17.

Financial Statements

BOARD'S REPORT

The Board of the Mauritius Revenue Authority presents the audited financial statements of the Mauritius Revenue Authority for the year ended 30 June 2019.

Statement of Board's responsibilities in respect of the financial statements

It is the responsibility of the MRA to prepare and submit an annual report which includes the financial statements to the MRA Board for approval. After approval by the MRA Board, the Chief Executive Officer shall, not later than 31 October after the end of every financial year, submit the annual report to the auditor. On receipt of the annual report including the audited financial statements and the audit report, the MRA Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.

The audited statements and audit opinion are appended to this report.

While approving the financial statements, the Board ensures that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures explained in the financial statements;
- The financial statements have been prepared on the going concern basis.

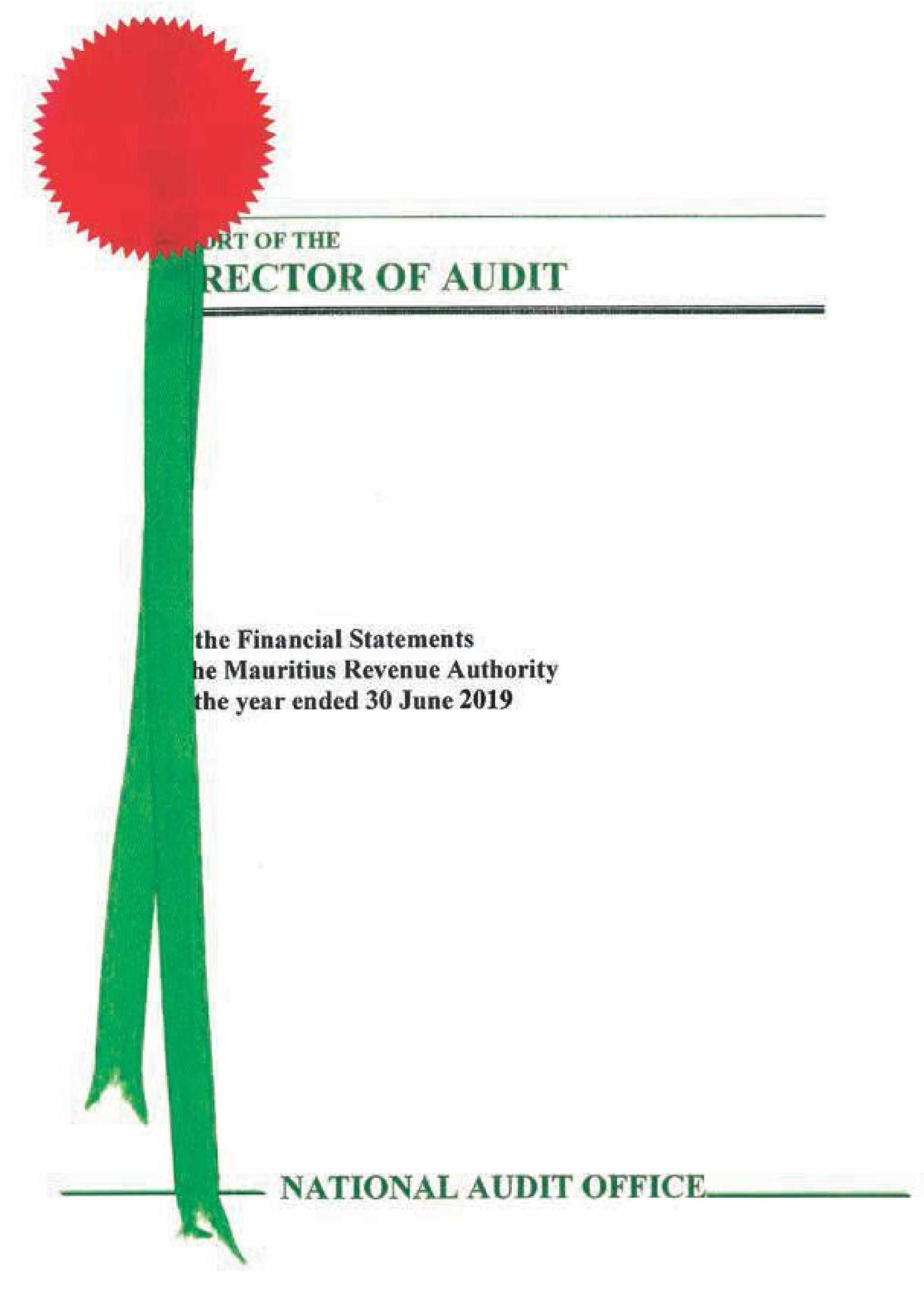
The Board confirms that they have complied with the above requirements.

MRA is responsible for keeping proper accounting records for the purpose of recording all the transactions relating to its undertakings, funds, activities and property and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the MRA Board

N. K. BALLAH, *G.O.S.K*
Chairperson

REPORT OF THE DIRECTOR OF AUDIT
TO THE BOARD OF THE MAURITIUS REVENUE AUTHORITY



ORT OF THE

RECTOR OF AUDIT

the Financial Statements
he Mauritius Revenue Authority
the year ended 30 June 2019

NATIONAL AUDIT OFFICE

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT
TO THE BOARD OF THE
MAURITIUS REVENUE AUTHORITY

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Mauritius Revenue Authority, which comprise the statement of financial position as at 30 June 2019 and the statement of financial performance, statement of changes in net assets/equity, cash flow statement and the statement of comparison of budget for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Mauritius Revenue Authority as at 30 June 2019, and of its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the Mauritius Revenue Authority in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have determined that there are no key audit matters to communicate in my report.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius
Tel.: 212 2096-97/ 211 0882 Fax: (230) 211 0880

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Mauritius Revenue Authority but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Mauritius Revenue Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Mauritius Revenue Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mauritius Revenue Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mauritius Revenue Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Mauritius Revenue Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Mauritius Revenue Authority's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

(a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;

(b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;

(c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;

(d) in my opinion, the Mauritius Revenue Authority has been applying its resources and carrying out its operations fairly and economically; and

(e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

The Mauritius Revenue Authority has complied with the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister in so far as they relate to the accounts.

