lands 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.

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 used previously for valuation in respect of financial year 2018-2019, has been maintained for financial year 2021-2022.

For campement 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 and 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 as at 30 June 2018.

- Buildings

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

## NOTES TO THE FINANCIAL STATEMENTS

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. As from financial year 2021-2022, capital expenditure incurred under Special Funds have also been included.

(iv) **Other Assets**

Other Assets include Bearer Plants, Plants to maintain the ecosystem and trained Sniffer Dogs used to detect illicit substances. These are measured at fair value at end of each reporting date.

The fair value model had been used as it is considered to be more appropriate.

(v) **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.

(vi) **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.

(vii) **Borrowing Costs**

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

(viii) **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.

### 2.12 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. Internally generated intangible assets are not capitalised and expensed in the Statement of Financial Performance in the period in which the expenditure is incurred.

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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.

### 2.13 Financial Liabilities

#### (i) Payables

Payables 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 contractors, 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 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.

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- 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, that is, 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.

#### *(iv) Financial Guarantee Liabilities*

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.

### **2.14 Social Benefits Liabilities**

Social benefits are cash transfers provided to specific individuals and/or households who meet eligibility criteria, mitigate the effect of social risks and address the needs of society as a whole.

#### *(i) Initial Measurement*

The Government recognises a liability for a social benefit scheme when it:

- (a) has a present obligation for an outflow of resources that results from a past event; and

## NOTES TO THE FINANCIAL STATEMENTS

- (b) the present obligation can be measured in a way that achieves the qualitative characteristics and takes into account constraints on information.

The initial measurement of the liability for a social benefit scheme is at the best estimate of the costs, that is the social benefit payments, that the Government will incur in fulfilling the present obligations represented by the liability. The Government also recognises an expense for the social benefit scheme at an amount equivalent to the amount of the liability.

(ii) Subsequent Measurement

The liability is reduced as social benefit payments are made and any difference between the cost of making the social benefit payments and the carrying amount of the liability in respect of the social benefit scheme is recognised in surplus or deficit in the period in which the liability is settled.

### 2.15 Provisions

Provisions are recognised when the Government has a present obligation as a result of a past event and it is probable that the Government will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

### 2.16 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. The liabilities have not been 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, accumulated paid leave, passage benefits, and allowance in lieu of passage benefits.

Accumulated paid leave (annual sick leave and bank of sick leave and vacation leave upon retirement) 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 27,400 or reckoning at least five years' service as per Pay Research Bureau (PRB) Report 2021. Passage benefits are earned at the rate of 5% of the gross salaries annually. The carrying amount is re-measured each year end after taking into account amount paid and earned during the year.

**NOTES TO THE FINANCIAL STATEMENTS****(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.

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 in the Statement AC - Statement of Changes in Net Assets or 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.

**2.17 Contingent Assets and Contingent Liabilities**

The Government does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

The Government does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**2.18 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.

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For the financial year 2021-2022, the revenue recognition policy adopted for each major type of taxation revenue is as follows:

Tax 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 and Bodies Corporate</u></p> <p>Revenue is recognised when the taxable activity takes place based on tax returns submitted by the entities by 31 October following the end of the financial year. For entities which submit their tax return for the financial year after the 31 October, revenue for that income year is estimated based on the tax return submitted for the previous financial year end.</p> <p>Any revenue relating to prior periods are recognised as revenue in the year of submission of returns.</p> <p>For the financial year 2020-2021, revenue was recognised on 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 when the taxable activity takes place based on returns submitted in the current financial year. PAYE and 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 and 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 when 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 and Excise Duties and Other taxes collected at Customs</u></p> <p>Revenue is recognised in the financial year when 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>

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Tax Type	Revenue Recognition Point
	4. <u>Passenger Fee</u>  Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
Other Taxes	1. <u>Environment Protection Fee (EPF)</u>  Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
	2. <u>Advertising Structure Fee and Special Levy on Banks</u>  Revenue is recognised when taxes are declared in the tax payers returns during the financial year.

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 finalized, that is, after the resolution of the dispute.

(ii) Transfers

(a) Fines, Penalties and Forfeits

Fines, Penalties and Forfeits are recognised on an accrual basis.

(b) Grants and Aid

Grants and Aid consist of Grants from 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.
- Contribution in respect of Tourism Development Projects on State Lands. These are recognised on cash basis.
- Concessionary Loans  
The difference between loan proceeds and the fair value of the loan on initial recognition is recognised as revenue.



## NOTES TO THE FINANCIAL STATEMENTS

- 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 and Donor Agencies are recognised as revenue when the debt no longer meets the definition of a liability.

(iii) Social Contributions (previously presented as 'Contribution Sociale Généralisée' (CSG))

Social Contributions is recognised on an accrual basis.

### 2.19 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licences, Finance Income, Dividends (previously presented as Dividends and Withdrawals from Income of Quasi Corporations), Rent and Royalties, Sales of Goods and Services and Other Revenue.

For the financial year 2021-2022, these revenues except for Dividends have been recognised on an accrual basis. Dividends have been recognised on a cash basis.

### 2.20 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 are recognised in the period to which they relate.

(ii) Social Benefits

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

(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, equipment in connection with safe city projects, rental of network lines amongst others. Rental contracts of offices, warehouses, equipment in connection with safe city projects 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.

## NOTES TO THE FINANCIAL STATEMENTS

### (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 and Insurance and 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.

## 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, loss allowance for expected credit losses on Receivables, selection of useful lives and the depreciation/amortisation method for Property Plant and Equipment and Intangible Assets, estimating the fair value of certain categories of Property Plant and Equipment, Biological Assets 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 estimation to compute the value for Financial Guarantee Liabilities. The 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 2022	30 June 2021
	Rs	Rs
Cash and Bank balances	18,928,625,991	40,292,906,562
Remittances	2,744,429,139	2,217,455,202
<b>Total</b>	<b>21,673,055,130</b>	<b>42,510,361,764</b>
<b>Comprising :</b>		
Local currency balances	19,037,456,885	37,382,086,848
Foreign currency balances - at local banks	2,573,682,737	5,058,706,042
Foreign currency balances - at external banks	61,915,508	69,568,874

As at 30 June 2022, there is no significant cash and cash equivalents balances that are not available for use.

Cash and cash equivalents include an amount of Rs 15,852,728,653 (2021: Rs 25,567,657,163) for Special Funds.

## NOTES TO THE FINANCIAL STATEMENTS

*Non-cash transactions*

Non-cash transactions amounted to Rs 1,828,649,306 (2021: Rs 3,187,854,497) as follows:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Donated Property, Plant and Equipment	13,637,541	339,850,603
Loans Write-Off	-	2,300,000,000
Payment by the funding agencies directly to the contractor in respect of works for the Government	1,102,703,200	287,049,663
Conversion of Advances to Equity Instruments	680,000,000	-
Others	32,308,565	260,954,231
<b>Total</b>	<b>1,828,649,306</b>	<b>3,187,854,497</b>

## 5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Taxes on Income and Profits	9,859,386,370	9,825,558,029
Taxes on Property	16,079,254	15,671,407
Taxes on Goods and Services	7,749,512,299	6,621,872,021
Taxes on International Trade and Transactions	2,007,884	4,203,417
Other Taxes	155,590,237	142,545,709
Fines, Penalties and Forfeits	112,005,878	67,289,785
Social Contributions	1,018,299,607	740,591,250
	<u>18,912,881,529</u>	<u>17,417,731,618</u>
Less : Loss Allowance	(593,519,713)	(541,787,787)
<b>Total</b>	<b>18,319,361,816</b>	<b>16,875,943,831</b>
	<u><u>18,319,361,816</u></u>	<u><u>16,875,943,831</u></u>
- Within one year	8,396,838,180	7,873,299,105
- After one year	9,922,523,636	9,002,644,726
<b>Total</b>	<b>18,319,361,816</b>	<b>16,875,943,831</b>

## NOTES TO THE FINANCIAL STATEMENTS

The ageing of receivables from non-exchange transactions are as follows:

	<b>30 June 2022</b>
	<b>Rs</b>
Less than 1 year	9,685,692,665
Between 1 to 5 years	5,048,712,087
Between 5 to 10 years	2,438,278,813
Over 10 years	<u>1,146,678,251</u>
<b>Total</b>	<b><u><u>18,319,361,816</u></u></b>

During the financial year 2021-2022, an amount of Rs 339,654,694 was written off. Out of this amount, an amount of Rs 18,135,133 (2021: Rs 1,413,283) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 33). The remaining amount of Rs 321,519,561 was written off against loss allowance (Refer to table below).

