

FINANCIAL REPORTING COUNCIL ANNUAL REPORT 2020/2021

Contact Details

Organisation: Financial Reporting Council

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Significant Features Summary

Licensing

The Financial Reporting Council, the regulatory body for the auditors had 215 registered auditors as at 30 June 2021 after registering 7 new and removing 8 auditors from the register of licensed auditors during the 12 months period. As regards audit firms there were 114 registered firms as at 30 June 2021.

Compliance Review

As part of its compliance review function on annual reports of Public Interest Entities (PIEs), the FRC performed reviews of 195 annual reports including 75 for listed entities and 120 for non-listed PIEs to ensure compliance with requirements of international financial reporting standards (IFRSs) and the National Code of Corporate Governance (NCCG). This review exercise required the issue of 45 query letters for non-compliances observed in the annual reports with respect to the IFRSs, NCCG and also the Mauritius Companies Act (MCA) as summarized in the table below:

	NCCG	IFRSs/IPSASs	MCA
No. of PIEs	25	35	12

Audit Practice Oversight

With regards to oversight of the audit practice of licensed auditors, 8 on-site inspection exercise were performed out of 12 initially planned. As the oversight is done onsite, 4 planned oversights had to be postponed due to the resurgence of the COVID 19 in March 2021. Of the 8-oversight exercise performed one was referred to the Audit Practice Review Panel for further consideration. 5 oversights exercise necessitated recommendations letters to be issued for improvements in the quality of audit for non-compliances observed.

Enforcement

During the period ended 30 June 2021, the Enforcement Panel treated 7 cases which were referred to it by the Audit Practice Review Panel from practice reviews performed in 2019. Of these 7 cases, 4 were finalized and appropriate sanctions were issued.

A summary of the activities carried out by FRC for the period ended 30 June 2021 with three previous years comparison is as per table below:

Activity Indicators	2020/2021	2019/2020	2018/2019	2017/2018
Licensed Auditors				
Licensed auditors at year end	215	216	209	207
New licenses for the period	7	13	6	6
Removed from register	(8)	(6)	(4)	(6)
Approved Firm Names				
Approved firm at year end	114	113	109	105
New approval	3	8	7	7
Removed from register	(2)	(4)	(3)	(1)
Audit Inspections Performed				
Firms/Licensed Auditors	8	8	12	12
Engagement Files	18	19	34	31
Annual Report Reviews Performed				
Listed	75	79	30	17
Other PIEs	120	47	43	50
Disciplinary Matters				
Cases referred to Enforcement Panel	7	6	3	1
Cases Finalised	4	-	3	2
Cases in progress	3	6	-	-
Cases Finalised/Sanctions issued	4	-	3	2

Regulatory Updates

- In September 2020, the Financial Reporting Council (Licensing of Auditors) Rules was amended, which now require an applicant for an auditor's license to have at least 5 years' continuous experience instead of only 2 years in effective audit work performed, for his

application to be considered by the FRC. This is an important amendment in the quest to enhance audit quality.

- FRC also enhanced the spectrum of sanctions by issuing the Financial Reporting Council (Penalty) Regulations in September 2020, to give effect to the imposition of penalty as per Section 43(3) of the Financial Reporting Act on auditors and audit firms for not complying with the Financial Reporting Act or any rules, codes, guidelines and standards relating to auditing.
- The Financial Reporting Act has also been amended to give FRC the power to sanction a person who is no more a licensed auditor but who committed a breach of the Financial Reporting Act when he was licensed by FRC and which breach came to light after the person surrendered his license.

Other

- FRC is a member of the Emerging Regulators Group (ERG) of International Forum of independent Audit Regulators (IFIAR) which comprise members from New Zealand, Ireland, Georgia, Mauritius, Philippines and Cyprus. The aim of the group which is led by New Zealand is to build an engaged sharing member community, demonstrate value as defined by the knowledge exchange, human capital development and capacity building. FRC staff attended a virtual meeting organised by the ERG on 1st and 4th June 2021 as part of the Capacity building.
- On 9 September 2020 FRC organised a virtual workshop for auditors and preparers of accounts in collaboration with representatives of the International Accounting and Standards Board (IASB). More than 300 persons attended the virtual workshop on the topics IFRS9, IFRS 16 and IFRS 17.
- In February 2020, the IFIAR Board officially announced at the 14th IFIAR Inspection Workshop held in Washington D.C that the 2021 Inspection Workshop will be organised by Mauritius in March 2021. Due to the resurgence of the COVID 19, face-to-face meeting was not possible. As such the 2021 IFIAR Inspection Workshop was held virtually on 23, 24 and 25 March 2021. FRC Mauritius was a member of the Inspection Workshop Working Group (IWWG) for the organisation of this virtual workshop. The workshop was attended by more than 300 people around the world from the 56 Member countries of the IFIAR.

Corporate Governance Report

The Financial Reporting Council (FRC) established in January 2005 as a regulatory body, under the Financial Reporting Act (FR Act) 2004 is committed to the highest degree of independence, transparency, integrity and professionalism in all its activities it performs to be trustworthy in the eyes of its stakeholders who rely confidently in our actions. The Council is the legal authority that administers the Financial Reporting Council in accordance with the provisions in the Financial Reporting Act.

Confidence of our stakeholders in our works is of prime importance as the objectives for which we are here are:

- To promote the provision of high-quality reporting of financial and non-financial information by public interest entities (PIEs);
- To promote the highest standards among licensed auditors;
- To enhance the credibility of corporate reporting; and
- To promote quality in accountancy and audit services.

The Council adopts the principles of the National Code of Good Governance as required by the Statutory Bodies Accounts and Audit Act and is committed to applying the principles.

Effective corporate governance is a driver to sustainability; hence it should not be seen as only a compliance function rather it should be embedded in all the day to day functions of the organization.

To the extent applicable the FRC complies with the principles of the National Code of Corporate Governance.

Principle 1: Governance Structure

All organisations should be headed by an effective board. Responsibilities and accountabilities within the organisation should be clearly identified.

The Financial Reporting Act clearly defines the constitution of the FRC Board, and the responsibilities of the Board and that of the executives.

The decision making by the Board is a collective decision and is accountable for its decision. The Board is responsible for defining the strategies to meet its objectives.

The Board is supported in its decision-making process by Sub-Committees set up for specific purposes comprising of members of the Board and Executives.

The roles of the Chairperson, Board members and the Executive are separated. The Council is responsible for supervising the preparation and fair presentation of the financial statements and related information as required by the Statutory Bodies Accounts and Audit Act. To

enable it to meet its responsibilities it employs appropriate personnel with the right qualifications and skills required.

Principle 2: The Structure of the Board and Its Committees

The board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the board's decision taking. The board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate board committees may be formed to assist the board in the effective performance of its duties.

The composition of the board is such that a diversity of directors (members) from different sectors are represented which enhances the effectiveness of the decision-making process.

Given the present size of the FRC, the board itself undertakes the roles of Finance Committee, Audit Committee, Risk Committee, and Governance without jeopardizing independence. The reason behind this is that almost all members of the board are independent members with the CEO attending the board.

Board committees are set up as and when required to assist the board in the performance of its duties.

Board Composition

All members of the Council are non-executive members. The Chairperson of the Council is appointed by the Prime Minister, 3 members are appointed by the Minister of Financial Services & Good Governance and 6 Members are ex-officio.