Based on my examination of the accounts of Mauritius Revenue Authority, nothing has come to my attention that indicates that:

(a) any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and

(b) The Mauritius Revenue Authority has not applied its resources and carried out its operations fairly and economically.

Public Procurement Act

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

C. ROMOOAH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

3 July 2020

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	30 JUNE 2019 Rs	30 JUNE 2018 Restated Rs
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	75,058,251	56,967,616
Receivables	8	1,499,539	1,231,055
Inventories	9	9,554,905	12,310,539
Prepayments	8	25,606,145	23,833,714
Loan	10	17,387,190	14,809,237
Investment Securities	11	12,000,000	-
		141,106,030	109,152,161
Non-Current Assets			
Deposit	12	8,445,013	8,445,013
Loan	10	55,572,965	52,344,137
Property, Plant and Equipment	5	648,943,962	639,837,954
Intangible Assets	6	57,681,971	64,952,374
		770,643,911	765,579,478
TOTAL ASSETS		**911,749,941**	**874,731,639**
LIABILITIES			
Current Liabilities			
Payables	13	81,838,828	83,413,027
Advance	14	17,387,190	14,809,237
		99,226,018	98,222,264
Non-Current Liabilities			
Advance	14	55,572,965	52,344,137
Provisions	15	6,577,252	6,418,390
Employee Benefits	24	1,956,943,999	1,623,939,752
		2,019,094,216	1,682,702,279
TOTAL LIABILITIES		**2,118,320,234**	**1,780,924,543**
NET ASSETS		**(1,206,570,293)**	**(906,192,904)**
NET ASSETS/ EQUITY			
Revaluation Surplus	27	89,154,309	98,783,411
General Fund		(1,295,724,602)	(1,004,976,315)
TOTAL NET ASSETS/ EQUITY		**(1,206,570,293)**	**(906,192,904)**

Approved by the Board on 30 September 2019

Chairman **Board Member**

The Notes on pages 139 to 158 form part of the financial statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	YEAR ENDED 30 JUNE 2019 Rs	YEAR ENDED 30 JUNE 2018 Restated Rs
Revenue			
Non-Exchange Transactions	16	2,048,057,655	1,913,920,382
Exchange Transactions	17	336,595	1,207,856
		2,048,394,250	**1,915,128,238**
Expenditure			
Administrative Expenses	18	2,231,319,552	1,979,034,215
Finance Cost	19	9,947,747	8,113,191
		2,241,267,299	**1,987,147,406**
		(192,873,049)	**(72,019,168)**
Loss on Disposal /Scrap	21	(1,970,077)	(365,383)
Deficit for the period		**(194,843,126)**	**(72,384,551)**

STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Revaluation Surplus Rs	General Fund Rs	Total Rs
Balance at 1 July 2017	99,017,302	207,591,083	306,608,385
Adjustment for unrecognised actuarial loss **(Note 22)**	-	(1,016,849,997)	(1,016,849,997)
Balance at 1 July 2017 as restated	99,017,302	(809,258,914)	(710,241,612)
Change in net assets/ equity for the period			
Transfer to accumulated surplus/(deficit)	(233,891)	233,891	-
Loss on remeasurement of defined benefit obligation **(Note 22)**	-	(123,566,741)	(123,566,741)
Deficit for the period **(Note 22)**	-	(72,384,551)	(72,384,551)
Total recognised revenue and expense for the period	**(233,891)**	**(195,717,401)**	**(195,951,292)**
Balance at 30 June 2018 as restated	**98,783,411**	**(1,004,976,315)**	**(906,192,904)**
Balance at 1 July 2018	98,783,411	(1,004,976,315)	(906,192,904)
Change in net assets/ equity for the period			
Transfer to accumulated surplus/(deficit)	(5,440,352)	5,440,352	-
Impairment loss	(4,188,750)	-	(4,188,750)
Loss on remeasurement of defined benefit obligation	-	(101,345,513)	(101,345,513)
Deficit for the period	-	(194,843,126)	(194,843,126)
Total recognised revenue and expense for the period	**(9,629,102)**	**(290,748,287)**	**(300,377,389)**
Balance at 30 June 2019	**89,154,309**	**(1,295,724,602)**	**(1,206,570,293)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	YEAR ENDED 30 JUNE 2019	YEAR ENDED 30 JUNE 2018 Restated
	Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit	**(194,843,126)**	**(72,384,551)**
Adjustments for :		
Depreciation and Amortisation	102,256,859	90,662,128
Capital Grant Recognised in Surplus/Deficit	(139,971,330)	(132,586,277)
Capital Grant - Cash Received	126,012,206	132,586,277
Increase/(Decrease) in Provision for Dismantling Cost	158,862	(209,990)
Increase in Long Term Provision for Employee Benefits	231,658,734	67,257,670
Loss on Disposal/Scrap/Write-off	1,970,077	365,383
Liquidated Damages	(43,668)	(31,332)
Disposal of Inventories	(105,832)	-
Decrease in Inventories	2,755,634	173,942
Increase in Receivables	(7,847,696)	(5,871,660)
Increase in Payables	4,232,582	52,088,620
Net Cash Flows from Operating Activities	**126,233,302**	**132,050,210**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment **(Note b)**	(97,425,794)	(133,023,010)
Proceeds from Sale of Property, Plant and Equipment	1,283,127	65,900
Investment in Treasury Certificates	(12,000,000)	-
Loan to Staff	(25,958,675)	(18,215,650)
Repayment of Loan by Staff	20,151,894	13,682,748
Deposit for Rent	-	(445,013)
Net Cash Flows from Investing Activities	**(113,949,448)**	**(137,935,025)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance Received	25,958,675	18,215,650
Repayment of Advance	(20,151,894)	(13,682,748)
Net Cash Flows from Financing Activities	**5,806,781**	**4,532,902**
Net Increase/(Decrease) in Cash & Cash Equivalents	**18,090,635**	**(1,351,913)**
Cash & Cash Equivalents at Start	**56,967,616**	**58,319,529**
Cash & Cash Equivalents at End (Note a)	**75,058,251**	**56,967,616**

Notes to the Cash flow Statement

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balance with bank and comprise the following statement of financial position amounts.