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

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>Rs</b>	<b>(Restated)</b>
	<b>Rs</b>	<b>Rs</b>
<b>Loss Allowance as at 01 July</b>	541,787,787	-
Receivables Write-Off	(321,519,561)	-
Impairment Loss	373,251,487	541,787,787*
<b>Loss Allowance as at 30 June</b>	<b><u><u>593,519,713</u></u></b>	<b><u><u>541,787,787</u></u></b>

\* Loss allowance on receivables from non-exchange transactions amounting to Rs 541,787,787 has been recognised for the first time in the financial statements for the financial year 2020-2021.

Refer to Note 37(j) for details on the prior year adjustments.

## NOTES TO THE FINANCIAL STATEMENTS

## 6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Licences	83,461,361	212,689,918
Finance Income	1,031,900,716	905,495,078
Rent and Royalties	1,096,354,560	744,977,392
Sales of Goods & Services	298,757,572	331,415,542
Other Revenue	195,488,838	139,100,940
	<u>2,705,963,047</u>	<u>2,333,678,870</u>
Less: Loss Allowance	(137,648,458)	(149,939,105)
<b>Total</b>	<b><u>2,568,314,589</u></b>	<b><u>2,183,739,765</u></b>
- Within one year	276,255,673	2,181,951,406
- After one year	2,292,058,916	1,788,359
<b>Total</b>	<b><u>2,568,314,589</u></b>	<b><u>2,183,739,765</u></b>

The ageing of receivables from exchange transactions are as follows:

	30 June 2022
	Rs
Less than 1 year	275,939,245
Between 1 to 5 years	1,973,493,859
Between 5 to 10 years	304,253,159
Over 10 years	<u>14,628,326</u>
<b>Total</b>	<b><u><u>2,568,314,589</u></u></b>

During the financial year 2021-2022, an amount of Rs 53,049,473 (2021 : Rs 1,527,304,336) was written off. Out of this amount, an amount of Rs 2,600 (2021 : Rs 1,526,409,775) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 33). The remaining amount of Rs 53,046,873 (2021: Rs 894,561) was written off against loss allowance (Refer to table below).

## NOTES TO THE FINANCIAL STATEMENTS

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

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
<b>Loss Allowance as at 01 July</b>	149,939,105	136,059,734
Receivables Write-Off	(53,046,873)	(894,561)
Impairment Loss	40,756,226	14,773,932*
<b>Loss Allowance as at 30 June</b>	<b>137,648,458</b>	<b>149,939,105</b>

\* Impairment loss amounting to Rs 14,773,932 has been restated to include an amount of Rs 177,639 in respect of rent and royalties which has been recognised for the first time in the financial year 2020-2021.

Refer to Note 37(ii) for details on the prior year adjustments.

## 7. LOANS AND ADVANCES

	30 June 2022			30 June 2021		
	Current Rs	Non-Current Rs	Total Rs	Current Rs	Non-Current Rs	Total Rs
Loans	2,188,418,608	8,043,074,724	10,231,493,332	1,476,463,087	8,250,816,245	9,727,279,332
Advances	943,314,350	3,188,200,013	4,131,514,363	1,920,679,553	2,177,182,172	4,097,861,725
<b>Total</b>	<b>3,131,732,958</b>	<b>11,231,274,737</b>	<b>14,363,007,695</b>	<b>3,397,142,640</b>	<b>10,427,998,417</b>	<b>13,825,141,057</b>

## (i) Loans

	30 June 2022	30 June 2021
	Rs	Rs
<b>Loans as per Statement M- Statement of all Outstanding Loans financed from Revenue</b>	<b>10,224,913,735</b>	<b>9,723,121,744</b>
Interest Capitalised on Accrual Basis	6,579,597	4,157,588
<b>Loans as per Statement A- Statement of Financial Position</b>	<b>10,231,493,332</b>	<b>9,727,279,332</b>

## NOTES TO THE FINANCIAL STATEMENTS

The ageing of the loans are as follows:

	30 June 2022
	Rs
Less than 1 year	2,188,418,608
Between 1 to 5 years	4,366,501,624
Between 5 to 10 years	2,796,214,116
Over 10 years	880,358,984
<b>Total</b>	<b>10,231,493,332</b>

**(ii) Advances**

	30 June 2022	30 June 2021
	Rs	Rs
Government Officers (include Motor Cars and Motor Cycles Advances)	1,993,255,919	1,996,697,288
Parastatals/Local Government/Corporate Bodies	978,405,921	1,995,601,514
Ministries/Departments	1,159,852,523	105,562,923
<b>Total</b>	<b>4,131,514,363</b>	<b>4,097,861,725</b>

**8. INVESTMENTS**

Details of investments are shown below:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Equity Investments	114,017,302,130	97,930,744,566
Redeemable Preference Shares	200,000,000	200,000,000
Other Investments	19,526,009,121	11,558,229,071
<b>Total</b>	<b>133,743,311,251</b>	<b>109,688,973,637</b>
- Within one year	19,432,000,104	11,129,359,332
- After one year	114,311,311,147	98,559,614,305
<b>Total</b>	<b>133,743,311,251</b>	<b>109,688,973,637</b>

Refer to Note 37(iii) for details on the prior year adjustments.

## NOTES TO THE FINANCIAL STATEMENTS

### (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
Unquoted Investments	Level 3	Based on the Net Asset figures from the latest audited financial statements of investees except for: i) ISM Ltd, National Fishing Company Ltd and Mauritius Institute of Biotechnology Ltd, where their costs have been deemed to be their market value as no audited financial statements are available due to their recent incorporation; ii) Airport Holdings Ltd , whereby the latest valuation carried out in 2021 was considered - Government's investment in the company was valued at Rs 26 billion
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



## NOTES TO THE FINANCIAL STATEMENTS

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
	Rs	Rs	Rs	Rs
<b>30 June 2022</b>				
Quoted investments	717,819,495	-	717,819,495	717,819,495
Unquoted investments	-	81,835,154,830	81,835,154,830	81,835,154,830
Equity participation	-	31,464,327,805	31,464,327,805	31,464,327,805
Redeemable Preference Shares	-	200,000,000	200,000,000	200,000,000
<b>Total</b>	<b>717,819,495</b>	<b>113,499,482,635</b>	<b>114,217,302,130</b>	<b>114,217,302,130</b>
<b>30 June 2021</b> <b>(Restated)</b>				
Quoted investments	704,011,166	-	704,011,166	704,011,166
Unquoted investments	-	65,676,646,352	65,676,646,352	65,676,646,352
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
<b>Total</b>	<b>704,011,166</b>	<b>97,426,733,400</b>	<b>98,130,744,566</b>	<b>98,130,744,566</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

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

	Rs
<b>Balance at 30 June 2020</b>	<b>102,808,682,624</b>
<i>Prior year adjustments :</i>	
Dividends capitalised	87,542,932
Fair value loss on investment	(87,542,932)
<b>Balance at 30 June 2020 (restated)</b>	<b>102,808,682,624</b>
Additions during the year	22,337,960,742
Dividends capitalised	1
Gains on foreign exchange transactions	248,405,841
Fair value loss on investment	(17,799,294,743)
<i>Restatements:</i>	
Dividends capitalised	92,124,554
Gains on foreign exchange transactions	12,099,849
Fair value loss on investment	(10,273,245,468)
<b>Balance at 30 June 2021 (restated)</b>	<b>97,426,733,400</b>
Additions during the year	30,942,091,665
Dividends capitalised	26,755,652
Conversion of advance into equity	680,000,000
Gains on foreign exchange transactions	27,417,238
Disposal of investments	(13,791,119,613)
Fair value loss on investment	(1,812,395,707)
<b>Balance at 30 June 2022</b>	<b>113,499,482,635</b>

## (ii) Other Investments

Other Investments have been recognised at amortised cost for the first time in the financial statements for the financial year ended 30 June 2022 and prior year figures have been restated retrospectively.