The composition of the Council is as follows:

Dr Satyabhooshun Gupt Domah, Chairperson	Appointed by the Prime Minister
Mrs H.S. Sewaj-Gopal (from June 2020)	Ex-Officio - (Deputy Governor of the Bank of Mauritius)
Mr D. Gaoneadry	Ex-Officio – (Representative from the Ministry of Financial Services & Good Governance)
Mr S. Purmessur	
Mr D. Thakoor (From June 2020)	Ex-Officio - (Chief Executive of the FSC)
Mrs Divanandum Chinien	Ex-Officio - (Registrar of Companies)
Mr Vivek Gujadhur (from December 2019)	Ex-Officio - (Chairperson of the MIPA)
Mr Matthew John Lamport	Appointed by Minister
Mr Thierry Leung Hing Wah	Appointed by Minister
Mr Afsar Ebrahim	
Mr M. Surfraz (from December 2019)	Ex-Officio (elected member of MIPA)
Mr Sunil Benimadhu	Appointed by Minister
Mrs C. Sauzier (from October 2019)	Ex-Officio (Chairperson of the Mauritius Institute of Directors)

Council Meetings

The Council met 9 times during the year ended 30 June 2021, with the following number of attendances of the members as in the table below:

Members of Council	Attendance	Fees - MUR
Dr S. B. G Domah - Chairperson	7/9	315,770
Mrs H.S. Sewraj-Gopal	7/9	60,000
Mr D. Gaoneadry	3/4	-
Mr S. Purmessur	4/5	45,000
Mrs D.P Chinien	8/8	40,000
Mr D. Thakoor	7/9	60,000
Mr T. Leung	2/3	20,000
Mr A. Ebrahim	6/6	45,000
Mr M.J. Lamport	8/9	60,000
Mr V. Gujadhur	9/9	60,000
Mr M. Surfraz	6/9	60,000
Mrs C. Sauzier	5/9	60,000
Mr S. Benimadhu	7/9	60,000
Mr V. Tuhobol – Officer-In-Charge (In Attendance)	9/9	-

The profile of the members of Council

Dr Satyabhooshun Gupt Domah, Chairperson

Dr Satyabhooshun Gupt Domah holds a Doctorat en Droit Compare (Anglais, Français et Mauricien) from Aix-Marseille University, France and is a barrister at law of the Middle Temple London. He is a former Judge of the Supreme Court of Mauritius and is an elected member of United Nations Committee Against Torture. He has been the Vice President of Commonwealth Magistrates and Judges Association and one of the 3 one-time governors of the Commonwealth Judicial Education Institute. He has been a member of the Board of Tertiary Education Commission and the Board of the Judicial and Legal Institute of Mauritius. He is presently the Judge of Appeal of Seychelles.

Mrs Hemlata Sadhna Sewraj-Gopal

Mrs Hemlata Sadhna Sewraj-Gopal was appointed, with effect from the 1st of March 2020, Second Deputy Governor of the Bank of Mauritius by His Excellency the President of the Republic upon the recommendation of the Prime Minister. Prior to joining the Bank of Mauritius in 2003, Mrs Sewraj-Gopal was Director- Corporate services at the Board of Investment (2001-2003), Financial Controller at the Mauritius Export Development and Investment Authority (1997-2001) and Manager at KPMG Mauritius (1993-1997). Mrs Sewraj-Gopal also worked for three years in London at Arthur Andersen. A State Scholar, the Second Deputy Governor holds a Bachelor in Economics and Social Studies (Honours) from the University of Manchester. Mrs Sewraj-Gopal is also a Chartered Accountant from the Institute of Chartered accountants of England and Wales (ICAEW).

Mr Sarwansingh Purmessur

Mr. Purmessur holds the position of Permanent Secretary and is posted to the Ministry of Financial Services and Good Governance.

He has a very long career in the Civil Service, having served nearly 40 years in various Ministries/Departments, namely, the Income Tax Department, the Ministry of Housing and Lands, the Ministry of Local Government, the Ministry of Technology Communication and Innovation, the Ministry of Foreign Affairs, Regional Integration and International Trade and the National Development Unit of the Ministry of National Infrastructure and Community Development. Amongst his various responsibilities, he has also served as the Supervising Officer of the Beach Authority.

Mr. Purmessur holds an MBA in Human Resource Management from the Indira Gandhi National Open University (IGNOU), India, an MSc IT in Business Information Systems from the Keele University, UK and a Diploma in Public Administration and Management from the University of Mauritius.

Mr. Purmessur has also served on various Boards and Committees, namely, the National Housing Development Company Ltd, the Town and Country Planning Board, the Informatics Park Ltd, the Information and Communication Technology Authority, the Rights Management Society, the Financial Services Fund, the National Productivity and Competitiveness Council, the National Committee on Corporate Governance, the National Environment Fund Committee, the Heritage City Co. Ltd and the SBM Holdings Ltd.

He is currently the Chairman of the Land Drainage Authority and a Director at the Mauritius Housing Company Ltd.

Mr Dhanesswurnath Thakoor

Mr Vikash Thakoor is the Chief Executive of the Financial Services Commission, Mauritius (FSC) since 18 May 2020.

He holds a Masters' Degree in Information Technology, Electronics and Systems Automation from Ecole Universitaire d'Ingénieurs de Lille - France and an MBA with Specialisation in Finance. He has over 25 years of Central Banking experience.

Prior to joining the Commission, he held the post of Assistant Director - Payments Systems and the Mauritius Credit Information Bureau (MCIB) at the Bank of Mauritius (BoM). He was also a member of the internal Fintech Committee and a member of the National Regulatory Sandbox License technical committee at the BoM.

Mrs Divanandum Chinien

Mrs Divanandum Chinien holds a B.A. (Hons) in Law from U.K. She is a barrister-at-law from the Middle Temple, London, UK. She was appointed Registrar of Companies in 1989. Since June 2009, she has also been the Director of Insolvency Services under the Insolvency Act 2009.

Mr Vivek Gujadhur

Mr Vivek Gujadhur is the current Chairperson of the Mauritius Institute of Professional Accountants (MIPA). He is currently the Managing Partner at Baker Tilly in Mauritius. He has more than 20 years of international audit and advisory experience, having worked at Moore Stephens

UK and KPMG Mauritius. He specialises in the financial service sector, mainly in the audit of banks (including central banks), private equities, listed entities, and donor-funded entities.

Vivek earned his bachelor's degree in Finance and Commerce from the University of Delhi and is a Fellow Member of the Association of Chartered Certified Accountants. He also has a strong commitment to community service and has been a past president of Mauritius Round Table.

Mr Matthew John Lamport

Mr Matthew Lamport holds a Masters in Finance from the University of Mauritius. He has been a full time academic in the Department of Finance and Accounting at the University of Mauritius for the past six years and is currently Senior Lecturer. He is a member of the Association of Chartered Certified Accountants (ACCA). Mr Lamport specialises in teaching financial reporting and financial management to undergraduate and postgraduate students at the University of Mauritius. His research interests include quality of financial reporting, usefulness of annual reports to users, relevance of accounting metrics in explaining movements in stock prices, dividend policy, corporate social responsibility and capital structure.

Mr Thierry Leung Hing Wah

Thierry is a partner in EY Mauritius. He is a fellow member of the Institute of Association of Chartered Certified Accountants and has more than 25 years' experience in the field of auditing and financial reporting. His experience abroad includes assignments mainly in the Democratic Republic of Congo, Tanzania, Madagascar, Malawi, South Africa, India, Morocco, Ivory Coast and Kosovo.

