

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Republic of Mauritius is an island found in the Indian Ocean. It got its independence on 12 March 1968. The country has a Westminster type of Parliamentary Government.

Under the Finance and Audit Act, 1973, as subsequently amended, 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. The Government refers to the Budgetary Central Government.

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 deposited with the Accountant-General are not included in the approved Estimates.

The approved Estimates covers the fiscal year from 01 July 2022 to 30 June 2023.

B Financial Statements

The financial statements have been prepared in accordance with Section 19 (3A) (b) of the Finance and Audit Act 1973, as subsequently amended which requires these statements to be in compliance with International Public Sector Accounting Standards (IPSAS).

(i) *Transitional Financial Statements*

The date of adoption of IPSAS for the Government is 01 July 2022. Prior to the adoption of IPSAS, the financial statements were prepared, as far as possible, in compliance with IPSAS. The first transitional IPSAS financial statements of the Government in respect of the financial year 2022-2023 have been prepared in compliance with IPSAS 33 – First-time Adoption of Accrual Basis IPSASs, which provides the first-time adopter with a transitional period of three years for the recognition, measurement, presentation and disclosure of certain assets and liabilities. The changes resulting from the adoption of the new basis is given in Note 40.

Government has taken advantage of the following transitional exemptions which affected fair presentation. As a result, it is unable to make an explicit and unreserved statement of compliance with Accrual Basis IPSAS in preparing its transitional IPSAS financial statements for the financial year 2022-2023.

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The status of compliance with IPSAS issued to date is as per table below:

IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 1—Presentation of Financial Statements (revised)	✓			
IPSAS 2—Cash Flow Statements	✓			
IPSAS 3—Accounting Policies, Changes in Accounting Estimates and Errors (revised)	✓			
IPSAS 4—The Effects of Changes in Foreign Exchange Rates (revised)	✓			
IPSAS 5—Borrowing Costs	✓			
IPSAS 9—Revenue from Exchange Transactions	✓			
IPSAS 10—Financial Reporting in Hyperinflationary Economies	N/A			
IPSAS 11—Construction Contracts	N/A			
IPSAS 12—Inventories (revised)	✓			
IPSAS 14—Events After the Reporting Date (revised)	✓			
IPSAS 16—Investment Property (revised)	N/A			
IPSAS 17—Property, Plant, and Equipment (revised)	Partial	Measurement-Impairment	Yes	2025-2026
		Recognition and measurement of Furniture, Fixtures and Fittings	Yes	2025-2026
		Use of deemed cost	No	2025-2026
IPSAS 18—Segment Reporting	Applicable upon Consolidation			2025-2026
IPSAS 19—Provisions, Contingent Liabilities and Contingent Assets	✓			
IPSAS 20—Related Party Disclosures	Partial	Additional Disclosure required	Yes	2024-2025
IPSAS 21—Impairment of Non-Cash-Generating Assets	x	Indication of impairment yet to be assessed on an annual basis	Yes	2025-2026
IPSAS 22—Disclosure of Financial Information About the General Government Sector	Applicable upon Consolidation			2025-2026
IPSAS 23—Revenue from Non-Exchange Transactions (Taxes and Transfers)	Partial	Revenue in respect of cases under dispute have yet to be recognised	Yes	2023-2024
IPSAS 24—Presentation of Budget Information in Financial Statements	✓			

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IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 26 — Impairment of Cash-Generating Assets	N/A			
IPSAS 27—Agriculture	✓			
IPSAS 28—Financial Instruments: Presentation	✓			
IPSAS 29—Financial Instruments: Recognition and Measurement	N/A			Superseded by IPSAS 41 however Hedge accounting applies under IPSAS 29
IPSAS 30—Financial Instruments: Disclosures	Partial	Full disclosure on Market risk	No	2024-2025
IPSAS 31—Intangible Assets	Partial	Measurement - Impairment	Yes	2025-2026
IPSAS 32—Service Concession Arrangements: Grantor	N/A			
IPSAS 33—First-time Adoption of Accrual Basis IPSASs	✓			
IPSAS 34—Separate Financial Statements	Applicable upon Consolidation			2025-2026
IPSAS 35—Consolidated Financial Statements	Applicable upon Consolidation			2025-2026
IPSAS 36—Investments in Associates and Joint Ventures	Applicable upon Consolidation			2025-2026
IPSAS 37—Joint Arrangements	Applicable upon Consolidation			2025-2026
IPSAS 38—Disclosures of Interests in Other Entities	Applicable upon Consolidation			2025-2026
IPSAS 39—Employee Benefits	Partial	Recognition of Liabilities in respect of Civil Service Family Protection Scheme Pension liabilities are being valued on a 3 year basis instead annually	Yes	2024-2025
			Yes	2024-2025
IPSAS 40—Public Sector Combinations	N/A			2025-2026
IPSAS 41—Financial Instruments	Partial	IMF SDR Deposit and allocation	Yes	2023-2024
		Receivables from Non-Exchange Transactions in respect cases under dispute have yet to be recognised	Yes	
IPSAS 42— Social Benefits	✓			
IPSAS 43 -Leases	Partial	Lessor Accounting yet to be assessed	Yes	2024-2025 (Effective Date 01 January 2025 Early adoption 01 July 2022)

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IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 44- Non-current assets held for sale and discontinued operations	✓			Early adoption 01 July 2022 Effective Date 01 January 2025

✓ Complied

x Not complied

N/A Not applicable

It is expected that the Financial Statements of the Government will be fully compliant to IPSAS as from financial year 2025-2026.

(ii) *New Standards Issued but Not Yet Adopted*

At the date of approval of these financial statements, the following IPSASs had already been issued but not yet effective:

IPSAS	Effective date
IPSAS 45, Property, Plant, and Equipment	01 January 2025
IPSAS 46, Measurement	01 January 2025
IPSAS 47, Revenue	01 January 2026
IPSAS 48, Transfer Expenses	01 January 2026
IPSAS 49, Retirement Benefit Plans	01 January 2026

The new standards will be adopted when they become effective. The potential impact of the application of these new standards is yet to be assessed.

(iii) *Consistent Accounting Policies*

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 and Government Departments and include bank balances and fixed deposits of Special Funds deposited with the Accountant-General.

2.3 Reporting Period

The financial statements cover the financial year of the Government of Mauritius from 01 July 2022 to 30 June 2023.

2.4 Authorisation Date

The financial statements were authorised for issue on 29 December 2023 by Mr. S.D. Ramdeen, 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.

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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 methodology 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 methodology for the calculation of loss allowance is as follows:

	% Debt unrecoverable
Over 10 years	20
Between 5 and 10 years	10
Between 1 and 5 years	2
Less than 1 year	0.5

The methodology for the calculation of loss allowance for less than 1 year has been revised from 0% (financial year 2021-2022) to 0.5% (financial year 2022-2023) based on past experience.

(ii) Loans and Advances

Loans to Statutory bodies, Private bodies and Other bodies are recognised at amortised cost adjusted for expected credit losses.

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. Advances are recognised at amortised cost which is equivalent to cost as the effect of discounting is not considered material.

(iii) Investments

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

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Initial Recognition of Investments

On initial recognition, investments are measured at fair value.

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) and 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) International Monetary Fund (IMF) Special Drawing Rights (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 or 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 or losses recognised in the Statement of Financial Performance as foreign exchange gains or losses.

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2.8 Inventories

Inventories comprise mainly distributable items, consumables and agricultural produce and biological inventory.

Inventories meant for distribution at no charge or nominal charge or consumption in the production process of goods to be distributed at no charge or for a nominal charge are measured at lower of cost and the estimated replacement cost. All other inventories are measured at lower of cost or net realisable value. The cost has been determined using First In First Out Basis (FIFO).

The cost of inventories from non-exchange transactions (donated inventories) is measured at its fair value at the date of receipt.

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. Any gains or losses arising on recognition of agricultural produce at fair value are recognised in surplus or deficit.

2.9 Non-Current Assets Held for Sale and Discontinued Operations

The Government classifies a non-current asset (or disposal group) as held for sale when the following criteria are met:

- its carrying amount will be recovered principally through a sale transaction rather than through continuing use;
- the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and
- its sale must be highly probable.

A non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

No depreciation or amortization is charged while the non-current asset (or disposal group) is classified as held for sale.

Discontinued Operations

A discontinued operation is a component of the Government that either has been disposed of, or is classified as held for sale, and represents a significant component of the Government's operations. The Government will no longer have control over the operations once the disposal is complete.

2.10 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.

2.11 Biological Assets

Biological assets are split into the following categories:

- (i) Bearer Biological Assets (other than bearer plants);

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, fish, ewes, rams, weaner calves and lambs that are used to replace old animals, bull, cows, heifers, ducks, broiler chicken) and bees.

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(ii) Consumable Biological Assets

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, fresh water prawn juveniles, weaners calves and lambs that are sold to farmers.

(iii) Agricultural Produce (classified under inventories).

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, it 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 costs to sell relating to biological assets have been considered to be insignificant.

2.12 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.

Capital expenditure incurred under Special Funds for the Government has also been included.

(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	120 million
2	A Roads	75 million
3	B Roads	65 million

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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 and 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 and Equipment:

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

(ii) Land and Buildings

- Land

Land acquired prior to 2018 are estimated at deemed cost and those acquired after 2018 are estimated at cost.

The basis used by the Government Valuation Department of the deemed cost is as follows:

- 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.
- Outer Islands have been recognised at deemed cost by the Government Valuation Department.
- 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 2.5 million/arpent has been used.
- For campment sites, valuation has been carried out based on Pas Geometriques sales evidences (leasehold sites).
- 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

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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.

- 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.

- Buildings

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

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

(iii) Assets under Construction

Assets in the course of construction are recognised at cost.

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

(iv) 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 has been used as it is considered to be more appropriate. "Others Assets" category falls under IPSAS 17- Property, Plant, and Equipment as it meets the recognition criteria. However, IPSAS 17 cost and revaluation measurement basis does not provide guidance regarding classes of assets undergoing physical transformation. As similar assets are valued at fair value for instance under IPSAS 27- Agriculture, the fair value model has been applied for biological assets which was deemed to be more appropriate in that context. Moreover, by valuing such assets at fair value represents a fair presentation of their amounts recognised in the financial statements.