A reconciliation of amortised cost is shown below:

	Government Rs	Special Funds Rs	Total Rs
<b>Balance at 30 June 2020</b>	<b>594,695,000</b>	<b>320,000,000</b>	<b>914,695,000</b>
Movement in interest receivable	26,566,076	10,542,939	37,109,015
<b>Balance at 30 June 2020 (restated)</b>	<b>621,261,076</b>	<b>330,542,939</b>	<b>951,804,015</b>
Additions during the year	-	10,600,000,000	10,600,000,000
Redemption of fixed deposits	(4,400,000)	-	(4,400,000)
Movement in interest receivable	(17,446,324)	28,271,380	10,825,056
<b>Balance at 30 June 2021 (restated)</b>	<b>599,414,752</b>	<b>10,958,814,319</b>	<b>11,558,229,071</b>
Additions during the year	-	8,002,000,000	8,002,000,000
Redemption of fixed deposits	(4,400,000)	(40,000,000)	(44,400,000)
Movement in interest receivable	1,107,051	9,072,999	10,180,050
<b>Balance at 30 June 2022</b>	<b>596,121,803</b>	<b>18,929,887,318</b>	<b>19,526,009,121</b>

Additional details in respect of investments are provided in the Statement F - Detailed Statement of Investments as at 30 June 2022.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. INVENTORIES

	30 June 2022	30 June 2021
	Rs	Rs
<i>Inventories consist of the following:</i>		
Inventories for Distribution and Consumption	2,583,421,318	2,475,108,237
Donated inventories	174,800,329	13,314,306
Agricultural Produce	37,498,259	-
<b>Total</b>	<b>2,795,719,906</b>	<b>2,488,422,543</b>

Inventories amounting to Rs 23,802,873 (2021: Rs 14,846,205) was written-off during the financial year 2021-2022.

Agricultural Produce has been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

## 10. OTHER FINANCIAL ASSETS

	30 June 2022	30 June 2021
	Rs	Rs
IMF -SDR Deposits	12,509,787,642	4,313,379,338
IMF -Reserve Tranche Position	2,418,161,031	2,123,814,085
<b>Total</b>	<b>14,927,948,673</b>	<b>6,437,193,423</b>

IMF- SDR Deposits represent the rupee equivalent of the deposit of SDR 207,203,854 (2021: 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 40,052,821 (2021: SDR 34,915,303), whilst the Quota amounted to SDR 142,200,000 (2021: SDR 142,200,000).

The movement in the Reserve Tranche is as follows:

	30 June 2022	30 June 2021
	Rs	Rs
<b>Balance as at 1 July</b>	<b>2,123,814,085</b>	<b>1,920,129,985</b>
(Loss)/Gain on Foreign Exchange Transactions	(16,155,956)	184,784,100
Transactions during the year	310,502,902	18,900,000
<b>Balance as at 30 June</b>	<b>2,418,161,031</b>	<b>2,123,814,085</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 11. BIOLOGICAL ASSETS

	<b>30 June 2022</b>
	<b>Rs</b>
Bearer Biological assets	7,893,984
Consumable Biological Assets (N1)	778,799,359
	786,693,343

N1: Consumable Biological Assets exclude agricultural produce. Agricultural produce has been recognised under Inventory (Refer to Note 9).

Biological Assets have been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

## NOTES TO THE FINANCIAL STATEMENTS

## 12. 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	Other Assets		
	Rs	Rs	Rs	Rs	Rs	Rs		
<b>COST</b>								
<b>At 30 June 2020</b>	<b>115,953,064,672</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>537,682,292,627</b>
Adjustment <sup>1</sup>	218,250,000	-	-	-	-	-	-	218,250,000
<b>At 30 June 2020 (Restated)</b>	<b>116,171,314,672</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>537,900,542,627</b>
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	863,266,303	-	-	-	1,224,400,738	-	(2,087,667,041)	-
Disposal	-	(725,000)	(5,508,790)	-	-	-	-	(6,233,790)
Impairment	-	(48,552,341)	-	-	-	-	-	(48,552,341)
Adjustment <sup>1</sup>	44,249,358	-	-	-	-	-	-	44,249,358
Adjustment <sup>2</sup>	-	-	-	-	-	7,030,000	-	7,030,000
<b>At 30 June 2021 (Restated)</b>	<b>118,460,276,666</b>	<b>10,667,190,976</b>	<b>11,017,835,387</b>	<b>368,602,447,365</b>	<b>32,189,867,169</b>	<b>7,030,000</b>	<b>4,662,068,676</b>	<b>545,606,716,239</b>
Additions	524,069,206	1,244,982,266	988,122,946	1,115,589,212	596,580,680	900,000	3,533,102,802	8,003,347,112
Transfer from AUC	29,428,930	-	586,186	-	652,182,837	-	(682,197,953)	-
Disposal	-	(122,383,588)	(10,163,371)	-	-	(560,000)	-	(133,106,959)
Adjustment <sup>3</sup>	-	-	-	10,899,120,323	-	2,678,000	-	10,901,798,323
<b>At 30 June 2022</b>	<b>119,013,774,802</b>	<b>11,789,789,654</b>	<b>11,996,381,148</b>	<b>380,617,156,900</b>	<b>33,438,630,686</b>	<b>10,048,000</b>	<b>7,512,973,525</b>	<b>564,378,754,715</b>

## NOTES TO THE FINANCIAL STATEMENTS

	Infrastructure, Plant and Equipment			Land and Buildings		Other Assets	Asset Under Construction (AUC)	TOTAL
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings			
	Rs	Rs	Rs	Rs	Rs			
<b>DEPRECIATION</b>								
<b>At 30 June 2020</b>	7,649,583,436	4,887,500,612	6,240,910,834	-	7,453,346,421	-	-	26,231,341,303
Adjustment <sup>1</sup>	4,365,000	-	-	-	-	-	-	4,365,000
<b>At 30 June 2020 (Restated)</b>	7,653,948,436	4,887,500,612	6,240,910,834	-	7,453,346,421	-	-	26,235,706,303
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)
Adjustment <sup>1</sup>	5,249,987	-	-	-	-	-	-	5,249,987
<b>At 30 June 2021 (Restated)</b>	10,109,359,861	5,494,657,234	7,200,484,888	-	8,097,065,383	-	-	30,901,567,366
Charge for the year	2,468,352,056	644,092,054	967,457,541	-	668,671,463	-	-	4,748,573,114
Disposal	-	(115,540,659)	(9,572,144)	-	-	-	-	(125,112,803)
<b>At 30 June 2022</b>	12,577,711,917	6,023,208,629	8,158,370,285	-	8,765,736,846	-	-	35,525,027,677
<b>Carrying Amounts</b>								
<b>At 30 June 2021 (Restated)</b>	108,350,916,805	5,172,533,742	3,817,350,499	368,602,447,365	24,092,801,786	7,030,000	4,662,068,676	514,705,148,873
<b>At 30 June 2022</b>	106,436,062,885	5,766,581,025	3,838,010,863	380,617,156,900	24,672,893,840	10,048,000	7,512,973,525	528,853,727,038

1. Relates to Infrastructure Assets (Roads). Refer to Note 37 (iv) on prior year adjustments.

2. Relates to Sniffer Dogs. Refer to Note 37 (iv) on prior year adjustments.

3. (a) Rs 10,899,120,323 relates to the Revised Land estimate, further to the Valuation Department Report as at 30 June 2022.

(b) Under Other Assets, Bearer Plants and Plants to maintain the ecosystem amounting to Rs 2,678,000 have been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

**NOTES TO THE FINANCIAL STATEMENTS**

Land value of Rs 306,684,091,654 as at 30 June 2018 , has been revised by Rs 10,899,120,323 to Rs 317,583,211,977 as at 30 June 2022.

The value of Other Assets (Sniffer Dogs) as at 30 June 2022 increased to Rs 7,370,000. The net increase of Rs 340,000 arised from additions of Rs 900,000 and disposal of Rs 560,000 during financial year 2021-2022.