Mr Afsar Ebrahim

Afsar has over a quarter of a century of experience in Corporate Restructuring, Litigation Support, Mergers & Acquisitions, Strategy and Financial Consulting and Fund Raising to clients across a wide spectrum of industries both locally and internationally. He is also the founding partner of KICK Advisory Services.

Afsar served as Deputy Group Managing Partner of the largest professional services firm in Sub Saharan Africa- BDO in Mauritius, Kenya, Tanzania, Uganda, Rwanda, Ethiopia, Madagascar and Seychelles. Having been part of the BDO network, he completed the BDO Global Partners Leadership Programme in 2016. Prior to his tenure at BDO, he served as Manager Corporate & Investment Banking at HSBC Mauritius.

Afsar is a Fellow of the Institute of Chartered Accountants in England and Wales, prize winner in professional exam (PE 1) and was granted the Corporate Finance qualification from ICAEW in December 2006. He trained in Operational & Financial Consulting with Arthur Andersen at St Charles, USA, and in London and has attended the Harvard Business School program on Managing Professional Services Firm in 2012.

Mr Mohd. Sallah -Ud- Din Surfraz

Mr Surfraz is a Board Member of the Mauritius Institute of Professional Accountant (MIPA). He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Certified Fraud Examiner (CFE). He has more than 30 years of experience in Financial Crimes Investigations, Risk Management and Compliance.

He is presently the Head of Compliance of Butterfield Mauritius Limited which is a subsidiary of Butterfield Group. His previous position was with CITCO as Global Operation Control and KYC AML Manager. He has also worked as an investigator at the Financial Intelligence Unit and as a Police officer mainly with the Anti-Drugs and Smuggling Unit (ADSU).

He is the current Chairman of the ACCA Mauritius Network Panel. and the Financial Reporting Council (FRC).

Mrs Christine Sauzier

Mrs Christine Sauzier is the Group General Counsel of CIEL Group. Christine is an Attorney-at-Law and holds an LLB (Hons) from the University of Mauritius and a Licence en droit privé from the Faculté des Sciences Juridiques, Université de Rennes, France. She is a fellow of the MloD.

Mr Sunil Benimadhu

Mr S. Benimadhu is the Chief Executive of the Stock Exchange of Mauritius (**SEM**). He was a member of the Executive Committee of the South Asian Federation of Exchanges (SAFE), and the Chairman of the Committee of SADC Stock Exchanges (CoSSE). He holds an MBA in Finance and Investment from the University of Illinois, United States. He also holds a DEA in Development Economics and a Maîtrise in Macro-Economics from the University of Aix-Marseille, France.

Principle 3: Director Appointment Procedures

There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. The search for board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard for the benefits of diversity on the board, including gender). The board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.

The appointment of directors (members) is as per the provisions in the Financial Reporting Act. The provisions in the law makes it transparent for the appointments of the members.

Principle 4: Director Duties, Remuneration and Performance

Roles and Responsibilities:

The roles and responsibilities are established in the FR Act and the FRC charter.

Board Performance evaluation

Presently the performance of the Board is not evaluated. However, the achievements of FRC on a yearly basis gives an idea of the performance of the board on the decisions that have been taken and which have been implemented.

Remuneration of Board Members.

Members of Council	Fees - MUR
Dr S. B. G Domah - Chairperson	315,770
Mrs H.S. Sewaj-Gopal	60,000
Mr S. Purmessur	45,000
Mrs D.P Chinien	40,000
Mr D. Thakoor	60,000
Mr T. Leung	20,000
Mr A. Ebrahim	45,000
Mr M.J. Lamport	60,000
Mr V. Gujadhur	60,000
Mr M. Surfraz	60,000
Mrs C. Sauzier	60,000
Mr S. Benimadhu	60,000

Human Resource

FRC operates under the head of a Chief Executive Officer (CEO) and has 28 staff. An Officer-in-Charge (OIC) has been appointed to oversee the functions of the FRC since April 2015 after the retirement of the CEO who reports to the Council.

Employee Remuneration

The remuneration policy of the personnel of the FRC is governed by the pay structure established by the Pay Research Bureau (PRB) which is reviewed on a periodic basis.

The staff cost, fees to members of the Council, fees to panel members and legal advisor paid during the period July 2020 to June 2021 are as shown in the tables below:

Remunerations to Employees

	Personnel Expenditure (MUR)	% of Expenditure to Total Expenditure	Number of Employees	Average Annual Cost Per Employee (MUR)
Executive Staff	4,716,295	27%	3	1,572,098
Technical Staff	8,055,587	46%	10	805,559
Admin Staff	2,120,615	12%	7	302,945
Finance	749,195	4%	2	374,598
Support	1,897,542	11%	6	316,257
Total	17,539,233	100%	28	

Fees to Council members, panel members and legal service fee

	MUR
Fees paid to members of the Council	935,000
Fees to Panel members	246,123
Legal Services	60,000
Total	1,241,123

Principle 5: Risk Governance and Internal Control

The board should be responsible for risk governance and should ensure that the organization develop and execute a comprehensive and robust system of risk management. The board should ensure the maintenance of a sound internal control system.

The board sets the approach for risk governance. Adequate procedures have been established by management to mitigate organizational risk and same is continuously assessed for effectiveness.

Principle 6: Reporting with Integrity

The board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report and on its website.

Annual reports are prepared annually disclosing all the statutory requirements as set out in the Statutory Bodies Accounts and Audit Act and the Financial Reporting Act.

The Financial statements are prepared according to the IPSAS Accrual Framework. The Board is satisfied that the financial statements fairly present the state of the affairs of the FRC. The financial statements are audited by the National Audit Office and form part of the Annual Report.

Principle 7: Audit

Organisation should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the board and the management. The board should establish formal and transparent arrangements to maintain an appropriate relationship with the organisation's auditors.

Given the small size and the complexity of the organization, an internal audit function is not presently required. Management has set the required procedures across different functions

which have inbuilt control mechanism that would detect any deviation from established procedures.

Principle 8: Relations with Shareholders and Other Key Stakeholders

The board should be responsible for ensuring that an appropriate dialogue take place among the organisation, its shareholders and other key stakeholders. The board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose.

The board through its meeting keeps an ongoing dialogue with its stakeholders and has also delegated its power to management for continuous dialogue with its fellow licensees on decisions directly affecting the licensee's business.

Operating Panels

The Council is also assisted by different Panels of Experts to carry out its functions of supervision of the annual reports of public interest entities and audit practices.

Four Panels of Experts as stipulated in S 17 of the Financial Reporting Act have been established, namely:

- Audit Practice Review Panel (APRP)
- Financial Reporting Monitoring Panel (FRMP)
- Standard Review Panel (SRP)
- Enforcement Panel (EP)

Audit Practice Review Panel

The responsibility of the Audit Practice Review Panel is to:

- conduct practice reviews of licensed auditors and audit firms and any other entity, which assisted or is assisting the licensed auditors or the audit firms in discharging their duties;
- determine, when conducting practice reviews, whether a licensed auditor or an audit firm has complied with the Code of Professional Conduct and Ethics and any applicable auditing standards, as required under the Financial Reporting Act.