(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.

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(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.

2.13 Leases

The Government assesses whether a contract is, or contains, a lease, at inception of the contract.

The Government leases various buildings, equipment and other assets under contract for periods ranging between 0 to 20 years which may be extended, as required.

A right-of-use asset (as stated below) and a corresponding lease liability (Refer to 2.18) are recognised with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these short-term leases, the Government recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (Refer to 2.23 Expenses- (iii) Operating Expenses).

Right-of-Use Assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, and lease payments made at commencement date.

These are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

2.14 Intangible Assets

Intangible assets include licenses, 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 are expensed in the Statement of Financial Performance in the period in which the expenditure is incurred.

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

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

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2.15 Financial Liabilities

(i) Payables

Payables are recognised at amortised cost which is equivalent to 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 and Management Charges payable;
- (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 recognised at amortised cost which is equivalent to cost and includes the following:

- (a) Money deposited with the Government under Section 8 of the Finance and Audit Act; and
- (b) Deposits held with the Mauritius Revenue Authority for the purpose of disputes.

(iii) Government Debt

- a) Domestic and External Debts (Excluding IMF SDR Allocations)

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 cost plus accrued interest, due to the short-term nature of these liabilities.

- Treasury Notes, Government of Mauritius Bonds (including Inflation-Indexed Bonds), 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

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account any discount or premium on acquisition of these instruments excluding commitment fees, management charges and front-end fees.

- Silver Bonds

Silver Bonds have no pre-defined maturity date as such these are measured at amortised cost, i.e, 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) 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 or 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.

2.16 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
- (b) the present obligation can be measured in a way that achieves the qualitative characteristics and takes into account constraints on information.

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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.

2.17 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.

2.18 Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise fixed and variable lease payments.

In calculating the present value of lease payments, the Government has used the following discount rates:

Lease Term	Discount Rate
Less or equal to 1 year	No discounting
More than 1 year and less or equal to 5 years	5%
More than 5 years and less or equal to 10 years	5.5%
More than 10 years	6%

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.19 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.

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

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 for end of year bonus and annual sick leave.

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.

(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 and will be aligned to the requirements of IPSAS 39 - Employee Benefits during the transitional period. 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.

(iii) Other Long-Term Employee Benefits

Other long-term employee benefits comprise non-current portion of bank of sick leave, vacation leave upon retirement and passage benefits.

Accruals in respect of other long-term employee benefits have not been discounted for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

2.20 Contingent Assets and Contingent Liabilities

The Government does not recognise a contingent asset, but discloses in the notes to the financial statements 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. 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.

2.21 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 Financial and Capital Transactions, Taxes on International Trade and Transactions and Other Taxes. 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>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>

NOTES TO THE FINANCIAL STATEMENTS

Tax Type	Revenue Recognition Point
Taxes on Property	Revenue is recognised on an accrual basis.
Taxes on Goods and Services and Taxes on International Trade and Transactions	1. <u>Value Added Tax (VAT)</u> 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. 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.
	2. <u>Custom and Excise Duties and Other taxes collected at Customs</u> Revenue is recognised in the financial year when the taxable activity takes place based on the customs declarations submitted at customs.
	3. <u>Betting and Gaming Taxes</u> Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
	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 tax assessments not yet settled is recognised in the financial year in which the Assessment, Objection or Appeal is finalized, that is, after the resolution of the dispute. This policy will be reviewed to align to the requirements of relevant IPSAS within the transitional period.

(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.

NOTES TO THE FINANCIAL STATEMENTS**(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.
- 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

Social Contributions is recognised on an accrual basis.

2.22 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licences, Finance Income, Dividends, Rent and Royalties, Sales of Goods and Services and Other Revenue.

Revenues are recognised on an accrual basis.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS**(iii) Operating Expenses**

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

Operating expenses include leases which are short term, normally for one year and of low value in nature and are expensed in surplus or deficit (Refer to 2.13 Leases).

(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 include interest expense on financial liabilities and leases and management charges.

Interest expense on financial liabilities are measured at amortised cost and are recognised using the effective interest rate method.

Interest expense on lease liability is the amount that produces a constant periodic discount rate of interest on the remaining balance of lease liability (Refer to 2.18 Lease Liabilities).

Management charges have been recognised on an accrual basis.

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, Intangible Assets and right-of-use assets, estimating the fair value of certain categories of Property Plant and Equipment, Biological Assets, 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, assumptions in measuring Loans at amortised cost and expect credit loss on Loans, estimation to compute the value for Financial Guarantee Liabilities and discount rate for the computation of Lease Liabilities. The actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

NOTES TO THE FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

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

	30 June 2023	30 June 2022
	Rs	Rs
Cash and Bank balances	21,379,023,951	18,928,625,991
Remittances	3,423,494,561	2,744,429,139
Total	24,802,518,512	21,673,055,130
Comprising :		
Local currency balances	20,331,325,178	19,037,456,885
Foreign currency balances - at local banks	4,414,103,490	2,573,682,737
Foreign currency balances - at external banks	57,089,844	61,915,508

As at 30 June 2023, there is no significant cash and cash equivalents balances that are not available for use.

Cash and cash equivalents include an amount of Rs 14,747,580,422 (2022 (restated): Rs 15,991,244,313) for Special Funds.

Non-cash transactions

For non-cash transactions relating to loans, lease liabilities and Government Debt, refer to Note 7 Loans and Advances, Note 19 Lease Liabilities and Note 20 Government Debt respectively.

Non-cash transactions also include the following:

	30 June 2023	30 June 2022
	Rs	Rs
Donated Property, Plant and Equipment	68,919,411	13,637,541
Conversion of Advances to Equity Instruments	-	680,000,000
Others	55,201,448	26,755,652

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2023	30 June 2022
	Rs	(Restated) Rs
Taxes on Income and Profits	11,089,274,627	9,859,386,370
Taxes on Property	15,786,267	16,079,254
Taxes on Goods and Services	9,475,496,721	7,749,512,299
Taxes on International Trade and Transactions	2,030,794	2,007,884
Other Taxes	173,870,749	155,590,237
Fines, Penalties and Forfeits	125,960,381	112,005,878
Social Contributions	1,070,127,766	1,018,299,607
Other Transfers	-	62,898,000
	<u>21,952,547,305</u>	<u>18,975,779,529</u>
Less: Loss Allowance	(665,585,759)	(593,519,713)
Total	21,286,961,546	18,382,259,816
- Within one year	10,012,450,181	8,232,278,491
- After one year	11,274,511,365	10,149,981,325
Total	21,286,961,546	18,382,259,816

NOTES TO THE FINANCIAL STATEMENTS

The above excludes some Rs 31.8 billion representing disputed cases at the MRA. The outcome of such cases have not yet been determined.

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

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Current Due	11,626,719,499	9,194,388,626
Past Due:		
Less than 1 year	627,699,136	491,304,039
Between 1 to 5 years	5,670,962,241	5,111,610,087
Between 5 to 10 years	2,017,655,704	2,438,278,813
Over 10 years	1,343,924,966	1,146,678,251
Total	21,286,961,546	18,382,259,816

During the financial year 2022-2023, an amount of Rs 200,350,804 (2022: Rs 339,654,694) was written off. Out of this amount, an amount of Rs 14,371,974 (2022: Rs 18,135,133) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 35). The remaining amount of Rs 185,978,830 (2022: 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:

	30 June 2023	30 June 2022
	Rs	Rs
Loss Allowance as at 01 July	593,519,713	541,787,787
Receivables Write-Off	(185,978,830)	(321,519,561)
Impairment Loss	258,044,876	373,251,487
Loss Allowance as at 30 June	665,585,759	593,519,713

No loss allowance has been provided on the amount of Rs 593,743,247 in respect of Excise Duty and VAT on petroleum products, due within one year as the importer has a period of 30 days from the date of importation to pay such taxes as per the Customs Act. These amount were settled in July 2023.

As at 30 June 2022, an amount of Rs 62,898,000 was reclassified from *Sales of Goods and Services* (Exchange Transactions) to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries/Departments.

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Licences	75,481,767	83,461,361
Finance Income	1,456,508	548,689
Rent and Royalties	1,151,065,553	1,096,698,099
Sales of Goods and Services	231,015,354	235,516,034
Other Revenue	307,190,461	195,488,838
	1,766,209,643	1,611,713,021
Less: Loss Allowance	(452,437,180)	(141,227,622)
Total	1,313,772,463	1,470,485,399

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
- Within one year	834,205,721	900,606,973
- After one year	479,566,742	569,878,426
Total	1,313,772,463	1,470,485,399

The ageing of receivables from exchange transactions are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Current Due	158,022,125	44,447,903
Past Due:		
Less than 1 year	91,700,994	92,554,780
Between 1 to 5 years	1,000,515,758	1,267,451,032
Between 5 to 10 years	54,059,297	51,403,358
Over 10 years	9,474,289	14,628,326
Total	1,313,772,463	1,470,485,399

During the financial year 2022-2023, an amount of Rs 41,107,255 (2022: Rs 53,049,473) was written off. Out of this amount, an amount of Rs 16,602,780 (2022: Rs 2,600) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 35). The remaining amount of Rs 24,504,475 (2022: Rs 53,046,873) was written off against loss allowance (Refer to table below).

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

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loss Allowance as at 1 July	141,227,622	149,939,105
Receivables Write-Off	(24,504,475)	(53,046,873)
Impairment Loss	335,714,033	44,335,390
Loss Allowance as at 30 June	452,437,180	141,227,622

Refer to Note 39(i) for details on the prior year adjustments.

As at 30 June 2022, *Sales of Goods and Services* was amended from Rs 298,757,572 to Rs 235,516,034 due to the reclassification of Rs 343,539 to *Rent and Royalties* (Exchange Transactions) and of Rs 62,898,000 to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries /Departments. Subsequently, *Rent and Royalties* was amended from Rs 1,096,354,560 to Rs 1,096,698,099.