Asset Under Construction included an amount of Rs 682,138,839 in respect of Infrastructure Assets in financial year 2021-2022. This amount consists of Rs 625,266,969 from the COVID-19 Projects Development Fund and Rs 56,871,870 from the National Environment and Climate Change Fund.

Donated assets amounting to Rs 10,754,444 (2021 (Restated): Rs 384,099,962) have been recognised in the financial year 2021-2022.

As at 30 June 2022, contractual commitments for the acquisition of Property, Plant and Equipment amounted to Rs 1,917,516,985 (2021: Rs 2,449,462,519).

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INTANGIBLE ASSETS

	Licences & Software	Asset Under Development (AUD)	Total
	Rs	Rs	Rs
<b>COST</b>			
<b>At 30 June 2020</b>	<b>2,734,480,350</b>	<b>125,014,514</b>	<b>2,859,494,864</b>
Additions	146,290,568	122,755,964	269,046,532
Impairment	-	(153,086)	(153,086)
<b>At 30 June 2021</b>	<b>2,880,770,918</b>	<b>247,617,392</b>	<b>3,128,388,310</b>
Additions	186,023,897	167,527,344	353,551,241
Transfer from AUD	356,842,116	(356,842,116)	-
<b>At 30 June 2022</b>	<b>3,423,636,931</b>	<b>58,302,620</b>	<b>3,481,939,551</b>
<b>AMORTISATION</b>			
<b>At 30 June 2020 (Restated)</b>	<b>2,043,850,689</b>	-	<b>2,043,850,689</b>
Charge for the year	200,195,264	-	200,195,264
<b>At 30 June 2021</b>	<b>2,244,045,953</b>	-	<b>2,244,045,953</b>
Charge for the year	223,120,277	-	223,120,277
<b>At 30 June 2022</b>	<b>2,467,166,230</b>	-	<b>2,467,166,230</b>
<b>Carrying Amounts</b>			
<b>At 30 June 2021</b>	<b>636,724,965</b>	<b>247,617,392</b>	<b>884,342,357</b>
<b>At 30 June 2022</b>	<b>956,470,701</b>	<b>58,302,620</b>	<b>1,014,773,321</b>

Donated assets amounting to Rs 2,883,097 have been recognised in the financial year 2021-2022.

As at 30 June 2022, contractual commitments for the acquisition of Intangible Assets amounted to Rs 9,947,768 (2021: Rs 1,887,923).



## NOTES TO THE FINANCIAL STATEMENTS

## 14. PAYABLES

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Cost of Borrowings	36,090,982	13,907,394
Accounts Payable	884,183,173	1,225,644,186
Retention Money on Contracts	60,998,702	453,258,327
Carry-over of Capital Expenditure	194,440,980	211,362,427
<b>Total</b>	<b>1,175,713,837</b>	<b>1,904,172,334</b>
- Within one year	1,175,300,637	1,648,929,438
- After one year	413,200	255,242,896
<b>Total</b>	<b>1,175,713,837</b>	<b>1,904,172,334</b>

Cost of Borrowings is made up of accrued interest on re-opening of Government Securities and Management Charges payable as at 30 June. Details are as follows:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Accrued Interest on Re-opening of Government Securities:		
Government Bonds	16,962,000	6,080,000
Treasury Notes	15,150,000	5,227,000
Management Charges payable on:		
Domestic Debts	1,251,638	987,357
External Debts	2,727,344	1,613,037
<b>Total</b>	<b>36,090,982</b>	<b>13,907,394</b>

Please refer to Note 37(v) for details on the prior year adjustments.

## NOTES TO THE FINANCIAL STATEMENTS

## 15. SOCIAL BENEFITS LIABILITIES

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
<b>Balance as at 1 July</b>	<b>197,947,584</b>	-
Payments made during the year	(37,758,702,940)	(36,983,779,181)
Charge for the year	37,715,200,156	37,181,726,765
<b>Balance as at 30 June</b>	<b>154,444,800</b>	<b>197,947,584</b>
- Within one year	154,444,800	197,947,584
- After one year	-	-
<b>Total</b>	<b>154,444,800</b>	<b>197,947,584</b>

Refer to Note 37(vi) for details on the prior year adjustments.

Social Benefits liabilities includes Income Support and other allowances paid to eligible recipients under the Income Tax Act, Social Aid Act and National Pensions Act. These are mainly funded through Budget appropriation but also includes financing from Special Funds.

## 16. PROVISIONS

As at 30 June 2022, provisions to the amount of Rs 50 million have been made in respect of legal cases. These have been recognised for the first time in the financial statements for the financial year 2021-2022.

## 17. DEPOSITS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Grants	132,111,595	518,969,326
Deposits held with Mauritius Revenue Authority (MRA)	382,665,480	171,322,241
Other Deposits	4,444,693,860	7,734,650,318
<b>Total</b>	<b>4,959,470,935</b>	<b>8,424,941,885</b>
- Within one year	4,181,282,706	7,049,182,627
- After one year	778,188,229	1,375,759,258
<b>Total</b>	<b>4,959,470,935</b>	<b>8,424,941,885</b>

The amount of liabilities recognised in respect of Grants that are subject to conditions are Rs 132,111,595 (2021: Rs 518,969,326). The figure for 30 June 2021 was amended from Rs 284,071,732 to Rs 518,969,326 due to a reclassification from 'Other Deposits'.

## NOTES TO THE FINANCIAL STATEMENTS

Deposits held with MRA represent amounts received from individuals at the time of lodging an objection against an assessment raised by the MRA. Please refer to note 37(vii) for details of prior year adjustments.

### 18. GOVERNMENT DEBT

	30 June 2022	30 June 2021
	Rs	Rs
Domestic and External Debts	392,647,328,874	380,880,889,867
IMF -SDR Allocations	14,073,119,767	5,888,449,212
<b>Total</b>	<b><u>406,720,448,641</u></b>	<b><u>386,769,339,079</u></b>
- Within one year	75,292,727,805	86,062,092,051
- After one year	331,427,720,836	300,707,247,028
<b>Total</b>	<b><u>406,720,448,641</u></b>	<b><u>386,769,339,079</u></b>

Details of the total debt of the Government are provided in Statement J –Statement of Public Sector Debt as at 30 June 2022.

#### A. Domestic and External Debts

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 FINANCIAL STATEMENTS

	Domestic Debt (N1) Rs	External Debt Rs	Total Rs
<b>Balance at 30 June 2020</b>	<b>306,559,410,110</b>	<b>33,257,946,621</b>	<b>339,817,356,731</b>
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 (N2)	-	(152,872,482)	(152,872,482)
- Other Changes (N3)	(338,289,274)	(2,413,727,434)	(2,752,016,708)
<b>Balance at 30 June 2021</b>	<b>322,254,005,998</b>	<b>58,626,883,869</b>	<b>380,880,889,867</b>
Cash Flows:			
- Issue/ Receipt	128,139,336,350	394,014,301	128,533,350,651
- Redeemed/ Repayment	(110,828,931,400)	(4,154,147,794)	(114,983,079,194)
Non-Cash Movement:			
- Direct Payments	204,768,526	778,101,728	982,870,254
- Capitalised Interest on Conversion from SRB to SSB	33,802,504	-	33,802,504
- Capitalisation of Interest	2,507,845	-	2,507,845
- Expenses Disbursed Directly out of the Loan Proceeds	-	3,045,068	3,045,068
- Losses/(Gains) on Foreign Exchange Transactions	19,942,787	(3,984,578,073)	(3,964,635,286)
- Other Changes (N3)	15,033,440	1,143,543,725	1,158,577,165
<b>Balance at 30 June 2022</b>	<b>339,840,466,050</b>	<b>52,806,862,824</b>	<b>392,647,328,874</b>
		<b>30 June 2022</b>	<b>30 June 2021</b>
		Rs	Rs
- Within one year		75,292,727,805	86,062,092,051
- After one year		317,354,601,069	294,818,797,816
<b>Total</b>		<b>392,647,328,874</b>	<b>380,880,889,867</b>

## NOTES TO THE FINANCIAL STATEMENTS

The maturity analysis of domestic and external debt is as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Less than 1 year	75,292,727,805	86,062,092,051
Between 1 to 5 years	171,344,454,620	152,791,949,620
Between 5 to 10 years	67,288,512,142	69,773,053,856
Over 10 years	78,721,634,307	72,253,794,340
<b>Total</b>	<b>392,647,328,874</b>	<b>380,880,889,867</b>

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

N2: 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.