	2019	2018
	Rs	Rs
Cash at bank	74,879,059	56,826,135
Cash in hand	179,192	141,481
	75,058,251	56,967,616

(b) Property, Plant and Equipment

The aggregate cost of acquisitions was Rs 101,546,410 and adjusted for cash flow purposes to Rs 97,425,794.

STATEMENT OF COMPARISON OF BUDGET FOR THE YEAR ENDED 30 JUNE 2019

RECURRENT BUDGET

	Budgeted Amounts		Actual Amount	Difference: Revised Budget and Actual
	Original	Revised		
	Rs	Rs	Rs	Rs
REVENUE	1,874,500,000	1,909,300,000	1,908,422,920	(877,080)
EXPENDITURE (Excluding Depreciation & Amortisation)				
Staff Costs	1,606,400,000	1,625,400,000	1,624,077,155	1,322,845
Training of Staff	5,400,000	5,850,000	5,677,970	172,030
Board Members Fees	2,700,000	2,650,000	2,640,000	10,000
Missions /Training Abroad	4,500,000	4,750,000	4,591,488	158,512
Professional Fees	7,000,000	19,600,000	19,592,594	7,406
Office Expenses & Services	47,400,000	48,650,000	48,553,994	96,006
Rent	45,000,000	43,200,000	43,152,400	47,600
Utilities	34,900,000	34,450,000	34,126,850	323,150
Motor Vehicles Expenses	19,700,000	23,600,000	23,516,070	83,930
Advertising and Publications	9,100,000	7,280,000	7,160,774	119,226
Printing and Stationery	10,000,000	10,050,000	11,008,487	(958,487)
IT Expenses	53,700,000	51,650,000	50,940,384	709,616
Uniform	8,000,000	9,300,000	9,216,024	83,976
Conference	1,000,000	900,000	873,318	26,682
Contributions /Subscriptions	5,200,000	5,900,000	5,872,636	27,364
Service/Bank Charges	8,500,000	10,020,000	9,947,747	72,253
Tobacco & Alcohol Stamps	5,500,000	5,550,000	7,262,420	(1,712,420)
	1,874,000,000	1,908,800,000	1,908,210,311	589,689
Increase in Provision for Leave			219,038,969	(219,038,969)
Increase in Provision for Defined Benefit Obligation			11,602,298	(11,602,298)
Increase in Provision for Dismantling Cost			158,862	(158,862)
Total Expenses	**1,874,000,000**	**1,908,800,000**	**2,139,010,440**	**(230,210,440)**
Budgeted/ Actual Surplus/ (Deficit)	**500,000**	**500,000**	**(230,587,520)**	**(231,087,520)**

CAPITAL BUDGET

	Budgeted Amounts		Actual Amount	Difference: Revised Budget and Actual
	Original	Revised		
	Rs	Rs	Rs	Rs
Capital Expenditure	390,000,000	240,800,000	139,971,330	100,828,670

Material differences are explained at Note 26.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

1. Principal Activities

The Mauritius Revenue Authority (MRA), a body corporate, was established on 20 October 2004 to serve the purpose described in the Mauritius Revenue Authority Act 2004. It commenced operations on 1 July 2006 acting as agent of the State for the collection of revenue under the revenue laws and for matters incidental thereto.

Reporting Period

The financial statements have been prepared for the 12 months ended 30 June 2019 with comparative information for the 12 months ended 30 June 2018.

2. Adoption of International Public Sector Accounting Standards (IPSASs)

2.1 Standards Adopted

The Authority has adopted the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) as from the year 2011 in line with amendments made in the Statutory Bodies (Accounts and Audit) Act.

2.2 Standards Issued but not yet Effective

At the date of authorisation of the financial statements, the following IPSASs were in issue but not effective for financial statements beginning on 1 July 2018:

IPSAS 40 - Public Sector Combinations

IPSAS 41 - Financial Instruments

IPSAS 42 - Social Benefits

IPSAS 40 is effective as from 1 January 2019 and provides accounting requirements that addresses the needs of public sector when accounting for combinations of entities and operations.

This standard is not applicable to MRA and therefore has no impact on the financial statements.

IPSAS 41 will replace IPSAS 29 "Financial Instruments: Recognition and Measurement" as from 1 January 2022 and the objective is to establish new requirements for classifying, recognising and measuring financial instruments.

It is expected that adoption of the new principles based approach to classification and measurement will not have a major impact on the financial statements of MRA.

IPSAS 42 will be effective as from 1 January 2022 and the objective is to help users of financial statements to assess the nature of social benefits provided by an entity, the features of the operation of social benefit scheme and the impact of social benefits on the entity's financial performance, financial position and cash flows.

This Standard will not have an impact on the financial statements of MRA.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

3. Accounting Policies

The principal accounting policies adopted by the Authority are as follows:

(a) Basis of Preparation

The financial statements comply with International Public Sector Accounting Standards (IPSASs) for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluation of assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and depreciation is calculated to write off the cost or valuation of tangible fixed assets less any estimated residual value on a straight-line basis over their expected useful lives. Depreciation is charged on a pro-rata basis in the year of acquisition and none in the year of disposal.

The annual rates of depreciation are as follows:

Building	1.45%
Computer Equipment	12.50%
Furniture & Fittings	10% - 12.50%
Scanners	12.50%
Vehicles	10% - 20%
Equipment	5% - 25%

Expenditure of a capital nature but costing less than Rs 5,000 is expensed to the statement of financial performance. However, bulk purchases of items costing less than Rs 5,000 per item are capitalised and fully depreciated in the year of acquisition.

In the year of revaluation, depreciation is calculated and charged on a pro-rata basis using date of revaluation as cut-off point. When an asset is revalued, the revalued amount net of any estimated residual value is depreciated over the asset's remaining useful life.