NOTES TO THE FINANCIAL STATEMENTS

7. LOANS AND ADVANCES

	30 June 2023			30 June 2022		
	Current Rs	Non-Current Rs	Total Rs	Current Rs	(Restated) Non-Current Rs	Total Rs
Loans	3,399,379,904	7,019,346,459	10,418,726,363	309,714,885	9,556,483,226	9,866,198,111
Advances	932,015,525	2,317,390,707	3,249,406,232	943,314,350	3,188,200,013	4,131,514,363
Total	4,331,395,429	9,336,737,166	13,668,132,595	1,253,029,235	12,744,683,239	13,997,712,474

Details of the total loans granted by the Government are provided in Statement M – Statement of all Outstanding Loans financed from Revenue as at 30 June 2023.

(i) Loans

Loans to Statutory bodies, Private bodies and Other bodies have been recognised at amortised cost for the first time in the financial statements for the financial year ended 30 June 2023 and prior years figures have been restated retrospectively.

A reconciliation of loan at amortised cost is shown below:

Balance at 30 June 2021	Rs 9,727,279,332
<i>Prior year adjustments:</i>	
Adjustment with respect to recognising loans at amortised cost	2,782,756,134
Non-exchange expense	(3,529,279,462)
Other adjustments	83,505,814
Balance at 30 June 2021 (restated)	9,064,261,818
<i>Cash Flows:</i>	
Issue	627,748,084
Repayment	(168,787,353)
<i>Non-cash movement:</i>	
Non-exchange expense	(113,300,962)
Movement in interest income	541,042,690
Capitalisation of interest	31,792,072
Gains on foreign exchange transactions and revaluation	19,165,975
Balance at 30 June 2022 (restated)	10,001,922,324
<i>Cash Flows:</i>	
Issue	558,248,749
Repayment	(376,985,795)
<i>Non-cash movement:</i>	
Non-exchange expense	(95,871,567)
Movement in interest income	563,627,532
Capitalisation of interest	40,384,897
Write off of loan	(122,445,604)
Gains on foreign exchange transactions and revaluation	46,156,917
Balance at 30 June 2023	10,615,037,453

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loans at Amortised Cost	10,615,037,453	10,001,922,324
Less: Expected Credit Loss Allowance	(196,311,090)	(135,724,213)
Loans as per Statement A- Statement of Financial Position	10,418,726,363	9,866,198,111

The ageing of the loans are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Less than 1 year	3,399,379,904	309,714,885
Between 1 to 5 years	3,946,683,793	6,785,371,718
Between 5 to 10 years	2,293,844,729	2,450,306,494
Over 10 years	778,817,937	320,805,014
Total	10,418,726,363	9,866,198,111

The changes in expected credit loss allowance in respect of loans are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loss Allowance as at 01 July	135,724,213	124,745,888*
Loss Allowance for the year	60,586,877	10,978,325
Loss Allowance as at 30 June	196,311,090	135,724,213

* Expected Loss allowance on loans amounting to Rs 135,724,213 has been recognised for the first time in the financial statements for the financial year 2021-2022 and Rs 124,745,888 for prior years.

The discount rate used in calculating the present value of loan is determined by reference to market yields on weighted average rupee lending rate of banks, as prescribed by the Bank of Mauritius.

Refer to Note 39 (ii) for details on the prior year adjustments.

(ii) Advances

	30 June 2023	30 June 2022
	Rs	Rs
Government Officers (include Motor Cars and Motor Cycles Advances)	2,072,587,400	1,993,265,596
Parastatals/Local Government/Corporate Bodies	1,056,255,358	979,587,000
Ministries/Departments	120,563,474	1,158,661,767
Total	3,249,406,232	4,131,514,363

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

Details of investments are shown below:

	30 June 2023	30 June 2022
	Rs	Rs
Equity Investments	119,344,041,797	114,017,302,130
Redeemable Preference Shares	200,000,000	200,000,000
Other Investments	19,108,849,811	19,526,009,121
Total	138,652,891,608	133,743,311,251
- Within one year	17,431,994,054	19,437,062,045
- After one year	121,220,897,554	114,306,249,206
Total	138,652,891,608	133,743,311,251

(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 Côte d'Or International Racecourse and Entertainment Complex Ltd, ISM Ltd and National Fishing Company Ltd, where their costs have been deemed to be their market value as no audited financial statements are available.
Equity Participation	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees.

NOTES TO THE FINANCIAL STATEMENTS

Category	Level	Basis
Redeemable Preference Shares	Level 3	Based on the value disclosed in the latest audited financial statements of investees.

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

	Level 1	Level 3	Total Carrying Amount	Total Fair Value
	Rs	Rs	Rs	Rs
30 June 2023				
Quoted investments	672,946,849	-	672,946,849	672,946,849
Unquoted investments	-	88,945,434,775	88,945,434,775	88,945,434,775
Equity participation	-	29,725,660,173	29,725,660,173	29,725,660,173
Redeemable Preference Shares	-	200,000,000	200,000,000	200,000,000
Total	672,946,849	118,871,094,948	119,544,041,797	119,544,041,797
30 June 2022				
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
Total	717,819,495	113,499,482,635	114,217,302,130	114,217,302,130

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

NOTES TO THE FINANCIAL STATEMENTS

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

	Rs
Balance at 30 June 2021	97,426,733,400
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 and revaluation	27,417,238
Disposal of investments	(13,791,119,613)
Fair value loss on investment	(1,812,395,707)
Balance at 30 June 2022	113,499,482,635
Additions during the year	1,472,697,332
Dividends capitalised	53,787,211
Gains on foreign exchange transactions and revaluation	57,399,544
Fair value gain on investment	3,787,728,226
Balance at 30 June 2023	118,871,094,948

(ii) Other Investments

Other Investments have been recognised at amortised cost.

A reconciliation of amortised cost is shown below:

	Government Rs	Special Funds Rs	Total Rs
Balance at 30 June 2021	599,414,752	10,958,814,319	11,558,229,071
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
Balance at 30 June 2022	596,121,803	18,929,887,318	19,526,009,121
Additions during the year	-	-	-
Redemption of fixed deposits	(4,520,000)	(550,000,000)	(554,520,000)
Movement in interest receivable	(382,675)	137,743,365	137,360,690
Balance at 30 June 2023	591,219,128	18,517,630,683	19,108,849,811

Additional details in respect of investments are provided in the Statement F - Statement of Investments as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	30 June 2023	30 June 2022
	Rs	Rs
<i>Inventories consist of the following:</i>		
Inventories for Distribution and Consumption	3,165,156,324	2,583,421,318
Donated inventories	5,604,690	174,800,329
Agricultural Produce and Biological Inventory	36,433,100	37,498,259
Total	3,207,194,114	2,795,719,906

Inventories amounting to Rs 2,896,259 (2022: Rs 23,802,873) was written-off during the financial year 2022-2023.

Agricultural produce harvested during the period, determined at point of harvest amounted to Rs 2,987,059.

Agricultural Produce and Biological Inventory amounting to Rs 4,720,263 was written off during the financial year 2022-2023.

Methods to determine the fair value of Agricultural Produce

The fair value of agricultural produce has been estimated by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping and is based mainly on market prices (i.e. price set by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping), quantity and weight.

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS

	30 June 2023	30 June 2022
	Rs	Rs
IMF SDR Deposits	12,100,561,354	12,509,787,642
IMF Reserve Tranche Position	2,540,585,086	2,418,161,031
Total	14,641,146,440	14,927,948,673

IMF SDR Deposits represent the rupee equivalent of the deposit of SDR 197,605,675 (2022: SDR 207,203,854) by the IMF to the Republic of Mauritius.

IMF Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 41,488,491 (2022: SDR 40,052,821), whilst the Quota amounted to SDR 142,200,000 (2022: SDR 142,200,000).

The movement in the Reserve Tranche is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	2,418,161,031	2,123,814,085
Gain/(Loss) on Foreign Exchange Transactions and Revaluation	39,663,091	(16,155,956)
Transactions during the year	82,760,964	310,502,902
Balance as at 30 June	2,540,585,086	2,418,161,031

11. BIOLOGICAL ASSETS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Bearer Biological Assets	10,454,201	8,710,834
Consumable Biological Assets (N1)	792,705	480,329
Total	11,246,906	9,191,163

N1: Consumable Biological Assets exclude Agricultural Produce. Agricultural Produce has been recognised under Inventories (Refer to Note 9).

Reconciliation of Carrying Amount of Bearer Biological Assets

	Rs
Carrying amount at 01 July 2022	7,893,984
Reclassification from Consumable Biological Assets to Bearer Biological Assets	816,850
Carrying amount at 01 July 2022 (After Reclassification)	8,710,834
Increases due to purchases	1,549,450
Gain arising from changes in fair value attributable to physical changes	318,532
Transfer to inventories	(124,615)
Carrying amount at 30 June 2023	10,454,201

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Carrying Amount of Consumable Biological Assets

	Rs
Carrying amount at 01 July 2022	778,799,359
Reclassification from Consumable Biological Assets to Property, Plant and Equipment - Other Assets	(777,502,180)
Reclassification from Consumable Biological Assets to Bearer Biological Assets	<u>(816,850)</u>
Carrying amount at 01 July 2022 (After Reclassification)	480,329
Gain arising from changes in fair value attributable to physical and price changes	6,863,197
Transfer to inventories	<u>(6,550,821)</u>
Carrying amount at 30 June 2023	<u><u>792,705</u></u>

Reclassifications have been made following new information received from Ministries/Departments.

Methods to determine the fair value of biological assets

The fair value of biological assets has been estimated by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping and is based mainly on market prices (i.e. price set by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping), quantity, weight and height.

Restrictions and pledges for liabilities

During the financial year 2022-2023, there were no biological assets whose title was restricted and there were no restrictions on the Government's use or capacity to sell biological assets.

During the financial year 2022-2023, no biological assets were pledged as security for liabilities.