Audit Practice Review Panel meeting

The Audit Practice Review Panel met 5 times during the year ended 30 June 2021, with the following number of attendances of the members as in the table below:

Attendance at Meetings of the Audit Practice Review Panel	
Name	No. of Meetings attended
Mr Priyaved Jhugroo	5/5
Mr John Chung Chung Wai	5/5
Mr Yusoof Nubee	4/5
Mr Kawshik Ramsurrin	5/5
Ms Ferial Aumeerally	4/5

APRP Members Profile

Mr Priyaved Jhugroo

Mr Priyaved Jhugroo is a Fellow of the Institute of Chartered Accountants in England and Wales. Presently, he is the chairperson of the APRP.

Mr John Chung Chung Wai

John Chung Chung Wai holds a BSc Management Sciences degree from the London School of Economics. He is also a Fellow of the Institute of Chartered Accountants in England and Wales. He is presently the Managing Partner of KPMG Mauritius.

Ms Ferial Aumeerally

Ms Ferial Aumeerally is a Fellow of the Institute of Chartered Accountant of England and Wales (ICAEW, UK) and holds a BSc (Hons) in Economics from the London School of Economics and Political Science, UK a Masters in International Business from the University of Melbourne and a Post Graduate Diploma in Applied Finance from Macquarie University, Australia.

Ferial is the former Group Head of Strategy at Harel Mallac & Co Ltd and has prior banking experience both locally and overseas.

She is an Independent and Non-Executive Director of the Board and member of the Audit Committee of Barclays Bank Mauritius Ltd (BBML) as from 1 September 2016. On 01 December 2018, she was appointed as the chairperson of the newly set up Risk Management Committee of BBML

Mr Yusoof Nubee

Yusoof is an FCCA and is presently the Head of Assurance at Grant Thornton Mauritius. He has more than 20 years of experience serving clients in banking, finance, hospitality, medical clinics, textile manufacturing, call centres/BPO, fishing, construction and civil engineering, shipping, Freeport, freight forwarding, commodity exchange, global business, investments funds and others.

Mr Kawshik Ramsurrin

Mr Kawshik is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and holds a BSc (Hons) in Accounting and Finance from the University of Mauritius. He is also a member

of MIPA. He has over 16 years' experience in the financial services sector including banking and regulation for non-banking financial services.

Financial Reporting Monitoring Panel

The Financial Reporting Monitoring Panel is responsible for reviewing, analysing and identifying any failure on the part of any public interest entity to comply with any financial reporting and accounting standard, code or guideline issued under the Financial Reporting Act (FRA), and with such other financial reporting and accounting standards as may be specified under the relevant enactments specified in the FRA.

The Financial Reporting Monitoring Panel met 5 times during the year ended 30 June 2021, with the following number of attendances of the members as in the table below:

Attendance at Meetings of the Financial Reporting Monitoring Panel	
Name	No. of Meetings attended
Mr Danny Balluck (Chairperson)	5/5
Members	
Mr Renganaden Patchay	5/5
Mr Sin Chong Li	5/5
Mr T. Ahmad Lallmahomed	5/5
Mr Viswajithsing Tuhobol	5/5
Miss Mohoni Nowbotsing	5/5
Mrs Bharatee Gooroochurn	5/5
Mr Chuttrish Sewtohol (Secretary)	5/5

The profile of Members of the Financial Reporting Monitoring Panel

Mr Danny Balluck

Mr Danny Balluck is the Chairman of the Financial Reporting and Monitoring Panel and he is currently the Chief Financial Officer at Standard Chartered Bank (Mauritius) Limited.

Mr Renganaden Patchay

Mr Renganaden Patchay is a member of the Financial Reporting and Monitoring Panel and he is currently the Senior Manager at the Financial Services Fund Unit.

Mr Tabrez Ahmad Lallmahomed

Mr Tabrez Ahmad Lallmahomed is currently the Acting Manager – Insurance at the Financial Services Commission.

Mr Sin Chong Li

Mr Sin Chong Li is the Managing Partner at Baker Tilly Mauritius.

Standards Review Panel

The Standards Review Panel (SRP) is responsible for developing, renewing, improving, and adopting financial reporting, accounting and auditing standards and for making appropriate recommendations to the Council on these standards. The SRP is guided by its Charter, Policies and Procedures. The SRP was revamped in 2020 and new members were appointed in December 2020. The SRP met 3 times during the year ended 30 June 2021, with the following number of attendances of the members as in the table below:

Attendance at Meetings of the Standards Review Panel	
Name	No. of Meetings Attended
Mr Sachidanund Ramparsad (Chairperson)	3/3
Members	
Miss Gangasawree Boodhun	2/3
Mr Krishansing Boolaky	3/3
Mr Jacques Alain Derek Didier Dabydin	3/3
Mr Ravi Rajesh Kowlessur	3/3
Mr Srinivasa Sankar Ramchandran	3/3
Dr Dineshwar Ramdhony	3/3
Mr Rajeev Tatiah	3/3
Mr Ali Raza Khan Yearoo	2/3
Miss Mohoni Devi Nowbotsing	3/3
Mrs Bharatee Gooroochurn	3/3
In Attendance:	
Mr Viswajithsing Tuhobol (Officer-In-Charge)	3/3
Secretary: Ms Vidula Darshini Doorgakant	3/3

Enforcement Panel

The responsibility of the Enforcement Panel is to consider any findings and recommendations referred to it by the Financial Reporting Monitoring Panel, the Audit Practice Review Panel, or the Council and shall, on the basis of the findings and recommendations determine the appropriate action to be taken

The Enforcement Panel met 7 times during the year ended 30 June 2021, with the following number of attendances of the members as in the table below:

Attendance at Meetings of the Enforcement Panel	
Name	No. of Meetings Attended
Mrs. D. P. Chinien	7/7
Dr Rajun Jugurnath	2/7
Mr. M. J. Lamport	7/7
Mr V. Tuhobol	7/7
Ms M. Nowbotsing (in Attendance)	7/7
Mrs B. Gooroochurn (in Attendance)	7/7
Mr D. Bhunjun (Secretary)	7/7

The profile of Members of the Enforcement Panel

Mrs Divanandum Chinien (Board Member)

Mr Matthew John Lamport (Board Member)

Dr Rajun Jugurnath – (Independent)

Dr Rajun Jugurnath was the Chief Executive Officer (CEO) of the Sugar Insurance Fund Board, Mauritius from January 2016 to December 2018. In December 2014, he was called by the Government to head a newly created Bureau, the Public Sector Efficiency Bureau (PSEB), in the Ministry of Financial Services, Good Governance and Institutional Reforms. In January 2016, he left PSEB to join the Sugar Insurance Fund Board, as CEO. He was the Director of Audit of the Republic of Mauritius, at the National Audit Office, for 11 years since 2002 and was Director of Management Audit Bureau for 11 years from 1991.

He is a Fellow of the Association of Chartered Certified Accountants (FCCA) since 1988, and is holder of a PhD, an MBA, an Advanced Diploma in Management Research and Certificate in Company Directorship from the Institute of Directors of New Zealand. He is very much involved in the accountancy profession and in the field of management. He has been an International Council Member of ACCA in London, for six years. He served as President of ACCA Mauritius for 3 consecutive years and represented Mauritius on the Executive Board of Eastern, Central and Southern African Federation of Accountants (ECSAFA). He is also Member of the American Management Association, Member of All India Management Association, President of Mauritian Management Association for the last 10 years and Director of State Insurance Company of Mauritius Ltd. He has previously been the Chairman of, State Insurance Company of Mauritius Ltd, Employees Welfare Fund, Gaming Control Board and ACCA Mauritius Branch.