(c) Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Computer software costs are recognised as intangible assets and amortised using the straight-line method over their useful lives, not exceeding a period of 8 years.

(d) Revaluation of Property, Plant and Equipment

Property, plant and equipment are revalued by internal or external valuers every 3 to 5 years. Increase in carrying amount of a class of assets is credited directly to revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

3. Accounting Policies (Cont'd)

If the carrying amount of a class of assets is decreased, the decrease is recognised in surplus or deficit. However the decrease is directly debited to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of assets.

On retirement or disposal of a revalued asset, the whole revaluation surplus in respect of that asset is transferred directly to accumulated surplus or deficit.

(e) Inventories

Inventories consist of excise stamps, spare parts and consumables and are valued at the lower of cost or net realisable value (NRV), or replacement cost in the absence of NRV.

(f) Accounts Receivable

Accounts receivable are stated at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts at year end.

(g) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand.

(h) Accounts Payable

Accounts payable are stated at their fair value.

(i) Revenue recognition

(i) Exchange Transactions

Revenue from exchange transactions are measured at the fair value of the consideration received or receivable and recognised as follows:

- Interest on a time proportion basis that takes into account the effective yield on the asset.
- Charges for use of assets (other than cash and cash equivalents) as they are earned in accordance with terms of the relevant agreement.

(ii) Non-Exchange Transactions

Assets and revenue arising from transfer transactions are recognised in accordance with the requirements of IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers).

- **Transfer Revenue**

  Assets and Revenue arising from transfer transactions are recognised in the period in which the transfer arrangement becomes binding and are measured at fair value at the date of recognition.

  Monetary assets are measured at their nominal value.

  Non-monetary assets are measured at their fair value which are determined by reference to observable market values or by independent appraisal by a member of the valuation profession

  Receivables are recognised when a binding transfer arrangement is in place but cash has not been received.

  Where transfers are received prior to a transfer arrangement becoming binding, a liability is recognised for the advance receipt.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

3. Accounting Policies (Cont'd)

- **Taxes**

  MRA is an agent of the Government for collection of revenue under the Revenue Laws and amounts collected do not represent economic benefits or service potential that flow to the entity and do not result in increase in assets or decrease in liabilities. Hence, taxes collected are excluded from revenue and are not reported in the financial statements.

  However, statements are prepared in accordance with Section 10 of the MRA Act 2004 regarding the various taxes for the purpose of :

  (i) assessment of liability to, the collection of and accountability for tax; and

  (ii) the management, operation and enforcement of the Revenue Laws.

(j) Excise Stamps

Fees collected from sale of excise stamps are treated as tax accruing to the Government and paid to the Consolidated Fund.

(k) Employee Benefits

- **Retirement Benefits**

  MRA operates both a defined benefit pension plan and a defined contribution pension scheme.

  (i) Retirement Benefits under Defined Benefit Pension Plan

  The assets of the defined benefit pension plan are held independently and administered by SICOM Ltd.

  A liability or asset is recognised in the Statement of Financial Position equal to the net of the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by SICOM Ltd using the Projected Unit Method.

  The present value of the defined benefit obligation is calculated by discounting estimated future cash outflows using a discount rate determined by reference to market yields on bonds.

  The Net Interest Cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Financial Performance.

  Service cost is recognised in the Statement of Financial Performance.

  Remeasurement of the net defined benefit liability or asset arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly to Accumulated Surplus / Deficit in the Statement of Net Assets / Equity.

  Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in the Statement of Financial Performance as past service cost. There were no such costs in 2017/2018 and 2018/2019.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

3. Accounting Policies (Cont'd)

(k) Employee Benefits (Cont'd)

(ii) Public Pensions Defined Contribution Pension Scheme

A public pension defined contribution pension scheme was set up with effect from 1 January 2013 following amendment to the Statutory Bodies Pension Funds Act 1978. New entrants in MRA as from 1 January 2013 contribute 6% of their salaries to the Scheme. MRA contributes 12% of the salaries paid to the new entrants and such contributions are expensed to the Statement of Financial Performance in the period in which they fall due.

(iii) State plan

For those employees holding a permanent and pensionable post, MRA contributes to the Family Protection Scheme managed by SICOM Ltd and the Civil Service FPS Board. It also contributes to National Pension Scheme for those working on contract basis. The contributions are expensed to the Statement of Financial Performance in the period in which they fall due.

(iv) Leave

MRA employees are entitled to 21 days of sick leave per year and can accumulate their unutilised sick leave up to a maximum of 100 days in bank. Once the maximum is reached, they are entitled to encash up to 16 unutilised days of sick leave out of their annual entitlement. Sick leave accumulated in bank may either be cashed on retirement or taken as pre-retirement leave.

MRA employees are also entitled to accumulate their unutilised annual leave up to a maximum of 90 days in bank which may be cashed on retirement or taken as pre-retirement leave.

Liabilities for unutilised leave are recognised in surplus or deficit in the period in which they are earned and are measured at the amounts expected to be paid. Unutilised leave in bank is treated as a long term liability except for staff who are expected to retire within one year from year end. The provision for the latter is included in current liabilities.

(v) Car loan to staff

Employees who are entitled to duty deferred facilities are also eligible to a car loan on the following terms:

Loan amount : Maximum of 15 months salary
Interest rate : 4% per annum

Loan repayment period : Not more than 84 months.

The car loan scheme is effective as from January 2016 and funds are provided by Ministry of Finance and Economic Development (MOFED) by way of an advance to the MRA.

The advance from MOFED is initially recognised as a financial liability at the fair value of consideration received whereby loan granted to staff is initially recognised as a financial asset at the fair value of consideration given. Subsequent measurements are at amortised cost

Repayment due by staff within one year is included under current assets and receivable due later than one year under non-current assets.