Contractual Commitments

During the financial year 2022-2023, there were no contractual commitments for the acquisition or development of biological assets.

Financial Risk Management Strategies

The Budgetary Central Government is exposed to financial risks arising from changes in price due to disease and pest risks, climate risks (e.g flood, drought, cyclones), environmental and other risks (e.g fire in forest, thefts, power failure of pumps).

The risk management strategies put in place are as follows:

1. Disease and Pest risks

These are managed by constant monitoring for early detection of diseases and pests and surveillance by veterinary services to avoid propagation.

2. Climate risks

These are managed by planting plants with deep rooted system and suitable to agro climatic conditions and moving from traditional open field cultivation to sheltered farming system.

3. Environmental and Other risks

These are managed by putting standby generators in place to supply electrical power in case of power failure, reporting thefts and having constant watchmanship to ensure security of assets, creating fire breaks to reduce the spread of fire outbreaks.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure, Plant and Equipment			Land and Buildings		Asset Under Construction (AUC)	Other Assets	TOTAL
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings			
	Rs	Rs	Rs	Rs	Rs			
COST								
At 30 June 2021	118,460,276,666	10,667,190,976	11,017,835,387	368,602,447,365	32,189,867,169	4,662,068,676	7,030,000	545,606,716,239
Additions	524,069,206	1,244,982,266	988,122,946	1,115,589,212	596,580,680	3,533,102,802	900,000	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 ¹	-	-	-	10,899,120,323	-	-	780,180,180	11,679,300,503
At 30 June 2022 (Restated)	119,013,774,802	11,789,789,654	11,996,381,148	380,617,156,900	33,438,630,686	7,512,973,525	787,550,180	565,156,256,895
Additions	1,272,038,927	911,152,222	1,780,064,194	952,037,752	444,330,034	5,260,863,299	3,336,149	10,623,822,577
Transfer from AUC	2,121,934,084	-	-	-	222,971,919	(2,344,906,003)	-	-
Transfer to Inventories	-	-	-	-	-	-	(1,613,986)	(1,613,986)
Disposal	-	(26,825,848)	(5,654,078)	-	-	-	(420,000)	(32,899,926)
Fair Value Gain	-	-	-	-	-	-	827,185,537	827,185,537
At 30 June 2023	122,407,747,813	12,674,116,028	13,770,791,264	381,569,194,652	34,105,932,639	10,428,930,821	1,616,037,880	576,572,751,097

NOTES TO THE FINANCIAL STATEMENTS

	Infrastructure, Plant and Equipment			Land and Buildings		Asset Under Construction (AUC)	Other Assets	TOTAL
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings			
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
DEPRECIATION								
At 30 June 2021	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)
At 30 June 2022	12,577,711,917	6,023,208,629	8,158,370,285	-	8,765,736,846	-	-	35,525,027,677
Charge for the year	2,556,477,038	694,642,572	1,067,860,226	-	681,941,916	-	-	5,000,921,752
Disposal	-	(26,825,848)	(5,082,351)	-	-	-	-	(31,908,199)
At 30 June 2023	15,134,188,955	6,691,025,353	9,221,148,160	-	9,447,678,762	-	-	40,494,041,230
Carrying Amounts								
At 30 June 2022 (Restated)	106,436,062,885	5,766,581,025	3,838,010,863	380,617,156,900	24,672,893,840	7,512,973,525	787,550,180	529,631,229,218
At 30 June 2023	107,273,558,858	5,983,090,675	4,549,643,104	381,569,194,652	24,658,253,877	10,428,930,821	1,616,037,880	536,078,709,867

Adjustment¹:

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

(b) An amount of Rs 777,502,180 has been reclassified from Consumable Biological Assets to "Other Assets" in respect of "Plants to maintain the Ecosystem".

1. Other Assets:

(a) The value of Other Assets (Sniffer Dogs) as at 30 June 2023 has decreased to Rs 7,300,000. The net decrease of Rs 70,000 arised from disposal of Rs 420,000 and an increase in fair value of Rs 350,000 during financial year 2022-2023.

(b) "Plants to maintain the Ecosystem" has increased in value during financial year 2022-2023 and amounts to Rs 826,835,537.

2. Donated assets amounting to Rs 68,363,395 (2022: Rs 10,754,444) have been recognised in the financial year 2022-2023.

3. Contractual commitments for the acquisition of Property, Plant and Equipment amounted to Rs 355,491,732 (2022: Rs 1,917,516,985), as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

13. RIGHT-OF-USE ASSETS

	Land	Buildings	Other Equipment	Total
	Rs	Rs	Rs	Rs
COST				
At 1 July 2022	173,811,040	2,059,294,630	10,242,991,105	12,476,096,775
Additions	27,734,499	429,698,220	215,396,862	672,829,581
Adjustment*	-	(6,119,911)	-	(6,119,911)
At 30 June 2023	201,545,539	2,482,872,939	10,458,387,967	13,142,806,445
ACCUMULATED DEPRECIATION				
At 1 July 2022	16,812,242	997,972,827	1,814,778,119	2,829,563,188
Charge for the year	5,786,799	557,354,539	624,591,907	1,187,733,245
Adjustment*	-	(4,997,927)	-	(4,997,927)
At 30 June 2023	22,599,041	1,550,329,439	2,439,370,026	4,012,298,506
Carrying Amounts				
At 30 June 2022	156,998,798	1,061,321,803	8,428,212,986	9,646,533,587
At 30 June 2023	178,946,498	932,543,500	8,019,017,941	9,130,507,939

*This refers to adjustment due to termination of contract by Ministry of Education, Tertiary Education, Science and Technology.

14. INTANGIBLE ASSETS

	Licences & Software	Asset Under Development (AUD)	Total
	Rs	Rs	Rs
COST			
At 30 June 2021	2,880,770,918	247,617,392	3,128,388,310
Additions	186,023,897	167,527,344	353,551,241
Transfer from AUD	356,842,116	(356,842,116)	-
At 30 June 2022	3,423,636,931	58,302,620	3,481,939,551
Additions	154,041,539	45,183,177	199,224,716
At 30 June 2023	3,577,678,470	103,485,797	3,681,164,267
AMORTISATION			
At 30 June 2021	2,244,045,953	-	2,244,045,953
Charge for the year	223,120,277	-	223,120,277
At 30 June 2022	2,467,166,230	-	2,467,166,230
Charge for the year	204,457,231	-	204,457,231
At 30 June 2023	2,671,623,461	-	2,671,623,461
Carrying Amounts			
At 30 June 2022	956,470,701	58,302,620	1,014,773,321
At 30 June 2023	906,055,009	103,485,797	1,009,540,806

Donated assets amounting to Rs 556,016 (2022: Rs 2,883,097) have been recognised in the financial year 2022-2023.

As at 30 June 2023, contractual commitments for the acquisition of Intangible Assets amounted to Rs 9,947,768 (2022: Rs 9,947,768).

NOTES TO THE FINANCIAL STATEMENTS

15. PAYABLES

	30 June 2023	30 June 2022
	Rs	Rs
Cost of Borrowings	89,107,683	36,090,982
Accounts Payable	1,634,352,175	884,183,173
Retention Money on Contracts	73,358,577	60,998,702
Carry-over of Capital Expenditure	121,905,876	194,440,980
Total	1,918,724,311	1,175,713,837
- Within one year	1,908,032,447	1,175,300,637
- After one year	10,691,864	413,200
Total	1,918,724,311	1,175,713,837

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 2023	30 June 2022
	Rs	Rs
Accrued Interest on Re-opening of Government Securities:		
- Government Bonds	50,776,000	16,962,000
- Treasury Notes	37,341,000	15,150,000
Management Charges payable on:		
- Domestic Debts	115,864	1,251,638
- External Debts	874,819	2,727,344
Total	89,107,683	36,090,982
	30 June 2023	30 June 2022
	Rs	Rs
- Within one year	89,107,683	36,090,982
- After one year	-	-
Total	89,107,683	36,090,982

16. DEPOSITS

	30 June 2023	30 June 2022
	Rs	(Restated) Rs
Grants	266,716,480	132,111,595
Deposits held with Mauritius Revenue Authority	644,858,613	382,665,480
Other Deposits	2,793,496,035	4,306,178,200
Total	3,705,071,128	4,820,955,275
- Within one year	2,684,952,599	4,042,767,046
- After one year	1,020,118,529	778,188,229
Total	3,705,071,128	4,820,955,275

NOTES TO THE FINANCIAL STATEMENTS

The amount of liabilities recognised in respect of Grants that are subject to conditions are Rs 266,716,480 (2022: Rs 132,111,595).

The figure for 'Other Deposits' for 30 June 2022 was amended from Rs 4,444,693,860 to Rs 4,306,178,200 due to the reclassification of Rodrigues Subsidy Account to Special Funds, following amendment made in the Finance and Audit Act.

17. SOCIAL BENEFITS LIABILITIES

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	154,444,800	197,947,584
Payments made during the year	(49,170,221,173)	(37,758,702,940)
Charge for the year	49,311,170,868	37,715,200,156
Balance as at 30 June	295,394,495	154,444,800
- Within one year	295,394,495	154,444,800
- After one year	-	-
Total	295,394,495	154,444,800

Social benefits liabilities includes income support and other allowances paid to eligible recipients mainly under the Income Tax Act, The Workers' Rights Act and The Additional Remuneration and Other Allowances Act, Social Aid Act and National Pensions Act. These are mainly funded through budget appropriation but also includes financing from Special Funds.