Management Team

The profile of Members of the management team at the FRC

Mr Viswajithsing Tuhobol (Officer-in-Charge)

Mr Viswajithsing Tuhobol is an FCCA and holds an MBA in Human Resource from the University of Mauritius and a Certificate in Quality Assurance from the Institute of Quality Assurance.

He joined the Financial Reporting Council (FRC) as Manager in 2009 and is presently the Officer-in-Charge since April 2015. Prior to joining FRC, he was a Senior Financial and Management Analyst at the Management Audit Bureau.

He was a member of the Rodrigues Subsidy Fund Board (Ministry of Rodrigues and Outer Islands), from April 2004 to September 2007 and also a member of the Certification Committee of the Automatic Price Mechanism for petroleum products from October 2005 to

2008. He has also worked with the Ministry of Civil Service Affairs as facilitator for the implementation of ISO 9001:2000-Quality Management System in various Ministries and Departments which include, Curepipe Post Office, Ministry of Training and Skills Development (Employment Division), Ministry of Industry, Ministry of Commerce and Ministry of Cooperatives.

Miss Mohoni Devi Nowbotsing: Manager

Miss Mohoni Devi Nowbotsing holds a Master in Business Administration in Financial Services and a Bachelor of Science with Honours in Management Studies. She is also a Fellow of the Association of Chartered Accountants. Miss Nowbotsing joined the Financial Reporting Council in January 2008 as Technical Executive and was promoted to Manager in March 2014.

She has around 19 years of experience in the field of accounting and auditing. She started her career in an audit practice and was a licensed auditor before joining the Financial Reporting Council.

During her stay at the Financial Reporting Council she has got the opportunity to be involved in various assignments in the audit regulatory field, and she is a member of the panels of experts established under the Financial Reporting Act. She also got the opportunity to give presentations both at national and international level in the regulatory field.

Mrs Bharatee Gooroochurn: Manager

Mrs Bharatee Gooroochurn is a Fellow of the Association of Chartered Certified Accountants and holds an MBA from the University of Manipal. She joined FRC in August 2008 as Technical Executive and was promoted as Manager in 2014. Prior to joining FRC she had over 8 years of experience in accounting, audit and the offshore sector.

Mrs Gooroochurn had been involved in various assignments in the audit regulatory field, and she is a member of the panels of experts established under the Financial Reporting Act. She also got the opportunity to give presentations both at national and international level in the regulatory field.

Statement of Responsibility and Confirmation of Accuracy of the Annual Report

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the National Audit Office.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with Section 29 of the Financial Reporting Act and Section 6A of the Statutory Bodies (Accounts and Audit) Act.
- The Annual Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) applicable to the statutory body.
- The Board is responsible for the preparation of the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

We confirm that the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the FRC for the financial year ended 30 June 2021.



Satyabhooshun Gupt Domah

Chairman of the Board



Viswajithsing Tuhobol

Officer-in-Charge



Financial Statements 2020/2021

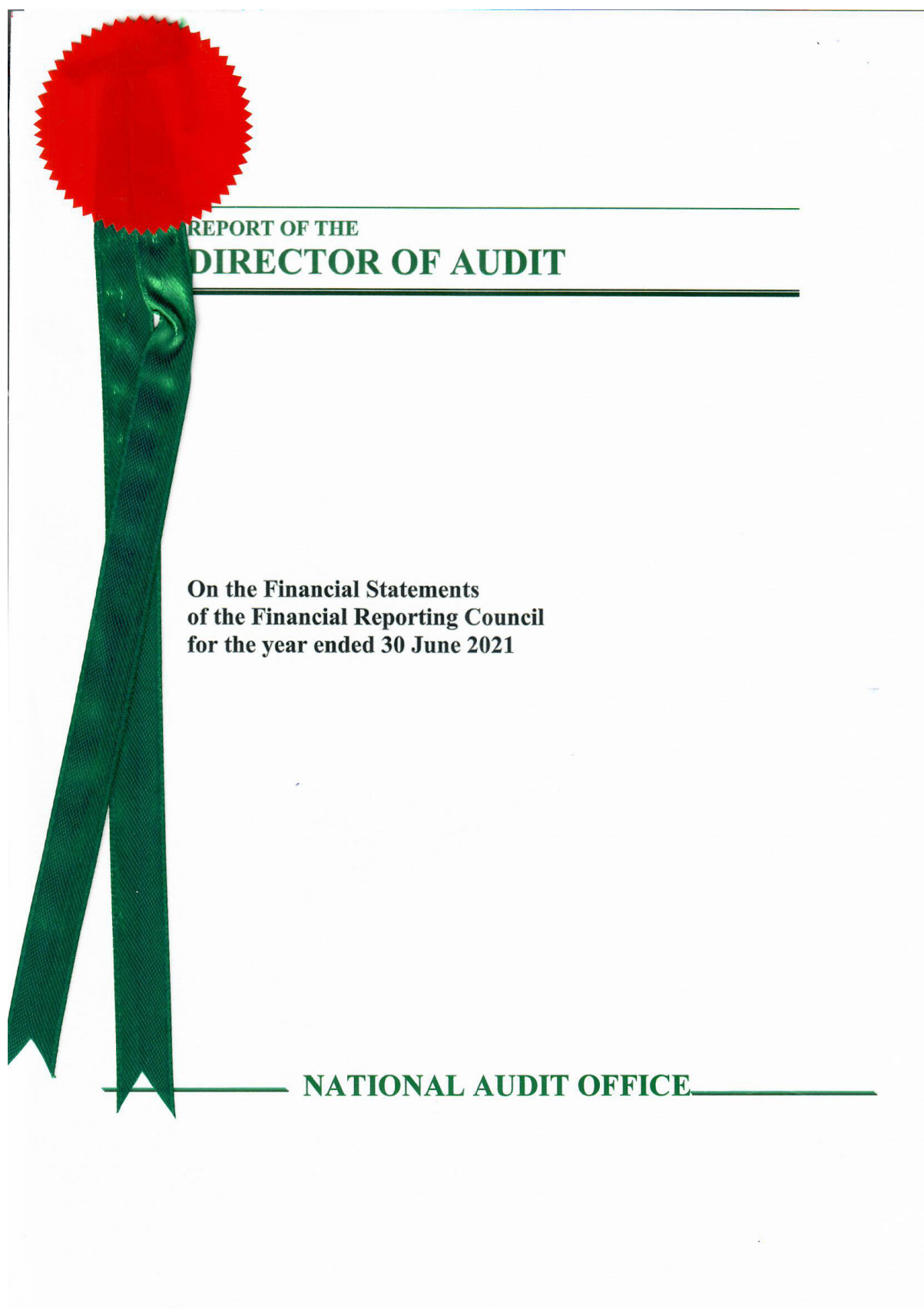
Email: [frc.mauritius@intnet.mu]

Website: [<http://frc.govmu.org>]

Tel: [230-2136800]

Address:

3rd Floor Anglo Mauritius House
Intendance Street
Port-Louis





NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE FINANCIAL REPORTING COUNCIL

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Financial Reporting Council, which comprise the statement of financial position as at 30 June 2021 and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts 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 Financial Reporting Council as at 30 June 2021, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

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 Financial Reporting Council 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Financial Reporting Council, 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 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 Financial Reporting Council'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 Financial Reporting Council'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 Financial Reporting Council'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 Financial Reporting Council'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 Financial Reporting Council 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 Financial Reporting Council'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 Financial Reporting Council 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.

As far as it could be ascertained from my examination of the relevant records:

- (a) the Financial Reporting Council has complied with the Statutory Bodies (Accounts and Audit) Act; and
- (b) no direction relating to the accounts has been issued by the responsible Minister to Financial Reporting Council.