The portion of advance refundable within one year is included under current liabilities and advance payable later than one year under non-current liabilities.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

3. Accounting Policies (Cont'd)

(l) Foreign Currency Translation

Transactions in foreign currencies are translated into the functional and presentation currency, Mauritian Rupee, at the date of transaction using the spot exchange rate

Monetary assets and liabilities denominated in foreign currencies in the Statement of Financial Position are translated into Mauritian Rupees using the closing rate

Exchange differences are recognised in surplus or deficit in the period in which they arise.

(m) Impairment

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. Accounting Judgements and key Sources of Estimation Uncertainty

The preparation of financial statements in accordance with IPSASs requires the Authority's management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

5. Property, Plant & Equipment

	Building	Computer Equipment	Furniture & Fittings	Motor vehicles	Equipment	Total
	Rs	Rs	Rs	Rs	Rs	Rs
COST / VALUATION						
At 1 July 2018	299,665,500	178,750,219	71,377,746	49,515,038	275,724,131	875,032,634
Additions	-	13,246,712	3,506,019	-	72,664,154	89,416,885
Disposals/Scrap	-	(2,011,665)	(738,106)	(220,000)	(7,560,060)	(10,529,831)
Impairment	-	-	-	-	(4,188,750)	(4,188,750)
Adjustment **(Note a)**	-	-	(668,159)	-	(172,328)	(840,487)
AT 30 JUNE 2019	**299,665,500**	**189,985,266**	**73,477,500**	**49,295,038**	**336,467,147**	**948,890,451**
DEPRECIATION						
At 1 July 2018	28,229,358	24,136,567	50,373,806	15,369,335	130,479,117	248,588,183
Charge for the period	4,342,979	29,403,819	6,028,456	6,032,727	35,825,708	81,633,689
Disposals/Scrap	-	(406,479)	(597,493)	(20,000)	(6,358,487)	(7,382,459)
Adjustment **(Note a)**	-	-	(668,159)	-	(172,328)	(840,487)
AT 30 JUNE 2019	**32,572,337**	**53,133,907**	**55,136,610**	**21,382,062**	**159,774,010**	**321,998,926**
NET BOOK VALUE						
AT 30 JUNE 2019	**267,093,163**	**136,851,359**	**18,340,890**	**27,912,976**	**176,693,137**	**626,891,525**
Progress payments on Tangible Non-Current Assets						22,052,437
						648,943,962
AT 30 JUNE 2018	**271,436,142**	**154,613,652**	**21,003,940**	**34,145,703**	**145,245,014**	**626,444,451**
Progress payments on Tangible Non-Current Assets						13,393,503
						639,837,954

NOTE:

(a) Adjustment of Rs 840,487 represents bulk purchase of items costing less than Rs 5,000 per unit that have been capitalised and fully depreciated in year of acquisition in line with existing depreciation policy.

(b) Equipment includes sniffer dogs with a Net Book Value of Rs 1,344,171 as at 30 June 2019 (Rs 275,789 as at 30 June 2018).

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

6. Intangible Assets

	Computer Software Rs
COST	
At 1 July 2018	132,945,794
Additions	12,129,525
AT 30 JUNE 2019	**145,075,319**
AMORTISATION	
At 1 July 2018	67,993,420
Charge for the period	20,623,170
AT 30 JUNE 2019	**88,616,590**
NET BOOK VALUE	
AT 30 JUNE 2019	**56,458,729**
Progress payment	1,223,242
TOTAL	**57,681,971**
AT 30 JUNE 2018	**64,952,374**

	30 JUNE 2019 Rs	30 JUNE 2018 Restated Rs
7. Cash and Cash Equivalents		
Cash at Bank	74,879,059	56,826,135
Cash in Hand	179,192	141,481
Total	**75,058,251**	**56,967,616**
8. Receivables and Prepayments		
Receivables - Exchange Transactions	1,469,539	1,201,055
Deposit	30,000	30,000
	1,499,539	**1,231,055**
Prepayments	25,606,145	23,833,714
Total	**27,105,684**	**25,064,769**

.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

	30 JUNE 2019 Rs	30 JUNE 2018 Restated Rs
9. Inventories		
Consumables	5,104,321	6,075,434
Excise Stamps	2,957,515	4,693,864
Spare Parts	1,493,069	1,541,241
Total	**9,554,905**	**12,310,539**
10. Car Loan to staff		
Balance at start	67,153,374	62,620,472
Loan granted	25,958,675	18,215,650
Loan repaid	(20,151,894)	(13,682,748)
Balance at end	72,960,155	67,153,374
Receivable due not later than one year	**(17,387,190)**	**(14,809,237)**
Receivable due later than one year	**55,572,965**	**52,344,137**
Receivable due later than one year but within five years	**49,213,617**	**46,933,826**

Loan equivalent to a maximum of 15 months salary is granted to staff for purchase of vehicles at an interest rate of 4% and refundable over a period not exceeding 7 years.

11. Investment Securities

An amount of Rs 12 Million has been invested in Treasury Certificates issued by the Government of Mauritius (GMTC) through the Bank of Mauritius with a tenor of 182 days for a yield of 2.67 % per annum and is redeemable at par at maturity. The maturity date of the GMTC is 19 December 2019.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

	30 JUNE 2019	30 JUNE 2018 Restated
12. Deposit	Rs	Rs
Mauritius Chamber of Commerce and Industry (MCCI)	8,000,000	8,000,000
Airports of Mauritius Co Ltd (AML)	445,013	445,013
Total	**8,445,013**	**8,445,013**

- The deposit of Rs 8 Million represents a float advanced to MCCI to be used for refund of VAT and Customs duty incurred by non-residents.
- The deposit of Rs 445,013 to AML represents an interest free three months rental for lease of a plot of land of 11,867 m^2 for the purpose of construction of an Integrated Government Clearance Centre at Plaisance Airport. The deposit is fixed and refundable to Mauritius Revenue Authority on expiry of the lease in forty years.