18. PROVISIONS

The movement in Provisions relate to legal cases which are shown below:

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	50,000,000	-
First time recognition	-	50,000,000
Charge for the year	18,842,334	-
Payment	(28,842,334)	-
Balance as at 30 June	40,000,000	50,000,000

NOTES TO THE FINANCIAL STATEMENTS

19. LEASE LIABILITIES

The carrying amounts of the lease liabilities and the movements during the year are shown below:

	Rs
At 01 July 2022	11,456,743,848
<i>Cash Flows:</i>	
Repayment	(1,553,756,629)
<i>Non-cash movement:</i>	
Additions	672,829,581
Interest Accrued	692,721,172
Adjustment due to termination of contract	(1,169,873)
Balance as at 30 June 2023	11,267,368,099

	30 June 2023	30 June 2022
	Rs	Rs
- Within one year	890,200,378	748,548,094
- After one year	10,377,167,721	10,708,195,754
Total	11,267,368,099	11,456,743,848

The maturity analysis of lease liabilities is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Less than 1 year	890,200,378	748,548,094
Between 1 to 5 years	2,837,911,631	2,614,986,348
Between 5 to 10 years	3,188,681,690	3,062,652,184
Over 10 years	4,350,574,400	5,030,557,222
Total	11,267,368,099	11,456,743,848

Amounts Recognised in Statement of Financial Performance :

	30 June 2023
	Rs
Depreciation expense on Right-of-Use Asset	1,187,733,245
Interest expense on Lease Liabilities	692,721,172
Expense relating to short term leases not included in the above categories (Refer to Note 34)	210,067,595
Gain on contract termination of Right-of-Use Asset	47,888
Total	2,090,569,900

	30 June 2023
	Rs
The total cash outflow for leases for the financial year was :	
Principal	861,035,457
Interest	692,721,172
Total	1,553,756,629

NOTES TO THE FINANCIAL STATEMENTS

20. GOVERNMENT DEBT

	30 June 2023	30 June 2022
	Rs	Rs
<u>Domestic and External Debts (Excluding IMF SDR Allocations)</u>		
Government Securities	366,622,083,950	339,568,743,341
Domestic Loans	345,950,038	271,722,709
External Loans	63,840,958,516	52,806,862,824
<u>IMF SDR Allocations</u>	14,273,956,878	14,073,119,767
Total	445,082,949,382	406,720,448,641
- Within one year	80,363,057,428	75,292,727,805
- After one year	364,719,891,954	331,427,720,836
Total	445,082,949,382	406,720,448,641

Details of the total debt of the Government are provided in Statement J - Statement of Public Sector Debt as at 30 June 2023.

A. Domestic and External Debts (Excluding IMF SDR Allocations)

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	392,647,328,874	380,880,889,867
Cash Flows:		
- Issue/ Receipt	146,468,162,464	128,533,350,651
- Redeemed/ Repayment	(112,285,158,036)	(114,983,079,194)
Non-Cash Movement:		
- Direct Payments	493,342,653	982,870,254
- Capitalised Interest on Silver Bonds	40,052,989	33,802,504
- Capitalisation of Interest	2,729,815	2,507,845
- Expenses Disbursed Directly out of the Loan Proceeds	2,934,087	3,045,068
- Losses/ (Gains) on Foreign Exchange Revaluation	2,102,357,007	(3,964,635,286)
- Other Changes (N1)	1,337,242,651	1,158,577,165
Balance as at 30 June	430,808,992,504	392,647,328,874
	30 June 2023	30 June 2022
	Rs	Rs
- Within one year	80,363,057,428	75,292,727,805
- After one year	350,445,935,076	317,354,601,069
Total	430,808,992,504	392,647,328,874

NOTES TO THE FINANCIAL STATEMENTS

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

	30 June 2023	30 June 2022
	Rs	Rs
Less than 1 year	80,363,057,428	75,292,727,805
Between 1 to 5 years	175,857,018,338	171,344,454,620
Between 5 to 10 years	80,419,605,967	67,288,512,142
Over 10 years	94,169,310,771	78,721,634,307
Total	430,808,992,504	392,647,328,874

N 1: 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 (2022: SDR 233,097,854) made to the Republic of Mauritius, that is, Rs 14,273,956,878 as at 30 June 2023 (2022: Rs 14,073,119,767) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt as at 30 June 2023.

21. FINANCIAL GUARANTEE LIABILITIES

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 1 July	2,905,829,220	2,499,191,188
Increases (New Guarantees)	425,685,771	520,327,393
Remeasurement	(148,325,056)	(130,723,494)
Expired*	(14,161,218)	(118,617,381)
Losses on Foreign Exchange Transactions	34,781,412	135,651,514
Balance as at 30 June	3,203,810,129	2,905,829,220
- Within one year	133,808,182	139,784,961
- After one year	3,070,001,947	2,766,044,259
Total	3,203,810,129	2,905,829,220

The maturity analysis of Financial Guarantee Liabilities is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Less than 1 year	133,808,182	139,784,961
Between 1 to 5 years	1,775,775,654	1,510,145,381
Between 5 to 10 years	902,207,604	847,334,321
Over 10 years	392,018,689	408,564,557
Total	3,203,810,129	2,905,829,220

*Financial guarantee are derecognised when the obligation under the contract is discharged, cancelled or expired.

Details of the loan guaranteed by the Government as at 30 June 2023 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 2023.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2023	30 June 2022
	Rs	Rs
Liability in respect of Defined Benefit Plan (Refer to Note 23)	149,859,960,526	149,859,960,526
Accrued Sick Leave	11,270,781,223	9,427,078,682
Accrued Vacation Leave	10,953,604,782	9,654,518,879
Accrued Passage Benefits	4,741,483,377	4,041,397,096
Accrued Bonus	781,652,453	992,196,922
Total	177,607,482,361	173,975,152,105
- Within one year	2,924,227,542	2,658,597,248
- After one year	174,683,254,819	171,316,554,857
Total	177,607,482,361	173,975,152,105

23. DEFINED BENEFIT PLAN

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

	30 June 2023	30 June 2022
	Rs	Rs
Defined Benefit Obligations	149,859,960,526*	149,859,960,526
Fair Value of Plan Assets	-	-
Liability Recognised in Statement of Financial Position at End of Year	149,859,960,526	149,859,960,526

*The last actuarial valuation was carried out as at 30 June 2022.

	30 June 2023	30 June 2022
	Rs	Rs
<u>Amounts Recognised in Statement of Financial Performance:</u>		
Charge to Surplus or Deficit	8,418,397,476	7,646,923,153

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)

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:

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022
Discount Rate	5.15%	5.15%
Future Salary Increases	2.50%	2.50%
Future Pension Increases	1.50%	1.50%
Mortality before Retirement	Nil	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 for the year ended 30 June 2022.

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 as at 30 June 2022.

- 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.

24. 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 (Deficit)/Surplus; and
- c) Special Funds.

The value of Net Assets/Equity of the Government as at 30 June 2023 amounted to Rs 120,740,005,506 (2022 (Restated): Rs 146,073,835,681). The movement in the Net Assets/Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity for the financial year 2022-2023.

(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.

NOTES TO THE FINANCIAL STATEMENTS

According to Section 104(4) of the Constitution and Sections 3(4)(a) and 3(4)(b) of the Finance and Audit Act, the Consolidated Fund should consider the following:

- (a) The cash balance in respect of the Consolidated Fund (excluding Deposits and Special Funds) held at the Bank of Mauritius or in a commercial bank for day to day cash requirements;
- (b) Deposit of money with a bank; and
- (c) Investments with a financial institution, fund or in such securities as may be approved by the Minister.

(b) Accumulated (Deficit)/Surplus

This represents the accumulated deficit to date for the Government 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 2022- 2023.

(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 2023 disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023 amounted to Rs 33,079,580,422 and comprise of fixed deposits at cost and cash balances to the amount of Rs 18,332,000,000 and Rs 14,747,580,422 respectively. Details of Special Funds are provided in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023.

Fixed deposits of Special Funds are recognised at amortised cost in the financial statements. The total balance of Special Funds in the Statement of Financial Position includes investments at amortised cost and amounted to Rs 33,265,211,104 (2022(Restated): Rs 34,921,131,631). The balance of Special Funds as at 30 June 2022 was amended due to the reclassification of Rodrigues Subsidy Account from Deposits to Special Funds, following amendment made in the Finance and Audit Act.

A reconciliation of the figure in fixed deposits by Special Funds disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023 to the figure reported under ‘Special Funds’ in Statement A – Statement of Financial Position as at 30 June 2023 is shown as follows:

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs
Opening Balance (at cost)	18,882,000,000	10,920,000,000
Additions during the year	-	8,002,000,000
Redemption of fixed deposits	<u>(550,000,000)</u>	<u>(40,000,000)</u>
Closing Balance (at cost)	18,332,000,000	18,882,000,000
Total interest receivable	<u>185,630,683</u>	<u>47,887,318</u>
Closing Balance (at amortised cost)	<u>18,517,630,683</u>	<u>18,929,887,318</u>

NOTES TO THE FINANCIAL STATEMENTS

25. TAXATION

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Taxes on Income and Profits	42,623,382,444	33,959,578,569
Taxes on Property	40,119,562	33,772,617
Taxes on Goods and Services	83,413,991,861	69,216,078,724
Taxes on International Trade and Transactions	1,825,221,519	1,526,118,366
Other Taxes	1,747,492,190	1,430,860,309
Total	129,650,207,576	106,166,408,585

26. GRANTS AND AID

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Grants from Foreign Governments	1,849,272,992	1,729,775,550
Grants from International Organisations	243,332,112	110,638,968
Grants from Other General Government Units	29,698,731	1,039,999,876
Total	2,122,303,835	2,880,414,394

27. OTHER TRANSFERS

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Contribution in respect of Tourism Development Projects on State Lands	28,125,000	23,610,000
Concessionary Loans	334,849,978	239,845,251
Goods in-kind	90,597,171	285,267,995
Others	65,000,000	162,898,000
Total	518,572,149	711,621,246

NOTES TO THE FINANCIAL STATEMENTS

28. LICENCES

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Road Motor Vehicle Licences	1,806,832,770	1,802,014,171
Company and Other Licences	1,243,179,127	924,215,931
Total	3,050,011,897	2,726,230,102

29. DIVIDENDS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Dividends from Quoted and Unquoted Investments	491,763,961	652,434,612
Similar Distributions from Quasi Corporations	798,589,061	8,444,795,232
Total	1,290,353,022	9,097,229,844

30. OTHER REVENUE

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Civil Service Family Protection Scheme	333,893,752	347,681,352
Miscellaneous Revenue	242,272,441	191,233,206
Total	576,166,193	538,914,558