N3: Other changes pertain to non-exchange revenue and interest expense.

#### B. IMF- SDR Allocations

The rupee equivalent of the total allocation of SDR 233,097,854 (2021: SDR 96,805,549) made to the Republic of Mauritius, that is, Rs 14,073,119,767 as at 30 June 2022 (2021: Rs 5,888,449,212) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt as at 30 June 2022.

#### 19. FINANCIAL GUARANTEE LIABILITIES

	30 June 2022	30 June 2021
	Rs	(Restated) Rs
<b>Balance as at 1 July</b>	<b>2,499,191,189</b>	<b>1,911,292,355</b>
Increases (New Guarantees)	520,327,393	649,372,497
Remeasurement	(249,340,876)	(154,741,634)
Losses on Foreign Exchange Transactions	135,651,514	93,267,971
<b>Balance as at 30 June</b>	<b>2,905,829,220</b>	<b>2,499,191,189</b>
- Within one year	139,784,961	113,689,361
- After one year	2,766,044,259	2,385,501,828
<b>Total</b>	<b>2,905,829,220</b>	<b>2,499,191,189</b>

Details of the loan guaranteed by the Government as at 30 June 2022 are provided in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government as at 30 June 2022.

The prior year adjustment amounting to Rs 8,614,311 has been recognised as at 30 June 2021.

Refer to Note 37(viii) for details on the prior year adjustments.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2022	30 June 2021
	Rs	Rs
Liability in respect of Defined Benefit Plan (Refer to Note 21)	149,859,960,526	116,791,541,957
Accrued Sick Leave	9,427,078,682	7,502,597,860
Accrued Vacation Leave	9,654,518,879	8,546,146,865
Accrued Passage Benefits	4,041,397,096	3,689,162,874
Accrued Bonus	992,196,922	1,041,321,453
Accrued Basic Salary ( PRB 2021)	-	457,462,969
<b>Total</b>	<b>173,975,152,105</b>	<b>138,028,233,978</b>
- Within one year	2,658,597,248	2,769,446,947
- After one year	171,316,554,857	135,258,787,031
<b>Total</b>	<b>173,975,152,105</b>	<b>138,028,233,978</b>

## 21. DEFINED BENEFIT PLAN

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

	30 June 2022	30 June 2021
	Rs	Rs
Defined Benefit Obligations	149,859,960,526	116,791,541,957
Fair Value of Plan Assets	-	-
<b>Liability Recognised in Statement of Financial Position at End of Year</b>	<b>149,859,960,526</b>	<b>116,791,541,957</b>

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
<b><u>Amounts Recognised in Statement of Financial Performance:</u></b>		
Charge to Surplus or Deficit	7,646,923,153	7,537,414,996

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

Net Assets or Equity	33,810,783,877	-
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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 : 13 years

(Calculated as a % change in PV of liabilities for a 1% change in discount rate)

## NOTES TO THE FINANCIAL STATEMENTS

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:

	<b>Year Ended 30 June 2022</b>	<b>Year Ended 30 June 2021</b>
Discount Rate	5.15%	6.50%
Future Salary Increases	2.50%	4.00%
Future Pension Increases	1.50%	3.00%
Mortality before Retirement	Nil	
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.

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 17,144 million (increase by Rs 21,267 million) 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 8,880 million (decrease by Rs 7,590 million) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligations would increase by Rs 4,483 million (decrease by Rs 4,469 million) if all assumptions were held unchanged.

There may be interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

### 22. 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 2022 amounted to Rs 149,145,756,693 (2021(Restated): Rs 171,814,944,617). The movement in the Net Assets/ Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity for the financial year 2021- 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### (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 for the financial year 2021- 2022.

### (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 2022 disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022 amounted to Rs 34,734,728,653 and comprise of investments at cost and cash balances to the amount of Rs 18,882,000,000 and Rs 15,852,728,653 respectively. Details of Special Funds are provided in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022.

Investments of Special Funds have been recognised at amortised cost for the first time in the financial statements for the year ended 30 June 2022 and comparative figures have been restated. The total balance of Special Funds in the Statement of Financial Position includes investments at amortised cost and amounted to Rs 34,782,615,971 (2021(Restated): Rs 36,526,471,482).

A reconciliation of the figure in investments by Special Funds disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022 to the figure reported in Statement A – Statement of Financial Position as at 30 June 2022 is shown as follows:

	Year ended 30 June 2022 Rs	Year ended 30 June 2021 Rs
<b>Opening Balance (at cost)</b>	<b>10,920,000,000</b>	<b>320,000,000</b>
Additions during the year	8,002,000,000	10,600,000,000
Redemption of fixed deposits	<u>(40,000,000)</u>	<u>-</u>
Closing Balance (at cost)	18,882,000,000	10,920,000,000
Total interest receivable	<u>47,887,318</u>	<u>38,814,319</u>
<b>Closing Balance (at amortised cost)</b>	<b><u>18,929,887,318</u></b>	<b><u>10,958,814,319</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

## 23. TAXATION

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Taxes on Income and Profits	33,959,578,569	27,699,617,536
Taxes on Property	33,772,617	39,570,922
Taxes on Goods and Services	69,216,078,724	38,681,766,809
Taxes on International Trade and Transactions	1,526,118,366	19,970,285,522
Other Taxes	1,430,860,309	1,733,056,445
<b>Total</b>	<b>106,166,408,585</b>	<b>88,124,297,234</b>

For the financial year under review, revenue from taxation have been measured on an accrual basis. However, the comparative figures for the year 2020-2021 for Taxes on Income and Profits were recognised on a partial accrual basis and hence is not entirely comparable.

## 24. GRANTS AND AID

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Grants from Foreign Governments	1,729,775,550	1,334,478,570
Grants from International Organisations	110,638,968	312,866,497
Grants from Other General Government Units	1,039,999,876	570,020,341
<b>Total</b>	<b>2,880,414,394</b>	<b>2,217,365,408</b>

## 25. OTHER TRANSFERS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Transfer of Surplus Cash Balances from Statutory Bodies and Special Funds	-	150,000,000
Contribution from Bank of Mauritius (N1)	-	55,000,000,000
Contribution in respect of Tourism Development Projects on State Lands	23,610,000	-
Concessionary Loans	239,845,251	2,680,356,224
Goods in-kind	285,267,995	397,414,268
Debt Forgiveness	-	152,872,482
Others	100,000,000	287,125
<b>Total</b>	<b>648,723,246</b>	<b>58,380,930,099</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

## 26. LICENCES

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Road Motor Vehicle Licences	1,802,014,171	1,704,328,693
Company and Other Licences	924,215,931	795,298,863
<b>Total</b>	<b>2,726,230,102</b>	<b>2,499,627,556</b>

## 27. DIVIDENDS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Dividends from Quoted and Unquoted Investments	652,434,612	203,021,509
Similar Distributions from Quasi Corporations	8,444,795,232	992,103,379
<b>Total</b>	<b>9,097,229,844</b>	<b>1,195,124,888</b>

## 28. OTHER REVENUE

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Civil Service Family Protection Scheme	347,681,352	312,270,667
Miscellaneous Revenue	191,233,206	173,164,234
<b>Total</b>	<b>538,914,558</b>	<b>485,434,901</b>

## 29. EMPLOYEE COSTS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Wages, Salaries, Compensations and Allowances	29,214,988,589	27,458,142,212
Contributions to Defined Contribution Plan, Family Protection Scheme, National Savings Fund and Social Contributions	2,028,372,299	1,789,460,100
Amount Recognised in respect of Defined Benefit Plans (Note 21)	7,646,923,153	7,537,414,996
Other Employee Benefits	8,188,702,619	5,191,894,302
<b>Total</b>	<b>47,078,986,660</b>	<b>41,976,911,610</b>

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 FINANCIAL STATEMENTS

## 30. GRANTS

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Donations and Contributions	426,298,673	29,783,095,328
Capital Grants	13,701,825,343	4,209,046,254
Current Grants	24,655,982,719	21,607,191,105
<b>Total</b>	<b>38,784,106,735</b>	<b>55,599,332,687</b>

## 31. SOCIAL BENEFITS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Pension (Retirement, Widow, Invalid and Others)	36,497,418,816	35,518,665,809
Other Social Benefits	1,217,781,340	1,663,060,956
<b>Total</b>	<b>37,715,200,156</b>	<b>37,181,726,765</b>

Social benefits have been measured on an accrual basis for the financial year 2021-2022. However, the comparative figures for the year 2020-2021 were recognised on a partial accrual basis and hence are not entirely comparable.