Based on my examination of the records of the Financial Reporting Council, nothing has come to my attention that causes me to believe that:

- (a) expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) the Council 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 could be ascertained from my examination of the relevant records.



C. ROMOOAH
 Director of Audit
 National Audit Office
 Level 14,
 Air Mauritius Centre
 PORT LOUIS
 21 April 2022

Statement of Financial Position as at 30 June 2021

	Notes	30 June 2021 Rs	30 June 2020 Rs
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,820,962	3,804,437
Receivables from non-exchange transactions	6	-	3,422,756
Prepayments	7	610,726	554,666
Car Loans Advance to staff	8	694,286	514,286
		<u>5,125,974</u>	<u>8,296,145</u>
Non-Current Assets			
Property, Plant and Equipment	9	828,873	1,047,045
Intangible Assets	10	82,446	48,792
Car Loans Advance to staff	8	1,890,357	1,819,643
Receivables from exchange transactions	6	149,492	149,492
		<u>2,951,168</u>	<u>3,064,972</u>
TOTAL ASSETS		<u>8,077,142</u>	<u>11,361,117</u>
LIABILITIES			
Current Liabilities			
Payables	11	165,579	532,892
Car Loans Advance repayable	8	694,286	514,286
Provision for payment of passage benefits	12	700,000	600,000
		<u>1,559,865</u>	<u>1,647,178</u>
Non-Current Liabilities			
Car Loans Advance repayable	8	1,890,357	1,819,643
Provision for other liabilities	12	12,751,055	10,961,761
Retirement benefit obligations	22	35,747,966	25,544,064
		<u>50,389,378</u>	<u>38,325,468</u>
TOTAL LIABILITIES		<u>51,949,243</u>	<u>39,972,646</u>
Net Assets		<u>(43,872,101)</u>	<u>(28,611,529)</u>
NET ASSETS/EQUITY			
General Fund		<u>(43,872,101)</u>	<u>(28,611,529)</u>

Approved by Council on 13 OCTOBER 2021

Dr Satyabhooshun Gupt Domah

Chairperson

Mrs Divanandum Packiry Chinien

Council Member

Mr Viswajithsing Tuhobol

Officer in Charge

The notes on pages 7 to 25 form an integral part of these financial statements

Statement of Financial Performance for the year ended 30 June 2021

		30 June 2021	30 June 2020
	Notes	Rs	Rs
REVENUE			
Revenue from non-exchange transactions:			
Government Grant	13	21,981,219	30,932,708
Revenue from exchange transactions:			
Fees and Licenses	14	3,760,000	2,600,001
Total Revenue		25,741,219	33,532,709
EXPENSES			
Administrative Expenses	15	27,546,205	26,034,125
Depreciation and amortization	15a	326,657	379,645
Provision for payment of Sick Leave, Passage Benefit and Vacation Leave	12	2,045,248	1,288,308
Other Operating Expenses	16	1,219,860	1,819,815
Total Expenses		31,137,970	29,521,893
Surplus/(Deficit) for the year		(5,396,751)	4,010,816

The notes on pages 7 to 25 form an integral part of these financial statements

Statement of Changes in Net Assets/Equity for the year ended 30 June 2021

	30 June 2020
	Rs
Balance as at 01 July 2019	(23,059,754)
<u>Adjustments for financial year 2019/2020:</u>	
Surplus for the year	4,010,816
Re-measurement of Net defined benefit liability	(9,562,591)
Balance as at 30 June 2020	<u>(28,611,529)</u>
	30 June 2021
	Rs
Balance as at 01 July 2020	(28,611,529)
<u>Adjustments for financial year 2020/2021:</u>	
Deficit for the year	(5,396,751)
Re-measurement of Net defined benefit liability	(9,863,821)
Balance as at 30 June 2021	<u>(43,872,101)</u>

The notes on pages 7 to 25 form an integral part of these financial statements

Cash Flows Statement for the Year 30 June 2021 (Direct Method)

	30 June 2021	30 June 2020
	Rs.	Rs.
Cash flows from operating activities		
Receipts		
Grants and Aid	25,266,927	27,647,000
Fees and Licenses	3,805,555	2,682,243
Other receipts	89,764	395,422
	29,162,246	30,724,665
Payments		
Compensation of employees	(17,671,527)	(19,265,553)
Social Benefits	(3,815,616)	(3,085,384)
Supplies and consumables	(5,548,927)	(5,641,778)
Other Payments	(1,647,138)	(1,891,912)
Operating Surplus before working capital changes	(28,683,208)	(29,884,627)
Net Cash Flows from operating activities	479,038	840,038
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(462,513)	(107,745)
Net Cash Flows from investing activities	(462,513)	(107,745)
Cash Flows from financing activities		
Car Loan received from Ministry	900,000	1,925,000
Car Loan paid to staff	(900,000)	(1,925,000)
Net Cash Flows from financing activities	-	-
Increase/(Decrease) in cash and cash equivalents	16,525	732,293
Cash and cash equivalents at beginning of year	3,804,437	3,072,144
Cash and cash equivalents at end of year	3,820,962	3,804,437
Represented by Cash and Bank Balances	3,820,962	3,804,437

Notes to Cash Flow Statement:**a. Components of Cash and Cash Equivalents**

	Rs.	Rs.
Cash balances with bank	3,816,760	3,799,583
Cash in hand	4,202	4,854
	3,820,962	3,804,437

The notes on pages 7 to 25 form an integral part of these financial statements

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2021

	Note	Budget Estimates/ Approved budget (a)	Total Provisions (b)	Actual Amount (c)	Variance (a-c)
		Rs	Rs	Rs	Rs
REVENUE					
Revenue from non-exchange transactions:					
Government Grant	a	29,378,927	29,378,927	25,266,927	4,112,000
Revenue from exchange transactions:					
Other Income	b	2,415,000	2,415,000	3,809,346	(1,394,346)
Total Revenue		31,793,927	31,793,927	29,076,273	2,717,654
EXPENDITURE					
Total Staff Costs	c	25,418,000	25,418,000	21,487,143	3,930,857
Council & Panel Fees		1,300,000	1,300,000	1,184,643	115,357
Rent, Parking & Syndicate fees		2,600,000	2,600,000	2,471,691	128,309
Legal & Professional fees	d	355,000	355,000	462,495	(107,495)
Other Admin Costs	e	2,680,000	2,680,000	2,363,265	316,735
Training & Membership Costs	f	940,000	940,000	627,997	312,003
Capital Expenditure/Office Equipment	g	125,000	125,000	462,513	(337,513)
Total Expenditure		33,418,000	33,418,000	29,059,747	4,358,253

Note:

- Not fully budgeted amount claimed from Parent Ministry.
- Increase in Auditor's license fee from Rs10k to Rs15k resulted in increase in other income.
- No promotion was made during the year 2020-2021, one staff has retired and 2 staffs were on Leave without Pay during the year and also delay in recruitment of new MSO's resulted in savings from staff cost.
- The Audit fee for 2018-2019 due as at 30 June 2019 and paid in 2020-2021.
- The FRC did not organize any workshop and other savings due to Covid-19 pandemic.
- Local workshops could not be organized due to Covid-19 pandemic.
- Computerization of Auditor's License still in progress. Cost of Laptop/PC/Printer worth Rs300,708 was due for 2019-2020 and was paid in 2020-2021.