31. EMPLOYEE COSTS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Wages, Salaries, Compensations and Allowances	29,240,923,846	29,214,988,589
Contributions to Defined Contribution Plan, Family Protection Scheme, National Savings Fund and Social Contributions	2,119,886,018	2,028,372,299
Amount Recognised in respect of Defined Benefit Plans (Note 23)	8,418,397,476	7,646,923,153
Other Employee Benefits	9,560,219,710	8,188,702,619
Total	49,339,427,050	47,078,986,660

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

32. GRANTS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Donations and Contributions	544,975,693	426,298,673
Capital Grants	10,188,824,906	13,701,825,343
Current Grants	27,628,052,412	24,655,982,719
Total	38,361,853,011	38,784,106,735

33. SOCIAL BENEFITS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Pension (Retirement, Widow, Invalid and Others)	41,252,755,811	36,497,418,816
Other Social Benefits	8,058,415,057	1,217,781,340
Total	49,311,170,868	37,715,200,156

34. OPERATING EXPENSES

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Cost of Utilities	939,236,139	857,641,984
Fuel and Oil	429,225,395	308,254,864
Rental Expense*	430,090,987	1,152,083,915
Office Expenses	126,805,029	122,320,626
Maintenance	1,526,378,454	1,310,032,264
Cleaning Services	915,498,277	955,525,606
Medical Supplies, Drugs and Scientific Equipment	2,999,260,928	2,999,005,005
Travelling and Mission Expenses	216,975,106	611,526,249
Other Operating Expenses	4,021,856,734	3,928,289,267
Total	11,605,327,049	12,244,679,780

* Rental Expense includes an amount of Rs 210,067,595 in respect of short-term lease.

NOTES TO THE FINANCIAL STATEMENTS

35. OTHER EXPENSES

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Transfers	3,448,660,695	2,548,019,485
Insurance	14,994,397	26,456,745
Compensation arising out of Government Liability	18,842,334	19,513,050
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	192,901,121	212,908,682
Impairment Loss on Receivables from Exchange Transactions (N1)	335,714,033	41,872,126
Impairment Loss on Receivables from Non-Exchange Transactions (N2)	258,044,876	373,251,487
Impairment Loss – Exchange Transactions (Local Loans)	60,586,877	10,978,325
Receivables from Exchange Transactions Write-Off (N1)	16,602,780	2,600
Receivables from Non-Exchange Transactions Write-Off (N2)	14,371,974	18,135,133
Loans, Advances and Inventories Write-Off	131,467,033	23,802,873
Concessionary Loans	95,871,567	113,300,962
Others	1,167,633,247	1,255,593,312
Total	5,755,690,934	4,643,834,780

N1: Refer to Note 6 – Receivables from Exchange Transactions

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

36. FINANCE COSTS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Interest Expense on Domestic Debt	14,247,490,432	12,490,015,511
Interest Expense on External Debt	1,926,785,832	1,896,900,390
Interest Expense on Lease	692,721,172	-
Management Charges	33,238,182	12,683,004
Total	16,900,235,618	14,399,598,905

NOTES TO THE FINANCIAL STATEMENTS

37. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

(i) IMF- 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 2023 stood at Rs 6,092,370,000 (2022: Rs 5,911,380,000).

(ii) Other International Financial Organisations

Pursuant to Section 4(3) of the International Financial Organisations Act, the Government has also issued non-negotiable securities to the International Development Association. The value of securities as at 30 June 2023 stood at Rs 9,196,738 (2022: Rs 9,196,738).

38. 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 2022-2023. The original estimates of expenditure amounting to Rs 152,000 million (2022: Rs 145,700 million) were passed by the National Assembly on 29 June 2022 and Supplementary Estimates amounting to Rs 5,417 million (2022: Rs 9,500 million) were passed on 12 April 2023.

The Statements AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022-2023 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 2022-2023 differed from the original estimates as there was a Supplementary Estimates approved 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	(1,801,297,242)	(1.2%)	The shortfall in recurrent revenue was mainly due to the following: (i) delays in the implementation of grant-funded projects; (ii) lower remittance of surplus cash balance by the Financial Services Commission; and

NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			(iii) lower receipts under Contribution Sociale Généralisée; The lower revenue was partly offset by higher collection from Income Tax and Value Added Tax.
Recurrent Expenditure	3,610,403,136	2.3%	<p>Recurrent expenditure was higher mainly due to:</p> <ul style="list-style-type: none"> (i) increase in employee costs following the award of the 2023 Salary Compensation of Rs 1,000 monthly to employees as from January 2023; higher request from Civil Servants for encashment of their accumulated passage benefits; and payment of overtime; (ii) increase in the prices of medical and laboratory supplies; (iii) increase in interest rates on Government Securities following the surge in Key Rate; (iv) contribution towards the Bus Companies Recovery Account for the provision of subsidy to bus operators on diesel price; (v) increase in grants to Rodrigues Regional Assembly, Local Authorities, Private Secondary Education Authority and Higher Education Commission to enable them to meet their operating costs and other financial obligations. <p>These higher expenditures were partly offset by funds that were appropriated for contingencies as well as underspending on gratuities and basic pensions.</p>
Capital Revenue	161,156,421	9.4%	Capital revenue was higher due to grant received in respect of Metro Express Project.
Capital Expenditure	1,669,069,618	9.1%	<p>Capital expenditure was higher mainly due to transfers to Special Funds namely (i) COVID-19 Projects Development Fund to finance the gap in the subsidy component in connection with the construction of the Social Housing Project; (ii) National Environment and Climate Change Fund for construction of the waterfront project at Deux Frères; and (iii) National Resilience Fund to finance ongoing schemes.</p> <p>These were partly offset by lower expenditure on some capital projects such as construction of roads, hospitals, Mauritius Disciplined Forces Academy and Civil Service College; acquisition of coastal radar surveillance system and geotechnical equipment; pipe replacement and water distribution programme; and other projects</p>

NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			implemented by the Rodrigues Regional Assembly and Local Authorities.
Net Acquisition of Financial Assets	20,525,237,330	107%	The increase in net acquisition of financial assets was due to delays in the disposal of shares held by Government in certain companies. This was partly offset by lower equity injection in connection with the implementation of Metro Express Project and Sewerage projects.

NOTES TO THE FINANCIAL STATEMENTS**39. PRIOR YEAR ADJUSTMENTS**

Prior year adjustments are required as a result of (i) changes in the accounting basis, following the adoption of IPSAS 33 – First-time Adoption of Accrual Basis IPSASs, and (ii) reclassifications of certain amounts presented.

These adjustments have been made to the carrying amounts of items presented in the Statement A - Statement of Financial Position as at 30 June 2023 and Statement AC - Statement of Changes in Net Assets or Equity for the financial year 2022-2023. 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 2022-2023.

(i) Receivables from Exchange Transactions

Receivables from Exchange Transactions was overstated by Rs 127,637,176 in the financial year 2021-2022. The amount of Rs 127,637,176 includes a balance of Rs 126,521,276 with regard to adjustment to recognising loans at amortised cost and an amount of Rs 1,115,900 in respect of expected credit losses for the financial year 2021-2022. In this respect, relevant adjustments have been made to restate the comparative figures. An adjustment of Rs 904,830,751 was made relating to the transfer of arrears interest from receivables to loans for the financial year 2020-2021. An amount of Rs 2,463,263 in respect of loss allowance on receivables has been recognised for the financial year 2020-2021.

(ii) Loans and Advances

Loans have been recognised at amortised cost instead of cost for the first time in the financial statements for the year ended 30 June 2023. In this respect, the prior year figures have been restated retrospectively by Rs 787,763,401 and Rs 422,468,180 for the financial year 2020-2021 and 2021-2022, respectively. The amount of Rs 787,763,401 includes a balance of Rs 746,523,327 with regard to adjustment to recognising loans at amortised cost for the financial year 2020-2021 and an amount of Rs 124,745,888 in respect of expected credit losses has been recognised for the first time for the financial year 2020-2021.

(iii) Leases

During the financial year 2022-2023, the Government has made early adoption of IPSAS 43-Leases. This has resulted in restatement of comparative figures for the first-time recognition of right-of-use assets amounting to Rs 9,646,533,587 and Lease Liabilities amounting to Rs 11,456,743,848. The difference between the amount recognised for right-of-use assets and Lease Liabilities has impacted on the Accumulated (deficit)/surplus.

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

NOTES TO THE FINANCIAL STATEMENTS

The effects of the above changes are illustrated below:

	30 June 2022	Increase/ (Decrease)	30 June 2022
	Rs	Rs	(Restated) Rs
Statement of Financial Performance (Classification of Expenses by Nature) (extract)			
Revenue			
Revenue from Non-Exchange Transactions			
Other Transfers*	648,723,246	62,898,000	711,621,246
Revenue from Exchange Transactions			
Finance Income**	336,107,539	420,226,192	756,333,731
Rent and Royalties*	1,490,393,138	343,539	1,490,736,677
Sales of Goods and Services*	1,763,287,464	(63,241,539)	1,700,045,925
Expenses			
Other Expenses**	4,518,439,592	125,395,188	4,643,834,780

* The Increase/(Decrease) for Other Transfers, Rent and Royalties and Sales of Goods and Services does not pertain to restatements and are reclassification between line items.

Revenue from Non-Exchange Transactions

As at 30 June 2022, an amount of Rs 62,898,000 was reclassified from *Sales of Goods and Services* (Exchange Transactions) to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries/Departments.

Revenue from Exchange Transactions

As at 30 June 2022, *Sales of Goods and Services* was amended from Rs 1,763,287,464 to Rs 1,700,045,925 due to the reclassification of Rs 343,539 to *Rent and Royalties* (Exchange Transactions) and of Rs 62,898,000 to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries /Departments. Subsequently, *Rent and Royalties* was amended from Rs 1,490,393,138 to Rs 1,490,736,677.