## 32. OPERATING EXPENSES

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Cost of Utilities	857,641,984	846,730,915
Fuel and Oil	308,254,864	267,018,515
Rental Expense	1,152,083,915	1,145,769,653
Office Expenses	122,320,626	123,400,037
Maintenance	1,310,032,264	1,203,534,770
Cleaning Services	955,525,606	937,009,235
Medical Supplies, Drugs and Scientific Equipment	2,999,005,005	2,732,338,878
Travelling and Mission Expenses	611,526,249	241,223,590
Other Operating Expenses	3,928,289,267	3,585,089,324
<b>Total</b>	<b>12,244,679,780</b>	<b>11,082,114,917</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 33. OTHER EXPENSES

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Transfers	2,548,019,485	7,973,453,146
Insurance	26,456,745	9,269,038
Compensation arising out of Government Liability	19,513,050	13,948,495
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	212,908,682	192,358,199
Impairment Loss on Receivables from Exchange Transactions (N1)	40,756,226	14,596,293
Impairment Loss on Receivables from Non-Exchange Transactions (N2)	373,251,487	-
Receivables from Exchange Transactions Write-Off (N1)	2,600	1,526,409,775
Receivables from Non-Exchange Transactions Write-Off (N2)	18,135,133	1,413,283
Loans, Advances and Inventories Write-Off	23,860,413	2,497,112,925
Others	1,255,535,771	2,157,357,750
<b>Total</b>	<b>4,518,439,592</b>	<b>14,385,918,904</b>

N1: Refer to Note 6 - *Receivables from Exchange Transactions*

N2 : Refer to Note 5 - *Receivables from Non-Exchange Transactions*

## 34. FINANCE COSTS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Interest Expense on Domestic Debt	12,490,015,511	11,863,702,175
Interest Expense on External Debt	1,896,900,390	774,474,813
Management Charges	12,683,004	70,409,123
<b>Total</b>	<b>14,399,598,905</b>	<b>12,708,586,111</b>

## 35. 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 2022 stood at Rs 5,911,380,000 (2021: Rs 6,220,530,000).

## NOTES TO THE FINANCIAL STATEMENTS

### (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 2022 stood at Rs 9,196,738 (2021: Rs 9,196,738).

### 36. 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 2021-2022. The original estimates of expenditure amounting to Rs 145,700 million (2021: Rs 144,300 million) were passed by the National Assembly on 29 June 2021 and Supplementary Estimates amounting to Rs 9,500 million were passed on 13 June 2022 (2021: Rs 41,780 million).

The Statements AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021-2022 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 AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021-2022 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 Amounts

The table hereunder provides the explanation for material variances:

Budget line item	Variance amount Rs	Variance percentage	Explanation
Recurrent Revenue	(2,575,495,233)	(1.9%)	<p>The shortfall in recurrent revenue was mainly due to the following:</p> <ul style="list-style-type: none"> <li>(i) lower consumption than expected;</li> <li>(ii) temporary closure of our borders with our main tourist markets following the spread of the new Omicron variant;</li> <li>(iii) casinos and gaming houses were not authorised to operate until 15 October 2021 in view of COVID-19 pandemic; and</li> <li>(iv) non remittance of surplus cash balance by the State Trading Corporation (STC) following the determination by Privy Council in the case of STC vs Betamax.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			The lower revenue was partly offset by higher collection from income tax and property tax.
Recurrent Expenditure	4,193,944,619	3.1%	<p>Recurrent expenditure was higher mainly due to:</p> <p>(i) increase in salaries following implementation of the PRB Report with effect from 1st January 2021 and its impact on other staff related costs and public service pensions;</p> <p>(ii) purchase of PCR test kits, rapid antigen test kits and other medical disposables related to COVID-19 pandemic and payments to hotels used as quarantine centres during the period March 2021 to September 2021; and</p> <p>(iii) implementation of a subsidy on electricity tariff for a 12-month period as from 1<sup>st</sup> January 2022.</p> <p>These were partly offset by funds appropriated for contingencies and underspending on certain schemes such as Youth Employment Programme and allowance in connection with National Minimum wage.</p>
Capital Revenue	(1,932,840,247)	(49.2%)	Capital revenue was lower due to lower disbursement in respect of grant funded projects.
Capital Expenditure	(4,560,294,264)	(16.7%)	<p>Capital expenditure was lower mainly due to delays in implementation of some projects such as construction of roads, hospitals, dam, police training academy, pipe replacement and water distribution projects.</p> <p>The lower spending was, however, partly offset by additional transfer to COVID-19 Projects Development Fund to ensure smooth implementation of the National Flood Management Programme announced in the Budget Speech.</p>
Net Acquisition of Financial Assets	(12,955,579,754)	(208%)	There was disposal of shares held by Government in Airport of Mauritius Co. Ltd to Airport Holdings Ltd.

**NOTES TO THE FINANCIAL STATEMENTS****37. PRIOR YEAR ADJUSTMENTS**

Prior year adjustments have been made to the carrying amounts of items presented in the Statement A - Statement of Financial Position as at 30 June 2022 and Statement AC - Statement of Changes in Net Assets or Equity for the financial year 2021-2022. These changes have also resulted in the restatement of certain amounts presented in the Statements AA and AB - Statement of Financial Performance for the financial year 2021-2022.

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

Receivables from Non-Exchange Transactions (Gross) was understated by Rs 1,731,136,010 in the financial year 2020-2021. Relevant adjustments have been made to restate the comparative figures.

Loss allowance on receivables from non-exchange transactions amounting to Rs 541,787,787 has been recognised for the first time in the financial statements for the financial year 2020-2021. In this respect, prior year figures have been restated retrospectively.

**(ii) Receivables from Exchange Transactions**

Receivables from Exchange Transactions was understated by Rs 63,209,196 in the financial year 2020-2021. Relevant adjustments have been made to restate the comparative figures.

Impairment loss amounting to Rs 14,773,932 has been restated to include an amount of Rs 177,639 in respect of rent and royalties which has been recognised for the first time in the financial year 2020-2021.

**(iii) Investments****Equity Investments - Unquoted Investments**

Dividends capitalised to the amount of Rs 91,922,937 and Rs 201,617 were received in financial year 2020-2021 with respect to investments in Eastern & Southern African Trade & Development Bank and PTA Reinsurance Company respectively. The costs of these investments have been increased retrospectively and this has impacted on gains on foreign transactions. The comparative gains on foreign transactions has increased by Rs 12,099,849 and the fair value loss on investments has increased by Rs 104,224,403.

As at 30 June 2021, the fair value of National Property Fund Ltd (NPFL) amounted to Rs 10,169,021,065 based on a fair valuation exercise relying on NPFL's unaudited financial statements for the financial year 2020-2021. The fair value has been restated to NIL as at 30 June 2021 based on the audited accounts received this year. Comparative fair value loss on investments has therefore increased by Rs 10,169,021,065.

Prior to financial year 2020-2021, dividends capitalised to the amount of Rs 87,542,932 were also received. Adjustments to comparative figures are shown in Note 8 - Investments.

**Other Investments**

Other investments have been recognised at amortised cost instead of cost for the first time in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 37,109,015 and Rs 10,825,056 for financial year 2019-2020 and 2020-2021, respectively.