13. Payables

Trade Payables	13,301,905	14,487,435
Other Payables	10,579,136	9,917,521
Employee Benefits	57,957,787	59,008,071
Total	**81,838,828**	**83,413,027**

14. Advance from MOFED

Balance at start	67,153,374	62,620,472
Advance received	25,958,675	18,215,650
Advance repaid	(20,151,894)	(13,682,748)
Balance at end	72,960,155	67,153,374
Payable not later than one year	**(17,387,190)**	**(14,809,237)**
Payable later than one year	**55,572,965**	**52,344,137**
Payable later than one year but within five years	**49,213,617**	**46,933,826**

The Ministry of Finance and Economic Development (MOFED) provide funds to MRA by way of an advance for grant of car loan to employees.

15. Provision for Dismantlement of Property, Plant and Equipment

The MRA acquired an X-Ray Gantry Scanner in April 2016. The initial provision of Rs 6,628,380 recognised for costs to be incurred for dismantling the equipment and restoration of site which is expected in 8 years from date of acquisition has been reviewed to Rs 6,577,252.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

	YEAR ENDED 30 JUNE 2019	YEAR ENDED 30 JUNE 2018 Restated
	Rs	Rs

16. Revenue from Non-Exchange Transactions

Grants received for Capital Expenditure		
Cash	126,012,206	132,586,277
Asset	13,959,124	-
	139,971,330	132,586,277
Grants received for Revenue Expenditure	1,908,000,000	1,781,300,000
Legal Costs received	86,325	34,105
Total	**2,048,057,655**	**1,913,920,382**

17. Revenue from Exchange Transactions

Liquidated Damages	43,668	132,734
Refund of Duty	148,938	218,177
Decrease in Provision - Dismantling Cost	-	209,990
Encashment of Bond	77,260	-
Reversal of Payables	32,573	588,071
Interest - Treasury Certificates	9,656	-
Sundries	24,500	58,884
Total	**336,595**	**1,207,856**

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

	YEAR ENDED 30 JUNE 2019	YEAR ENDED 30 JUNE 2018 Restated
	Rs	Rs

18. Administrative Expenses

Staff Costs	1,624,077,155	1,522,640,596
Increase in Provision- Defined Benefit Obligation	11,602,298	17,446,589
Increase in Provision - Leave	219,038,969	94,672,374
Training of Staff	5,677,970	5,989,602
Board Members Fees	2,640,000	2,640,000
Missions / Training Abroad	4,591,488	4,341,856
Professional Fees	19,592,594	8,892,690
Office Expenses & Services	48,553,994	46,552,733
Rent	43,152,400	41,565,621
Relocation Expenses	-	444,303
Utilities	34,126,850	33,927,366
Motor Vehicle Expenses	23,516,070	22,711,015
Advertising and Publications	7,160,774	9,503,238
Printing and Stationery	11,008,487	11,845,124
Excise Stamps	7,262,420	5,345,942
IT Expenses	50,940,384	45,637,674
Uniform	9,216,024	7,851,872
Conference	873,318	993,565
Contributions / Subscriptions to Other Organizations	5,872,636	5,369,927
Increase in Provision for Dismantling Cost	158,862	-
	2,129,062,693	**1,888,372,087**
Depreciation and Amortisation	102,256,859	90,662,128
	2,231,319,552	**1,979,034,215**

19. Finance Cost

Bank Charges	9,947,747	8,113,191

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

20. Exchange Differences

A net loss on exchange amounting to Rs 145,283 has been recognised in surplus/deficit.

21. Disposal and Impairment of Assets

- **Disposal**

Loss on disposal / scrap of assets comprise loss on:

	Rs
Computer Hardware	1,605,186
Furniture and Equipment	231,945
Motor Vehicles	27,114
Spare parts - Motor Vehicles	105,832
	1,970,077

- **Impairment**

An impairment test was carried out in July 2018 and it was found that an X-ray scanner was beyond repairs due to unavailability of spare parts.

The recoverable amount of the scanner was estimated at Rs 30,000 as compared to its carrying amount of Rs 4,218,750 resulting into an impairment loss of Rs 4,188,750. The loss was reversed against revaluation reserves.

22. Prior Year Adjustment

MRA adopted the provisions of IPSAS 39 in replacement of IPSAS 25 dealing with 'Employee Benefits' on a retrospective basis which is mandatory for financial statements beginning on or after 1 January 2018.

IPSAS 39 no longer allows an entity to defer the recognition of changes in the net defined benefit liability and full provision must be made for actuarial loss as compared to partial recognition (Corridor Approach) permitted under IPSAS 25.

The adjustments made following application of IPSAS 39 are as follows:

(i) The provision for actuarial loss as at 1 July 2017 has been increased by Rs 1,016,849,997 and Accumulated Surplus / Deficit has been reduced by the same amount.

(ii) Remeasurement of net defined benefit liability or asset as at 30 June 2018 resulted into a loss of Rs 123,566,741 and debited to Accumulated Surplus/Deficit. The provision for defined benefit obligation has been increased by the same amount.

(iii) Cost recognised in Income Statement for 2017/2018 has been reduced from Rs 158,921,587 to Rs 120,792,019. The decrease of Rs 38,129,568 reduced the deficit for the year from Rs 110,514,119 to Rs 72,384,551. Hence, the Accumulated Surplus/Deficit was increased by Rs 38,129,568.

The overall effect of the above adjustments is an increase in provision for defined benefit obligation by Rs 1,102,287,170 and a decrease in Accumulated Surplus/ Deficit by the same amount as at 30 June 2018. As a result, the net assets have decreased from Rs 196,094,266 to a negative amount of Rs 906,192,904.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

23. Related Party Transactions

The Authority regards the Government of Mauritius as its controlling party and discloses the following for the period under review in accordance with IPSAS 20 (Related Party Disclosures).

		30 JUNE 2019	30 JUNE 2018 Restated
		Rs	Rs
(i)	**Grants Received from Government**		
	Grants for Capital Expenditure	139,971,330	132,586,277
	Grants for Revenue Expenditure	1,908,000,000	1,781,300,000
		2,047,971,330	1,913,886,277
(ii)	**Compensation to Key Management Personnel**		
	Short Term Benefits:		
	Fees to Board Members	2,640,000	2,640,000
	Management Personnel Compensation	56,154,328	54,657,549
	Post-Employment Benefits Contribution	-	-
	Termination Benefits	-	-
		58,794,328	57,297,549

As per provisions of the Act constituting the Authority, the Board members represent the interest of Stakeholders. However, the Board considers that such representation does not trigger any other related party transactions that would require any further disclosure.