**This relates to changes resulting from adoption from new accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2022 (Adjusted) Rs	Increase/ (Decrease) Rs	30 June 2022 (Restated) Rs	30 June 2021 Rs	Increase/ (Decrease) Rs	01 July 2021 (Restated) Rs
Statement of Financial Position (extract)						
ASSETS						
Receivables from Non-Exchange Transactions (N1)	18,319,361,816	62,898,000	18,382,259,816	16,875,943,831	-	16,875,943,831
Receivables from Exchange Transactions (N2)*	1,661,020,575	(190,535,176)	1,470,485,399	2,183,739,765	(907,294,014)	1,276,445,751
Loan and Advances (N3)*	13,575,244,294	422,468,180	13,997,712,474	13,825,141,057	(787,763,401)	13,037,377,656
Biological Assets (N1)	786,693,343	(777,502,180)	9,191,163	-	-	-
Property, Plant and Equipment (N1)	528,853,727,038	777,502,180	529,631,229,218	514,705,148,873	-	514,705,148,873
Rights-of-Use-Assets*	-	9,646,533,587	9,646,533,587	-	-	-
LIABILITIES						
Deposits (N1)	4,959,470,935	(138,515,660)	4,820,955,275	8,424,941,885	-	8,424,941,885
Lease Liabilities*	-	11,456,743,848	11,456,743,848	-	-	-
NET ASSETS/EQUITY						
Accumulated (Deficit)/ Surplus	25,201,717,095	(1,515,379,257)	23,686,337,838	69,231,335,545	(1,695,057,415)	67,536,278,130
Special Funds (N1)	34,782,615,971	138,515,660	34,921,131,631	36,526,471,482	-	36,526,471,482

Notes:

N1 : The Increase/(Decrease) for the FY 2021-2022 are not restatements and pertains to reclassifications between line items of the Statement of Financial Position.

N2: The Decrease of Rs 190,535,176 for FY 2021-2022 comprise Rs 62,898,000 in respect of reclassification to Receivables from Non- Exchange Transactions and Rs 127,637,176 which is a restatement in respect of recognition of loans and advances at amortised cost and expected credit losses.

N3: The Decrease of Rs 787,763,401 for FY 2020-2021 comprise Rs 746,523,327 with regard to adjustment to recognising loans at amortised cost, Rs 124,745,888 for expected credit losses and Rs 83,505,814 in respect of reclassification of arrears interest from receivables to loan.

* includes changes resulting from adoption of new accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

40. IPSAS 33 - OPENING STATEMENTS

IPSAS adoption has been gradual since 2016 and thus the statements below show the opening balances as of 01 July 2022 and the related reconciliations:

(i) Opening Statement of Financial Position as at 01 July 2022

	Closing Balance Previous Accounting Policies 30 June 2022 Rs	Reclassifications Rs	IPSAS Adjustments Rs	Opening Statement of Financial Position 01 July 2022 Rs
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	21,673,055,130	-	-	21,673,055,130
Receivables from Non-Exchange Transactions	8,396,838,180	(164,559,689)	-	8,232,278,491
Receivables from Exchange Transactions	276,255,673	-	624,351,300	900,606,973
Loans and Advances	3,131,732,958	-	(1,878,703,723)	1,253,029,235
Investments	19,432,000,104	5,061,941	-	19,437,062,045
Inventories	2,795,719,906	-	-	2,795,719,906
Prepayments	40,903,469	-	-	40,903,469
	55,746,505,420	(159,497,748)	(1,254,352,423)	54,332,655,249
NON-CURRENT ASSETS				
Receivables from Non-Exchange Transactions	9,922,523,636	227,457,689	-	10,149,981,325
Receivables from Exchange Transactions	2,292,058,916	(62,898,000)	(1,659,282,490)	569,878,426
Loans and Advances	11,231,274,737	-	1,513,408,502	12,744,683,239
Investments	114,311,311,147	(5,061,941)	-	114,306,249,206
Other Financial Assets	14,927,948,673	-	-	14,927,948,673
Biological Assets	786,693,343	(777,502,180)	-	9,191,163
Property, Plant and Equipment	528,853,727,038	777,502,180	-	529,631,229,218
Right-of-Use Assets	-	-	9,646,533,587	9,646,533,587
Intangible Assets	1,014,773,321	-	-	1,014,773,321
	683,340,310,811	159,497,748	9,500,659,599	693,000,468,158
Total Assets	739,086,816,231	-	8,246,307,176	747,333,123,407

NOTES TO THE FINANCIAL STATEMENTS

	Closing Balance Previous Accounting Policies 30 June 2022 Rs	Reclassifications Rs	IPSAS Adjustments Rs	Opening Statement of Financial Position 01 July 2022 Rs
LIABILITIES				
CURRENT LIABILITIES				
Payables	1,175,300,637	-	-	1,175,300,637
Deposits	4,181,282,706	(138,515,660)	-	4,042,767,046
Social Benefits Liabilities	154,444,800	-	-	154,444,800
Provisions	50,000,000	-	-	50,000,000
Lease Liabilities	-	-	748,548,094	748,548,094
Government Debt	75,292,727,805	-	-	75,292,727,805
Financial Guarantee Liabilities	139,784,961	-	-	139,784,961
Employee Benefit Obligations	2,658,597,248	-	-	2,658,597,248
	83,652,138,157	(138,515,660)	748,548,094	84,262,170,591
NON-CURRENT LIABILITIES				
Payables	413,200	-	-	413,200
Deposits	778,188,229	-	-	778,188,229
Lease Liabilities	-	-	10,708,195,754	10,708,195,754
Government Debt	331,427,720,836	-	-	331,427,720,836
Financial Guarantee Liabilities	2,766,044,259	-	-	2,766,044,259
Employee Benefit Obligations	171,316,554,857	-	-	171,316,554,857
	506,288,921,381	-	10,708,195,754	516,997,117,135
Total Liabilities	589,941,059,538	(138,515,660)	11,456,743,848	601,259,287,726
Net Assets	149,145,756,693	138,515,660	(3,210,436,672)	146,073,835,681
NET ASSETS/EQUITY				
Consolidated Fund	87,466,366,212	-	-	87,466,366,212
Accumulated Surplus	26,896,774,510	-	(3,210,436,672)	23,686,337,838
Special Funds	34,782,615,971	138,515,660	-	34,921,131,631
	149,145,756,693	138,515,660	(3,210,436,672)	146,073,835,681

NOTES TO THE FINANCIAL STATEMENTS

(ii) Reconciliation of Surplus on 01 July 2022

	Surplus or deficit on 01 July 2022
	Rs
Surplus as at 30 June 2022 as reported under previous basis of accounting	419,822,701
Recognition of finance income on Loans to Statutory bodies, Private bodies and Other bodies at amortised cost	420,226,192
Recognition of concessionary portion on Loans to Statutory bodies, Private bodies and Other bodies	(113,300,962)
Recognition of expected credit losses on Loans to Statutory bodies and Other bodies	(10,978,325)
Recognition of expected credit losses on Receivables (Penalty Fee on Loans)	(1,115,901)
Restated surplus as on 01 July 2022	714,653,705

(iii) Reconciliation of net assets/equity as on 01 July 2022

	Net assets/equity as on 01 July 2022
	Rs
Opening balance of net assets/equity as on 30 June 2022 reported under previous basis of accounting	26,896,774,510
First-time recognition of Loans at Amortised Cost	(1,567,848,264)
First-time recognition of Expected Credit Losses on Loans	(124,745,888)
First-time recognition of Expected Credit Losses on Receivables (Penalty Fee on Loans)	(2,463,263)
First-time recognition of Right-of-Use Assets	9,646,533,587
First-time recognition of Lease Liabilities	(11,456,743,848)
Movement in restated opening surplus (Refer to Note 40 (ii) on reconciliation of surplus on 01 July 2022)	294,831,004
Restated opening balance of net assets/equity as on 01 July 2022	23,686,337,838

Refer to Note 39 – Prior year adjustments for explanation on adjustments relating to the change in accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

41. RECONCILIATION: BUDGETARY RESULT WITH DEFICIT

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	(29,781,230,575)	(29,041,985,835)
Net movement in Prepayments	14,982,584	4,446,268
Net movement in Payables	(990,042,988)	430,345,786
Net movement in Inventories	403,717,287	269,799,104
Depreciation and Amortisation	(6,393,112,228)	(4,971,693,391)
Net Movement in Investments	3,742,463,084	23,511,400,060
(Loss)/Gain on Foreign Exchange Transactions and Revaluation	(1,867,660,921)	4,004,640,489
Subscriptions to International Organisations	(187,873,949)	(90,502,902)
Capitalisation of Dividends	53,796,541	26,755,652
Net movement in Loan to Statutory Bodies, Private Bodies and Other Bodies	359,270,070	327,876,931
Net movement in Receivables	2,486,160,957	1,609,479,273
Net Movement in Non-Financial Assets	9,952,817,077	8,016,569,404
Net movement in Carry-Over of Capital Expenditure	(153,667,875)	(78,358,313)
Net Movement in Employee Benefits Obligations	(3,632,330,256)	(2,136,134,249)
Net movement in Financial Guarantee Liabilities	(263,199,497)	(270,986,517)
Net movement in Government Debt	(231,439,415)	(896,998,055)
Net movement in Provisions	10,000,000	-
Net movement in Leases	861,083,345	-
Net movement in Biological Assets	8,731,179	-
(Deficit)/Surplus as presented in the Statement of Financial Performance (Statements AA & AB)	(25,607,535,580)	714,653,705