**NOTES TO THE FINANCIAL STATEMENTS**

## (iv) Property, Plant and Equipment

I. Infrastructure Assets

Roads cost were undervalued by :

- a) Rs 218,250,000 in the financial year 2019-2020 and the corresponding depreciation of Rs 4,365,000 charged in financial year 2019-2020 and 2020-2021; and
- b) Rs 44,249,358 in respect of roads construction being financed by the Private Sector in financial year 2020-2021. The corresponding depreciation adjustment of Rs 884,987 was subsequently charged in financial year 2020-2021.

II. Transport Equipment

An Aircraft which was decommissioned in December 2020 was impaired by Rs 48,552,341 in financial year 2020-2021.

III. Other Assets

Sniffer Dogs valued at Rs 7,030,000 were recognised in financial year 2020-2021.

## (v) Payables

Cost of Borrowings

These have been restated by Rs 2,600,394 in the financial year 2020-2021 due to adjustment to management charges.

Accounts Payable

Accrual with respect to employer share of Social Contributions has been recognised for the first time in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 86,892,308.

## (vi) Social Benefits Liabilities and Accounts Payables

Social benefits liabilities have been recognised in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 197,947,584 and this includes a reclassification of Rs 433,475 from accounts payable to social benefits liabilities.

## (vii) Deposits

Deposits have been restated to include an amount of Rs 171,322,241 representing deposits held with the MRA for objections raised against assessments. These were previously recognised net in the amount receivable from exchange and non-exchange transactions.

## (viii) Financial Guarantee Liabilities

Financial Guarantee Liabilities as at 30 June 2021 were understated by Rs 8,614,311. Relevant adjustments have been made to restate the comparative figures. This has also resulted in the opening balance as at 1 July 2020 being restated by Rs 7,515,032.



## NOTES TO THE FINANCIAL STATEMENTS

(ix) Adjustments to Consolidated Fund and Accumulated Surplus

Consolidated Fund balance has been restated by Rs 7,808,232,665 following a misclassification between Accumulated Surplus and Consolidated Fund.

(x) Adjustments to Special Funds

Special Funds balance has been restated by Rs 38,814,319 following other investments being accounted at amortised cost.

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

The effects of the above changes are illustrated below:

	30 June 2021	Increase/(Decrease)	30 June 2021 (Restated)
	Rs	Rs	Rs
<b>Statement of Financial Performance (Classification of Expenses by Nature) (extract)</b>			
<b>Revenue</b>			
Taxation	86,592,522,100	1,531,775,134	88,124,297,234
Fines, Penalties and Forfeits	312,286,483	45,000	312,331,483
Other Transfers	58,336,680,740	44,249,359	58,380,930,099
Social Contributions	5,957,754,386	29,752,826	5,987,507,212
Finance Income	518,539,618	(98,029,692)	420,509,926
Dividends	1,103,000,334	92,124,554	1,195,124,888
Rent and Royalties	562,403,703	680,507	563,084,210
Sales of Goods and Services	1,455,186,400	60,947,136	1,516,133,536
Other Revenue	404,851,533	80,583,368	485,434,901
<b>Expenses</b>			
Employee Costs	41,890,019,302	86,892,308	41,976,911,610
Social Benefits	36,995,410,629	186,316,136	37,181,726,765
Depreciation and Amortisation	4,866,117,507	5,249,987	4,871,367,494
Financial Guarantee Expense	493,531,584	1,099,278	494,630,862
Other Expenses	14,326,737,483	59,181,421	14,385,918,904
Finance Costs	12,705,985,717	2,600,394	12,708,586,111
<b>Other Gains/(Losses)</b>			
Loss on Disposal of Property, Plant and Equipment	-	(568,893)	(568,893)
Fair Value Loss on Investments	(17,723,697,903)	(10,273,245,468)	(27,996,943,371)
Loss on Foreign Exchange Transactions	(5,708,397,119)	12,099,849	(5,696,297,270)

## NOTES TO THE FINANCIAL STATEMENTS

	30-Jun-21 (Adjusted) Rs	Increase/ (Decrease) Rs	30-Jun-21 (Restated) Rs	30-Jun-20 Rs	Increase/ (Decrease) Rs	1-Jul-20 (Restated) Rs
<b>Statement of Financial Position (extract)</b>						
<b>ASSETS</b>						
Receivables from Non-Exchange Transactions	15,686,595,608	1,189,348,223	16,875,943,831	8,526,959,101	-	8,526,959,101
Receivables from Exchange Transactions	2,120,530,569	63,209,196	2,183,739,765	3,390,602,048	-	3,390,602,048
Investments	119,847,169,646	(10,158,196,009)	109,688,973,637	104,351,791,950	37,109,015	104,388,900,965
Property, Plant and Equipment	514,707,671,843	(2,522,970)	514,705,148,873	511,450,951,324	213,885,000	511,664,836,324
<b>LIABILITIES</b>						
Payables	1,815,113,107	89,059,227	1,904,172,334	1,583,357,706	-	1,583,357,706
Deposits	8,253,619,644	171,322,241	8,424,941,885	2,449,102,325	-	2,449,102,325
Social Benefits Liabilities	-	197,947,584	197,947,584	-	-	-
Financial Guarantee Liabilities	2,498,091,910	1,099,279	2,499,191,189	1,903,777,323	7,515,032	1,911,292,355
<b>NET ASSETS/EQUITY</b>						
Consolidated Fund	73,952,913,187	(7,895,775,597)	66,057,137,590	49,161,736,901	87,542,932	49,249,279,833
Accumulated Surplus	70,731,421,219	(1,500,085,674)	69,231,335,545	133,119,198,180	145,393,112	133,264,591,292
Special Funds	36,498,200,102	28,271,380	36,526,471,482	13,042,525,766	10,542,939	13,053,068,705