24. Employee Benefits

	Rs	Rs
Retirement Benefit Obligation	1,438,056,303	1,325,108,492
Sick/Annual Leave	518,887,696	298,831,260
Total	**1,956,943,999**	**1,623,939,752**

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

24. Employee Benefits (Cont'd)

(i) Defined Benefit Pension Plan

The plan is a defined benefit arrangement for the employees and it is a funded plan. The assets of the funded plan are held independently and administered by the State Insurance Company of Mauritius Ltd.

	30 JUNE 2019	30 JUNE 2018 Restated
	Rs	Rs
Amounts Recognised in Statement of Financial Position at end of year:		
Defined Benefit Obligation	3,412,198,461	3,264,678,108
Fair Value of Plan Assets	(1,974,142,158)	(1,939,569,616)
Liability Recognised in Statement of Financial Position at end of year	**1,438,056,303**	**1,325,108,492**
Amounts Recognised in Statement of Financial Performance:		
Service Cost:		
Current Service Cost	83,276,623	88,807,477
Past Service Cost	-	-
Employee Contributions	(51,197,584)	(49,893,446)
Fund Expenses	3,071,855	3,150,807
Net Interest Expense / (Revenue)	91,308,038	78,727,181
Charge to Income Statement	**126,458,932**	**120,792,019**
Remeasurement		
Liability (Gain)/ Loss	62,066,693	169,181,489
Assets (Gain)/ Loss	39,278,820	(45,614,748)
Net Assets / Equity (NAE)	101,345,513	123,566,741
Total	227,804,445	244,358,760
Movements in Liability Recognised in Statement of Financial Position:		
At start of year	1,325,108,492	1,184,095,162
Amount recognised in Income Statement	126,458,932	120,792,019
Contributions paid by Employer	(102,395,167)	(99,786,892)
Special Contribution made by Employer	(12,432,691)	(3,558,538)
Actuarial Reserves In	(28,776)	-
Recognised in Net Assets / Equity	101,345,513	123,566,741
At end of year	**1,438,056,303**	**1,325,108,492**

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

24. Employee Benefits (Cont'd)

	30 JUNE 2019 Rs	30 JUNE 2018 Restated Rs
Reconciliation of the Present Value of Defined Benefit Obligation		
Present Value of Obligation at start of year	3,264,678,108	2,923,882,063
Current Service Cost	83,276,623	88,807,477
Interest Cost	220,365,772	197,362,039
Benefits Paid	(218,188,735)	(114,554,960)
Liability (Gain)/Loss	62,066,693	169,181,489
Present Value of Obligation at end of year	3,412,198,461	3,264,678,108
Reconciliation of Fair Value of Plan Assets		
Fair Value of Plan Assets at start of year	1,939,569,616	1,739,786,901
Expected Return on Plan Assets	129,057,734	118,634,858
Employer Contributions	102,395,167	99,786,892
Employee Contributions	51,197,584	49,893,446
Special Contribution paid by Employer	12,432,691	3,558,538
Actuarial Reserves In	28,776	-
Benefits Paid + Other Outgo	(221,260,590)	(117,705,767)
Asset Gain / (Loss)	(39,278,820)	45,614,748
Fair Value of Plan Assets at end of year	1,974,142,158	1,939,569,616

Distribution of Plan Assets at end of year

Percentage of Assets at end of year	2019	2018
Fixed Interest securities and cash	58.70%	59.50%
Loans	3.40%	3.70%
Local Equities	13.10%	14.60%
Overseas Bonds and Equities	24.20%	21.60%
Property	0.60%	0.60%
Total	100%	100%

Additional Disclosure on Assets issued or used by the Reporting Entity

	2019	2018
Percentage of Assets at end of year	%	%
Assets held in the Entity's own Financial Instruments	0	0
Property occupied by the Entity	0	0
Other Assets used by the Entity	0	0

Components of the amount recognised in Net Assets / Equity

Year	2019	2018
Currency	Rs	Rs
Asset experience gain / (loss) during the year	(39,278,820)	45,614,748
Liability experience gain / (loss) during the year	(62,066,693)	(169,181,489)

Year	2019/2020
Expected Employer contributions	101,805,288

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

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

24. Employee Benefits (Cont'd)

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary 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:

	30 June 2019	30 JUNE 2018 Restated
Discount Rate	6.75%	6.75%
Future Salary Increases	4.00%	4.00%
Future Pension Increases	3.00%	3.00%
Mortality before retirement	A6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables	PA (90) Tables - rated down by 2 years
Retirement Age	As per Second Schedule in the Statutory Bodies Pension Funds Act	

The discount rate is determined by reference to market yields on bonds.

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 413.8 Million (increase by Rs 514 Million) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 232.6 Million (decrease by Rs 200 Million) if all other assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 90 Million (decrease by Rs 90 Million) if all other assumptions were held unchanged.

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

An actuarial valuation of the pension fund was carried out by SICOM Ltd as at 30 June 2017.

Approval was conveyed by the Ministry of Finance and Economic Development to finance any cash deficit to ensure continuity of payment of pension on a pay as you go basis.

(ii) Public Pension Defined Contribution Pension Scheme

The contribution of the MRA to the defined contribution pension scheme for the year ended 30 June 2019 is Rs 20,262,380.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

25. Excise Stamps

	30 JUNE 2019	30 JUNE 2018 Restated
	Units	Units
Opening stock	53,846,929	64,141,580
Disposal of defective stamps	-	(3,880,000)
Purchases	59,120,000	62,000,000
	112,966,929	122,261,580
Sales	(80,092,622)	(62,949,651)
	32,874,307	59,311,929
Stamps earmarked for replacement of defective stamps	-	(5,465,000)
Closing stock	**32,874,307**	**53,846,929**

26. Comparison of Budget with Actual

MRA presents its financial statements and expenditure budget on an accrual and cash basis respectively. The original expenditure budget covers the period 1 July 2018 to 30 June 2019 and was approved by the National Assembly as a one-line budget.