The notes on pages 7 to 25 form an integral part of these financial statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. FUNCTION OF THE COUNCIL

The Financial Reporting Council (the "Council" or "FRC") has been established as a body corporate and has its registered office at the 3rd Floor, Anglo Mauritius House Intendance Street, Port-Louis.

The objects of the Council as per section 4 of the Financial Reporting Act 2004 are as follows: -

- a) Promote the provision of high-quality reporting of financial and non-financial information by public interest entities;
- b) Promote the highest standards among licensed auditors;
- c) Enhance the credibility of financial reporting; and
- d) Improve the quality of accountancy and audit services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the FRC have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Board (IPSAAB) which is a board of the International Federation of Accountants (IFAC).

Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) issued by the International Accounting Standards Board are applied.

The financial statements are prepared on an accrual basis under the historical cost convention. The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

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

2.2 Reporting Period

The financial statements have been prepared for the year 01 July 2020 to 30 June 2021. Comparative figures relate to the year 01 July 2019 to 30 June 2020.

2.3 Foreign Currencies

(i) Functional and Presentation Currency

The financial statements are presented in Mauritian Rupees ("Rs") which is the functional and presentation currency of the Council that is the currency of the primary economic environment in which FRC operates. All amounts have been rounded to the nearest rupees.

(ii) Transactions and balances

Transactions in foreign currencies are recorded in Mauritian rupees at the rate of exchange ruling at the date of the transactions. Monetary assets & liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Mauritian rupees at the rate of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are dealt with through Statement of Financial Performance.

2.4 Revenue Recognition(i) Revenue from Exchange Transactions

Revenue is recognised to the extent that it is probable that, economic benefits will flow to the organization, the revenue can be reliably measured and when specific criteria have been met for each of the Council's activities as described below.

Revenue earned by the Council which is mainly derived from rendering of services is recognized on the following basis:

Revenue from processing fees in respect of all applications have been accounted for in the financial year in which they are received. Only revenue from License fees in respect of applications received have been accounted for during the year up to 30 June 2021.

The fees received from Audit Practice Reviews are accounted for on an accrual basis.

(ii) Revenue from Non-Exchange Transactions

Grants are not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them. Grants are recognised in surplus or deficit on a systematic basis over the periods in which the Council recognises as expenses the related cost for which the grants are intended to compensate.

Revenue Grant received from the Government of Mauritius is accrued in the year in which it is received. The Council recognises the grant money as an asset and also a liability in respect of the condition attached to the grant. As the Council satisfies the condition for the grant, it reduces the liability and recognizes revenue in the period the liability is discharged.

2.5 Expenses

Expenses are recognized in the period to which they relate and when services are rendered.

Grant and Subsidies

Where grants and subsidies are at the Council's discretion until payment, the expense is recognized when the payment is made. Otherwise, the expense is recognized when the specified criteria for the grant or subsidy have been fulfilled and notice has been given to the Council.

2.6 Taxation

The Council is exempt from payment of income tax as per Section 31 of the Financial Reporting Act 2004.

2.7 Property Plant & Equipment

Property, Plant & Equipment are stated at historical cost less accumulated depreciation on cost.

Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on a straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

Assets	Years
Furniture and Fittings	10 to 15
Office Equipment	5 to 15
Computer equipment/software	5 to 15
Motor Vehicle	5

A full year depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal.

Since 31 December 2013, FRC reviews the estimated useful lives and residual values of its depreciable assets at each financial year end.

Capitalisation Policy

Expenditure on office equipment of over Rs 2,000 is treated as asset, otherwise it is expensed in the Statement of Financial Performance in the year incurred.

2.8 Intangible Assets

Acquired intangible assets are capitalised on the basis of costs incurred to acquire and bring it to use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets comprise of Computer software which are amortised over 5 years using the straight line method.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

2.9 Impairment of non-financial assets

The Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is recognised immediately in the Statement of Financial Performance.

When the market value of Property, Plant & Equipment approximates its Net Book Value, management is of the opinion that there is no impairment.

2.10 Provisions

Provisions are recognized when the Council has a present obligation as a result of a past event and it is probable that the Council 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.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash balances with bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

Reconciliation: Deficit/Surplus with Net Cash Flows from operating, investing and financing activities

	30 June 2021 Rs	30 June 2020 Rs
Cash flows from operating activities		
Deficit/Surplus for the Year	(5,396,751)	4,010,816
<i>Adjustments for Non-Cash movements:</i>		
Depreciation	301,388	362,984
Amortization	25,269	16,661
Loss on disposal	19,665	-
Remeasurement of Net defined benefit liability	340,081	(588,184)
Provision for payment of passage benefits	568,959	23,542
Provision for payment of sick leave	797,045	(94,495)
Provision for payment of vacation leave	<u>523,291</u>	<u>504,354</u>
Operating surplus before working capital changes	(2,821,053)	4,235,678
Increase/(Decrease) in receivables and prepayments	3,366,696	(3,209,788)
Increase/(Decrease) in payables	(367,313)	114,856
Net Cash Flows from operating activities	178,330	1,140,746
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(161,805)	(408,453)
Net Cash Flows from investing activities	(161,805)	(408,453)
Cash Flows from financing activities		
Car Loan received from Ministry	900,000	1,925,000
Car Loan paid to Staff	(900,000)	(1,925,000)
Car Loan reimbursed by Staff	649,286	403,571
Car Loan refunded to Ministry	(649,286)	(403,571)
Net Cash Flows from financing activities	-	-
Increase in cash and cash equivalents	16,525	732,293

Cash and cash equivalents at beginning of year	3,804,437	3,072,144
Cash and cash equivalents at end of year	3,820,962	3,804,437
Represented by Cash and Bank Balances	3,820,962	3,804,437

2.12 Financial Instruments

Financial assets and financial liabilities are recognised on the Council's statement of financial position when the Council has become a party to the contractual provisions of the financial instruments.

Financial instruments of the Council comprised of financial assets and financial liabilities which are initially measured at cost. Subsequent to the initial recognition, they are measured as disclosed below:

(i) Financial Assets

Financial assets of the Council relate to cash and cash equivalents and Loan and receivables.

Loan and receivables comprised of the following:

- Receivables
- Car Loans Advance to staff

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value plus any directly attributable transaction costs and subsequently measured at amortized cost, using the effective interest method less any impairment.

Except for cases where the impact of discount is material, short term loan and receivables are initially recognized at their carrying amount as they are a reasonable approximation of fair value. Gains and losses are recognized in surplus or deficit when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Derecognition of financial asset

The Council derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:
 - (a) the Council has transferred substantially all the risks and rewards of the asset; or
 - (b) the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial Liabilities

Upon initial recognition, financial liability is measured at its fair value plus the transaction costs that are directly attributable to the acquisition of the financial liability, except when financial liability is measured at its fair value through surplus or deficit.

The Council's financial liabilities include Payables and Car Loans Advance repayable which are subsequently measured at amortised cost using the effective method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Council derecognizes financial liabilities when, and only when, the Council's obligations are discharged, cancelled or they expire.

2.13 General Fund

1. Section 30 of the Financial Reporting Act 2004 requires the Council to establish a General Fund into which all monies received by the Council shall be paid, and out of which all payments and charges on the Council shall be effected.
2. The council shall derive its funds from-
 - (a) funds allocated to it by the Government
 - (b) fees or other charges levied under this Act; and
 - (c) Such other source as may be approved by the Minister.