## NOTES TO THE FINANCIAL STATEMENTS

## 38. RECONCILIATION: BUDGETARY RESULT WITH DEFICIT

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
<b>Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)</b>	<b>(29,041,985,835)</b>	<b>(30,419,771,571)</b>
Prepayments	4,446,268	(792,633)
Accruals	430,345,786	(724,033,429)
Inventories	269,799,104	103,358,254
Depreciation and Amortisation	(4,971,693,391)	(4,871,367,494)
Net Movement in Investments	23,511,400,060	(28,014,389,695)
Loss on Foreign Exchange Transactions	4,004,640,489	(5,696,297,270)
Subscriptions to International Organisations	(90,502,902)	(369,592,232)
Capitalisation of Dividends	26,755,652	92,124,555
Net Movement in Loan to Statutory and Other Bodies	31,930,026	22,874,012
Net movement in Receivables	1,610,595,174	4,110,363,243
Government Debt Written-Off	-	152,872,482
Net Movement in Non-Financial Assets	8,016,569,404	7,769,908,639
Carry-over of Capital Expenditure	(78,358,313)	140,893,595
Net Movement in Employee Benefits	(2,136,134,249)	(2,457,527,205)
Net Movement in Financial Guarantee Expenses	(270,986,517)	(494,630,861)
Interest and Other Adjustments in respect of Government Debt	(896,998,055)	2,459,525,700
<b>Surplus/(Deficit) as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b>	<b>419,822,701</b>	<b>(58,196,481,910)</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
<b>Surplus/(Deficit) as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b>	<b>419,822,701</b>	<b>(58,196,481,910)</b>
<b>(a) (Gains)/Losses Adjustments</b>		
(Gains)/Losses on Foreign Exchange Transactions	(4,004,640,489)	5,696,297,270
	<b>(4,004,640,489)</b>	<b>5,696,297,270</b>
<b>(b) Non-Cash Adjustments</b>		
Donations	(119,832,946)	(219,408,182)
Net Movement in Loan to Statutory and Other Bodies	(31,930,026)	(22,874,012)
Net movement in Receivables	(1,610,595,174)	(4,110,363,243)
Capitalisation of Dividends	(26,755,652)	(92,124,555)
Government Debt Written-Off	-	(152,872,482)
Loans and Advances Written-Off	57,540	2,482,340,439
Net Movement in Investments	(23,511,400,060)	28,014,389,695
Direct Payment by Funding Agency	15,918,728	3,469,718
Interest Accrued	323,118,116	(246,950,338)
Depreciation and Amortisation	4,971,693,391	4,871,367,494
Net Movement on Non-Financial Assets	(59,119,597)	(335,112,768)
Net Movement in Employee Benefit Obligations	2,136,134,249	2,457,527,205
Interest and Other Adjustments in respect of Government Debt	896,998,055	(2,459,525,700)
Net movement in Financial Guarantee Expense	270,986,517	494,630,862
	<b>(16,744,726,859)</b>	<b>30,684,494,133</b>
<b>(c) Working Capital Movement</b>		
(Decrease)/Increase in Deposits	(3,676,814,189)	5,804,517,319
(Increase)/Decrease in Advances	(1,027,177,758)	244,737,810
(Decrease)/Increase in Special Funds	(1,752,928,510)	23,445,131,397
(Increase)/Decrease in Prepayments	(4,446,268)	792,633
(Decrease)/Increase in Payables	(377,276,627)	549,060,670
(Decrease)/Increase in Social Benefits Liabilities	(43,502,784)	197,514,109
(Increase) in Inventories	(269,799,104)	(103,358,254)
	<b>(7,151,945,240)</b>	<b>30,138,395,684</b>
<b>(d) Classification Adjustments</b>		
Dividends	(9,070,474,192)	(1,103,000,333)
	<b>(9,070,474,192)</b>	<b>(1,103,000,333)</b>
<b>Net Cash flows from Operating Activities</b>	<b>(36,551,964,079)</b>	<b>7,219,704,844</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 40. 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>(21,015,255,195)</b>	<b>(8,026,730,639)</b>	-	<b>(29,041,985,835)</b>
<b>(a) Basis Differences</b>				
Carry-over of Capital Expenditure	(74,273,075)	(20,515,196)	-	(94,788,271)
Interest Accrued	317,565,202	-	-	317,565,202
Interest Capitalised	5,552,913	-	-	5,552,913
Advances (increase)/decrease	(347,120,218)	313,467,580	-	(33,652,638)
Deposits (decrease)	(3,676,814,189)	-	-	(3,676,814,189)
Payables increase	5,481,137	-	-	5,481,137
Investments and Other Securities (increase)	-	(12,927,261,621)	-	(12,927,261,621)
Proceeds from Sale of Investments	-	13,044,400,000	-	13,044,400,000
Loans to Statutory and Other Bodies (increase)	-	(458,822,778)	-	(458,822,778)
Net movement in Non-Financial Assets	(69,280,832)	69,280,832	-	-
Dividends	(9,070,474,192)	9,070,474,192	-	-
Donations	(119,832,946)	-	-	(119,832,946)
Subscriptions to International Organisations	(90,502,902)	-	-	(90,502,902)
Borrowings increase	-	-	13,550,271,457	13,550,271,457
Direct Payment by Funding Agency	15,918,728	966,951,526	-	982,870,254
Non-Cash Adjustment relating to Investments	(680,000,000)	-	-	(680,000,000)
<b>(b) Entity Differences</b>				
Special Funds (net)	(1,752,928,510)	-	-	(1,752,928,510)
<b>Net Cash Flow as presented in the Statement of Cash Flow (Statement AD)</b>	<b>(36,551,964,079)</b>	<b>2,031,243,896</b>	<b>13,550,271,457</b>	<b>(20,970,448,726)</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS

## A. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below shows the classification and measurements basis for the different categories of financial assets and their respective balances at 30 June 2022:

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
Cash and Cash Equivalents	21,673,055,130	-	-	-	21,673,055,130
Receivables from Non-Exchange Transactions	-	18,319,361,816	-	-	18,319,361,816
Receivables from Exchange Transactions	-	2,568,314,589	-	-	2,568,314,589
Loans and Advances	-	14,363,007,695	-	-	14,363,007,695
<u>Investments</u>					
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation)	-	-	-	114,017,302,130	114,017,302,130
Redeemable Preference Shares	-	-	-	200,000,000	200,000,000
Other Investments	-	-	19,526,009,121	-	19,526,009,121
<u>Other Financial Assets</u>					
IMF -SDR Deposits	-	12,509,787,642	-	-	12,509,787,642
IMF -Reserve Tranche Position	-	2,418,161,031	-	-	2,418,161,031
<b>Total Financial Assets</b>	<b>21,673,055,130</b>	<b>50,178,632,773</b>	<b>19,526,009,121</b>	<b>114,217,302,130</b>	<b>205,594,999,154</b>

The table below shows the classification and measurements basis for the different categories of financial liabilities and their respective balances at 30 June 2022:

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	1,175,713,837	-	1,175,713,837
Deposits	4,959,470,935	-	4,959,470,935
<u>Government Debt</u>			
Domestic Debt and External Debt	-	392,647,328,874	392,647,328,874
IMF -SDR Allocations	14,073,119,767	-	14,073,119,767
Financial Guarantee Liabilities	-	2,905,829,220	2,905,829,220
<b>Total Financial Liabilities</b>	<b>20,208,304,539</b>	<b>395,553,158,094</b>	<b>415,761,462,633</b>

## NOTES TO THE FINANCIAL STATEMENTS

### B. 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 represented 40.6% of the total external debt as at 30 June 2022 (2021: 33.8%). 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 2022		Year Ended 30 June 2021	
	Rs Million	Rs Million	Rs Million	Rs Million
<b>Government Debt:</b>				
<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	+34	-34	+29	-29

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 44 million for the financial year 2021-2022 (2020/2021: Rs 39 million).

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

Accordingly, the share of external debt in Government debt portfolio stood at 20.5% at 30 June 2022 (Based on nominal value) (2021: 21.7%). 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 (2021: 5%- restated) in exchange rates:

		<b>Year ended 30 June 2022</b>	<b>Year ended 30 June 2021 (Restated)</b>
		<b>Rs Million</b>	<b>Rs Million</b>
Impact on profit (Appreciation of MUR)	+5%	+3,640	+3,579
Impact on loss (Depreciation of MUR)	-5%	-3,640	-3,579

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 3,640 million for financial year 2021-2022 (2020-2021(restated): Rs 3,579 million).

### (iii) Liquidity Risk

Liquidity risk refers to the risk that 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 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 at 30 June 2022 has remained unchanged at 5 years compared to last year.

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 FINANCIAL STATEMENTS

### 42. OPERATING LEASE ARRANGEMENTS

Lease expense has been recognised in the Statement of Financial Performance under item rental expense (Refer to Note 32- *Operating Expenses*).

The outstanding commitments under non-cancellable operating leases, which fall due are as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Within 1 year	1,559,555,949	527,765,055
Between 1 to 5 years	4,688,024,826	707,312,940
More than 5 years	11,985,483,225	122,399,401
<b>Total</b>	<b>18,233,064,000</b>	<b>1,357,477,396</b>

### 43. RELATED PARTY TRANSACTIONS

#### (i) Key Management Personnel

Related parties include key management personnel. The key management personnel are the Ministers who constitute the governing body of the Government of Mauritius. The key management personnel also include Accounting Officers and Senior Management (not below the grade of Permanent Secretary) who have the authority and responsibility for planning, directing and controlling the activities of the Government.

The aggregate remuneration paid to key management personnel includes Annual Allowance, Basic Salary, Salary Compensation, Extra Remuneration, Allowances, Extra Assistance, Cash in lieu of Leave, Facilities Allowance to Honourable Members, End-of-year Bonus, Travelling and Transport, Overtime, Passage benefits, Allowance in lieu of passages amongst others. These remunerations are as per the recommendation of the PRB Report 2021.

Key management personnel are also entitled to post-employment benefits and these are included in Employee Benefit Obligations.

#### (ii) Related Parties

All transactions between related parties are on normal terms and conditions. Accordingly, there is no separate related party transaction to be disclosed.

### 44. CONTINGENT ASSETS

Contingent Assets amounted to Rs 338 million as at 30 June 2022 with respect to claims by the Government from the insurance company related to the MV- Wakashio Disaster.

### 45. CONTINGENT LIABILITIES

As at 30 June 2022, there was no known contingent liability to be disclosed.

**NOTES TO THE FINANCIAL STATEMENTS****46. MATERIAL EVENTS AFTER REPORTING DATE**

No events have occurred after the reporting date, which are of such importance that they would require adjustments to or disclosure in the financial statements.