(i) Recurrent Budget

Actual amount includes an increase of Rs 11.6 Million in provision for retirement benefit obligation and an additional provision of Rs 219 Million for annual and sick leave. An additional provision of Rs 158,862 due to fluctuation in exchange rate has been made for dismantling of an X-ray scanner and expensed to the statement of financial performance.

The difference between revised recurrent expenditure budget and total actual excluding provision is less than 0.05% and there are no major variances as regards individual items of expenditure, except for Printing and Stationery and Tobacco & Alcohol Stamps.

Cost of purchases for stationery and stamps for the year 2018/19 are within the budget allocated for these items. The excess of expenses is due to issues out of stock over and above purchases for the year and reconciled as follows:

	Printing and Stationery		Tobacco and Alcohol Stamps	
	Rs	Rs	Rs	Rs
Budget		10,050,000		5,550,000
Cost of purchases		10,037,374		5,526,071
Savings		12,626		23,929
Cost of purchases	10,037,374		5,526,071	
Issues out of stock expensed	(11,008,487)	(971,113)	(7,262,420)	(1,736,349)
Actual balance		(958,487)		(1,712,420)

(ii) Capital Budget

The actual amount of Rs 139,971,330 includes (i) acquisition of an X-ray scanner for Rs 13,959,124 funded by the European Union ; and (ii) Rs 20,097,825 in respect of 2017/2018 projects carried over to 2018/2019.

The variance of Rs 100,828,670 Million is reconciled as follows:

	Rs	Rs
Cost of mobile scanner and server for data warehousing carried over		74,700,000
Projects deferred to 2019/2020		58,295,367
Project not undertaken		500,000
Savings on other projects as costs incurred were less than budgeted		1,390,252
		134,885,619
Acquisition of an X-ray scanner	(13,959,124)	
2017/2018 projects carried over to 2018/2019	(20,097,825)	(34,056,949)
		100,828,670

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

27. Revaluation of Assets

	30 JUNE 2019 Rs	30 JUNE 2018 Restated Rs
Equipment	5,264,221	12,764,220
Motor Vehicles	16,882,422	17,338,555
IT Equipment and Software	67,007,666	68,680,636
	89,154,309	**98,783,411**

An amount of Rs 5,440,352 has been transferred to accumulated surplus upon disposal of assets and Rs 4,188,750 reversed against impairment of an X-ray scanner.

28. Lease of Land

(a) Mauritius Ports Authority

The New Custom House has been constructed on a portion of land of the extent of 1.51 hectares initially leased by the Mauritius Ports Authority (MPA) to MOFED. The leasehold rights over the land was subsequently transferred to the MRA effective as from 1 January 2012 up to 30 June 2023. The rental payable is as follows:

(i) Rs 2,250,000 per annum for the period January 2012 to December 2016.
(ii) Rs 2,812,500 per annum for the period January 2017 to December 2021.
(iii) Rs 3,515,625 per annum for the period January 2022 to June 2023.

The lease may be renewed at the option of the MRA for three further periods of 20 years on such terms and conditions (including revision of rent) as may be agreed between MPA and MRA.

(b) Airports of Mauritius Co Ltd

A plot of land of 11,867 m² has been leased by the Airports of Mauritius Co Ltd (AML) to the MRA for the construction of an Integrated Government Clearance Centre (IGCC) at Plaisance Airport. The lease covers an initial period of 40 years as from 26 April 2018 and subject to renewal for a further period of 20 years on terms and conditions to be decided by the AML and agreed by the MRA. The monthly rental is Rs 148,337.50 plus VAT and payable as from date of start of operations and shall be revised and increased by 3% after each period of five years as from 26 April 2018.

29. Contingent Liability

(i) Claims

The MRA has some pending legal cases. However, it is not practical to give a prudent estimate of their financial effects, uncertainties relating to the amount or timing of any outflow.

(ii) Bank Guarantee

As at 30 June 2019, the Mauritius Revenue Authority provided two guarantees of Rs 210,000 and Rs 50,000 for VAT Lucky Draw Scheme and Taxpayer Satisfaction Survey respectively in favour of Gambling Regulatory Authority to meet licensing conditions as lottery organiser under the GRA Act 2007.

NOTES TO ACCOUNTS - YEAR ENDED 30 JUNE 2019

30. Capital Commitments

MRA had capital commitments of Rs 147.5 Million at 30 June 2019 but not recognised in the financial statements.

31. Controlling Party

The Authority regards the Government of Mauritius as its controlling party.

32. Risk

(i) Except where stated elsewhere, the carrying amounts of the Authority's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

(ii) Currency risk arises from purchase of goods and services which are denominated in foreign currencies and exposure is minimised by negotiating favourable exchange rates with the bank.

(iii) Except for cash held at bank in current accounts and short term investment in Government of Mauritius Treasury Certificates (GMTC), the Authority does not have any other investment nor any loan commitments. However, the Authority operates a car loan scheme for its staff and money for that purpose is advanced by the Ministry of Finance and Economic Development for onward remittance to staff at a fixed rate of interest of 4%.

The GMTC may be redeemed at par before maturity after a holding period of 30 days and bears a fixed rate of interest.

Hence, the Authority is not exposed to interest rate risk.

(iv The Authority's credit risk is primarily attributable to its receivables. Management reviews all outstanding amounts at year end to determine doubtful receivables. Furthermore, loan advanced to staff for purchase of car is secured against a lien on the car and an additional guarantee for recovery against retiring benefits of the employee in case of default.

(v) The Authority does not have significant liquidity risk. All funds come from the Government and cash is drawn on a monthly basis for recurrent expenditure and as and when required for capital expenditure. Forecast cash requirements are closely monitored and a target level of available cash is maintained to meet liquidity requirements.

33. Income Tax

The Authority is not liable to income tax.