NOTES TO THE FINANCIAL STATEMENTS

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

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
(Deficit)/Surplus as presented in the Statement of Financial Performance (Statements AA & AB)	(25,607,535,580)	714,653,705
(Gains)/Losses Adjustments		
Adjustments in respect of Foreign Exchange Transactions and Revaluation	1,867,660,921	(4,004,640,489)
	1,867,660,921	(4,004,640,489)
Non-Cash Adjustments		
Donations	-	(119,832,946)
Net Movement in Loan to Statutory Bodies, Private bodies and Other bodies	(447,651,787)	(327,876,931)
Net Movement in Receivables	(2,486,160,957)	(1,609,479,274)
Capitalisation of Dividends	(53,796,541)	(26,755,652)
Loan and Advances Written-Off	123,844,305	57,540
Net Movement in Investments	(3,742,463,084)	(23,511,400,060)
Depreciation and Amortisation	6,393,112,228	4,971,693,391
Net Movement in Non-Financial Assets	(930,713,304)	(59,119,597)
Net Movement in Employee Benefits Obligations	3,632,330,256	2,136,134,249
Interest and other Adjustments in respect of Government Debt	1,456,647,087	1,236,034,900
Net Movement in Financial Guarantee Liabilities	263,199,497	270,986,517
Net Movement in Leases	(861,083,345)	-
Net Movement in Provisions	(10,000,000)	-
Net Movement in Biological Assets	(8,731,179)	-
	3,328,533,176	(17,039,557,863)
Working Capital Movement		
Decrease/(Increase) in Advances	879,792,551	(1,027,177,758)
(Increase) in Inventories	(403,717,287)	(269,799,104)
(Increase) in Prepayments	(14,982,584)	(4,446,268)
Increase/(Decrease) in Payables	864,045,597	(377,276,627)
(Decrease) in Deposits	(1,378,077,282)	(3,676,814,189)
Increase/(Decrease) in Social Benefits Liabilities	140,949,695	(43,502,784)
(Decrease) in Special Funds	(1,793,663,891)	(1,752,928,510)
	(1,705,653,201)	(7,151,945,240)
Classification Adjustments		
Dividends	(1,236,556,481)	(9,070,474,192)
Repayment of Lease Liabilities	861,035,457	-
	(375,521,024)	(9,070,474,192)
Net Cash flows from Operating Activities	(22,492,515,708)	(36,551,964,079)

NOTES TO THE FINANCIAL STATEMENTS

43. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

	Operating Activities Rs	Investing Activities Rs	Financing Activities Rs	Total Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	(20,638,710,369)	(9,142,520,206)	-	(29,781,230,575)
Basis Differences				
Carry-over of Capital Expenditure	(144,735,511)	57,386,022	-	(87,349,489)
Interest Accrued	1,198,872,924	-	-	1,198,872,924
Interest Capitalised	5,663,902	-	-	5,663,902
Advances decrease	881,191,252	916,880	-	882,108,132
Deposits (decrease)	(1,378,077,282)	-	-	(1,378,077,282)
Payables increase	6,019,939	-	-	6,019,939
Investments and Other Securities (increase)	-	(8,175,875,540)	-	(8,175,875,540)
Proceeds from sale of investments	-	7,722,814,312	-	7,722,814,312
Loans to Statutory, Private and Other Bodies (increase)	-	(181,165,151)	-	(181,165,151)
Net movement in Non-Financial Assets	(120,416,433)	120,416,433	-	-
Dividends	(1,236,556,481)	1,236,556,481	-	-
Subscriptions to International Organisations	(187,873,949)	-	-	(187,873,949)
Borrowings increase	-	-	34,183,004,427	34,183,004,427
Direct Payment by Funding Agency	20,670,847	472,671,805	-	493,342,652
Net movement in Leases	861,035,457	-	(861,035,457)	-
Loans written-off	34,063,887	-	-	34,063,887
Entity Differences				
Special Funds (net)	(1,793,663,891)	-	-	(1,793,663,891)
Actual Amount as presented in the Statement of Cash Flow (Statement AD)	(22,492,515,708)	(7,888,798,964)	33,321,968,970	2,940,654,298

NOTES TO THE FINANCIAL STATEMENTS

44. 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 2023

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
Cash and Cash Equivalents	24,802,518,512	-	-	-	24,802,518,512
Receivables from Non-Exchange Transactions	-	21,286,961,546	-	-	21,286,961,546
Receivables from Exchange Transactions	-	1,313,772,463	-	-	1,313,772,463
Loans and Advances	-	-	13,668,132,595	-	13,668,132,595
<u>Investments</u>					
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation)	-	-	-	119,344,041,797	119,344,041,797
Redeemable Preference Shares	-	-	-	200,000,000	200,000,000
Other Investments	-	-	19,108,849,811	-	19,108,849,811
<u>Other Financial Assets</u>					
IMF SDR Deposits	-	12,100,561,354	-	-	12,100,561,354
IMF Reserve Tranche Position	-	2,540,585,086	-	-	2,540,585,086
Total Financial Assets	24,802,518,512	37,241,880,449	32,776,982,406	119,544,041,797	214,365,423,164

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	-	18,382,259,816	-	-	18,382,259,816
Receivables from Exchange Transactions	-	1,470,485,399	-	-	1,470,485,399
Loans and Advances	-	-	13,997,712,474	-	13,997,712,474

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2022

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
<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
Total Financial Assets	21,673,055,130	34,780,693,888	33,523,721,595	114,217,302,130	204,194,772,743

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

At 30 June 2023

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	-	1,918,724,311	1,918,724,311
Deposits	-	3,705,071,128	3,705,071,128
<u>Government Debt</u>			
Government Securities, Domestic and External Loans	-	430,808,992,504	430,808,992,504
IMF SDR Allocations	14,273,956,878	-	14,273,956,878
Financial Guarantee Liabilities	-	3,203,810,129	3,203,810,129
Total Financial Liabilities	14,273,956,878	439,636,598,072	453,910,554,950

At 30 June 2022

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	-	1,175,713,837	1,175,713,837
Deposits	-	4,820,955,275	4,820,955,275
<u>Government Debt</u>			
Government Securities, Domestic and External Loans	-	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
Total Financial Liabilities	14,073,119,767	401,549,827,206	415,622,946,973

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 54.4% of the total External Debt as at 30 June 2023 (2022: 46.9%). During financial year 2022-2023, Government Securities provided as collateral by local banks to foreign institutions which were previously classified under External Debt have now been reclassified under Domestic Debt as these are still held by local banks rather than foreign financial institutions.

To mitigate the above 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 (bp) increase and decrease in the interest rate:

	Increase/Decrease	Year Ended	Year Ended
	Basis Points	30 June 2023	30 June 2022
		Rs Million	Rs Million
Government Debt:			
<u>Inflation-Indexed Bonds:</u>			
<u>(Excluding those classified under External Debt)</u>			
Impact on Surplus or Deficit	+10 bp	+10	+10
Impact on Surplus or Deficit	-10 bp	-10	-10
<u>External Debt:</u>			
Impact on Surplus or Deficit	+10 bp	+46	+34
Impact on Surplus or Deficit	-10 bp	-46	-34

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 56 million for the financial year 2022-2023 (2021-2022: Rs 44 million).

NOTES TO THE FINANCIAL STATEMENTS

(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.

Accordingly, the share of External Debt in Government debt portfolio stood at 18.7% at 30 June 2023 (Based on nominal value) (2022: 17.8%). 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 in exchange rates:

	Increase/ Decrease	Year ended 30 June 2023	Year ended 30 June 2022 (Restated) [N1]
	%	Rs Million	Rs Million
Impact on (deficit)/surplus (Appreciation of MUR)	+5%	+4,195	+3,658
Impact on (deficit)/surplus (Depreciation of MUR)	-5%	-4,195	-3,658

N1: Foreign Currency Sensitivity Analysis has been restated to include Domestic debt held in foreign currency.

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 (deficit)/surplus by Rs 4,195 million for financial year 2022-2023 (2021-2022 (Restated): Rs 3,658 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 has increased from 5.1 years at 30 June 2022 to 5.3 years at 30 June 2023.

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**45. SHORT-TERM LEASE**

The outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due within one year, amount to Rs 51,443,336.

46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**Non-Current Assets Held for Sale**

During the financial year 2022-2023, the Ministry of Environment, Solid Waste Management and Climate Change (Solid and Hazardous Waste and Beach Management Division) classified assets as held for sale on 19 June 2023 due to obsolescence.

Since these assets were fully depreciated, they had a nil carrying amount on 30 June 2023 while on the same date their fair values less costs to sell were estimated at Rs 79,000. Therefore, the value of non-current assets held for sale for the financial year 2022-2023 is negligible.

Discontinued Operations

During the financial year 2022-2023, there were no known discontinued operations.

47. 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.

48. CONTINGENT ASSETS

As at 30 June 2023, there were no known contingent assets to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS**49. CONTINGENT LIABILITIES**

As at 30 June 2023, there were no known contingent liabilities to be disclosed. Contingent liabilities (as disclosed in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government as at 30 June 2023) in relation to Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government have been recognised as Financial Guarantee Liabilities in Statement A - Statement of Financial Position as at 30 June 2023. Refer to Note 21 - Financial Guarantee Liabilities for more details.

50. MANAGING CAPITAL

Government's capital, represented by the Net Assets/Equity in Statement of Financial Position, comprise the balance of the Consolidated Fund, Accumulated Surplus/Deficit and monies deposited with the Government by various funds set up under the Finance and Audit Act. The overall objective in the management of capital is to maximise net assets by implementing coherent fiscal policies and an effective debt management strategy.

In this context, in financial year 2022-2023 Government pursued the following main fiscal policies: (i) recovery of arrears of revenue and enhancing tax administration to improve collections; (ii) introduction of new revenue raising measures; (iii) review of low impact programmes to improve efficiency and eliminate wastages; and (iv) restructuring of public bodies to reduce their dependence on the National Budget.

In addition, Government adopted a debt management strategy aimed at minimising the cost of the debt portfolio while maintaining risks at an acceptable level. The debt profile was improved to contain exposure to foreign exchange rate risks and reduce refinancing risks.

Information on the fiscal policies and debt management strategy of Government can be found in the 2022-2023 Budget Estimates document.

51. MATERIAL EVENTS AFTER REPORTING DATE

An award has been made in December 2023 by the International Arbitration Tribunal for termination of contract whereby the State of Mauritius has been ordered to pay interest on an amount awarded, at the rate of overnight PLIBOR plus 2% margin, compounded annually from the date of the termination of the contract of lease of land till date of settlement. The amount payable has not yet been determined.