2.14 Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Council. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

2.15 Employee Benefits**(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.

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

Passage benefits represents the estimated liability of the Council in respect of passage benefits accrued to public officers on permanent and pensionable establishment drawing a minimum monthly salary of Rs 25,525 or reckoning at least eight years' service. Passage benefits are earned at the rate of 5% of the gross salaries annually.

Short term employee benefits are expensed in the period the employee renders the service and a liability is recognized in respect of amount not paid at the end of the financial year.

(ii) Short Term Paid leaves

Non-accumulating paid leave (casual, portion of sick leave, maternity, and study leaves) are expensed in the period the leave is taken and are measured at the rates paid or payable.

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

(iii) Post- Employment Benefits

The Council provides post-employment benefits to its employees by operating both a defined contribution plan and a defined benefit plan. The assets of both the plans are independently administered by the State Investment Company of Mauritius Limited (SICOM Ltd).

Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Council pays fixed contributions (12% of gross emoluments) into SICOM Ltd, for new full time employees who joined the FRC from 1 January 2013 onwards. FRC 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 recognized in respect of amount not paid at the end of the financial year.

Defined Benefit Plan

FRC operates a Defined Benefit Plan for employees who joined service prior to January 2013. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life.

For the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Define benefit costs are categorized as follows:

Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements) Net interest expense or income.

Remeasurement

FRC presents the first two components of defined benefit costs in profit or loss as pension cost.

Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

State Plan

State plan Contributions to the National Savings Fund are expensed in the statement of financial performance in the period in which they fall.

(iv) Termination Benefits

Termination benefits result from either the Public Sector's decision to terminate the employment or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination and when the entity recognizes any related restructuring costs.

Termination benefits are measured on initial recognition and subsequent changes are recognized in accordance with the nature of employee benefit, provided that in cases where the termination benefits are an enhancement to post-employee benefits, the requirements for post-employment benefits are applied.

Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

2.16 Related Parties

FRC regards a related party as a person or any entity with the ability to exert control individually or jointly, or to exercise significant influence over the FRC.

Members of key management are regarded as related parties and comprise the Officer in charge and Managers.

3.0 New and revised standards that are effective for the period beginning on 01 July 2020

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IPSASB.

The Council has adopted relevant new and revised IPSAS that are relevant to its operations for the year ended 30 June 2021.

Standards and amendments to existing standards that are not yet effective and have not been adopted early by the Council

The following Standards, amendments or Interpretations have not been early adopted by the Council:

- **IPSAS 41 Financial Instruments (Effective 1 January 2022)**
IPSAS 41 introduces a new classification and measurement regime for financial instruments and will need to be carefully considered by each entity.
- **IPSAS 42 – Social Benefits (Effective 1 January 2022)**
FRC will need to assess the nature of social benefits provided by the entity as per IPSAS 42.

4.0 Critical Accounting Estimates and Judgements

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Council makes estimates and assumptions concerning the potential future events. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made by the Council that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(i) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Council determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Council considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 22.

(ii) Asset lives and residual values

Property, plant and equipment and intangible assets are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual

values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(iii) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Council would currently obtain from disposal of the asset, if the asset was already of the age and in condition expected at the end of its useful life. The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(iv) Impairment of non-financial assets

Property, plant and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself. Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value added and, if lower, the assets are impaired to the present value.

Notes to and forming part of the financial statements for the period ended 30 June 2021

	30 June 2021 Rs	30 June 2020 Rs
5 Cash and Cash Equivalents		
Cash balances with bank	3,816,760	3,799,583
Cash in hand	4,202	4,854
	3,820,962	3,804,437
6 Receivables	Rs	Rs
<i>Receivables from exchange transactions (non-current):</i>		
Deposit on rent	137,492	137,492
Deposit on telephone	12,000	12,000
	149,492	149,492
<i>Receivables from exchange transactions (current):</i>		
Fees for Audit Practice Review	-	35,000
Fees for Auditor's License		28
Salary & Fees	-	102,020
		137,048
<i>Receivables from non-exchange transactions (current):</i>		
Grant for 2019-2020		3,285,708
		3,422,756
	149,492	3,572,248
7 Prepayments	Rs	Rs
IT Maintenance	265,107	204,648
IFRS Foundation	139,993	110,395
IFIAR Membership	198,480	233,023
Others	7,146	6,600
	610,726	554,666
8 Car Loans Advance to staff	Rs	Rs
Car Loans are granted to employees of the FRC and advanced by the Ministry of Finance. The car loans are repayable within five years and seven years.		
	30 June 2021 Rs	30 June 2020 Rs
Amount repayable within one year	694,286	514,286
Amount repayable within remaining years	1,890,357	1,819,643
Total as at year end	2,584,643	2,333,929

Notes to and forming part of the financial statements for the period ended 30 June 2021

9 Property, Plant and Equipment	Furniture & Fittings Rs	Office Equipment Rs	Computer Equipment Rs	Total Rs
<u>Cost</u>				
At 01 July 2020	1,727,302	818,027	2,932,442	5,477,771
Additions	9,600	89,025	4,255	102,880
Disposal	(33,925)	(39,767)	(83,490)	(157,182)
At 30 June 2021	1,702,977	867,285	2,853,207	5,423,469
<u>Depreciation</u>				
At 01 July 2020	1,400,042	611,518	2,419,165	4,430,725
Charge for the period	59,385	71,124	170,879	301,388
Cumulated depreciation on disposal	(33,925)	(20,102)	(83,490)	(137,517)
At 30 June 2021	1,425,502	662,540	2,506,554	4,594,596
<u>Net book values</u>				
As at 30 June 2021	277,475	204,745	346,653	828,873
As at 30 June 2020	327,259	206,509	513,277	1,047,045

10 Intangible Assets	Computer Software Rs
<u>Cost</u>	
At 01 July 2020	863,570
Additions	58,924
Disposals	-
At 30 June 2021	922,494
<u>Depreciation</u>	
At 01 July 2020	814,779
Charge for the period	25,269
Cumulated depreciation on disposal	-
At 30 June 2021	840,048
<u>Net book values</u>	
As at 30 June 2021	82,446
As at 30 June 2020	48,792

11 Payables	30 June 2021	30 June 2020
	Rs	Rs
Payables from exchange transactions (current):		
Accrued Expenses	160,944	523,813
License fee received in advance	4,635	9,079
	165,579	532,892

Notes to and forming part of the financial statements for the period ended 30 June 2021

12 Provision for other liabilities	Passage Benefits	Sick Leave	Vacation Leave	TOTAL 2020-2021	TOTAL 2019-2020
	Rs	Rs	Rs	Rs	Rs
Balance at start of year	1,337,754	5,249,746	4,974,261	11,561,761	11,128,360
Increase during the year	604,308	913,448	527,491	2,045,247	1,288,308
	1,942,062	6,163,194	5,501,752	13,607,008	12,416,668
Payment/Settlement made during the year	(35,350)	(116,403)	(4,200)	(155,953)	(854,907)
Balance as at 30 June	1,906,712	6,046,791	5,497,552	13,451,055	11,561,761
<i>Payable within one year</i>	<i>700,000</i>	<i>-</i>	<i>-</i>	<i>700,000</i>	<i>600,000</i>
<i>Payable more than one year</i>	<i>1,206,712</i>			<i>12,751,055</i>	<i>10,961,761</i>
Balance as at 30 June	1,906,712	6,046,791	5,497,552	13,451,055	11,561,761

12a Provision for Passage Benefits	30 June 2021	30 June 2020
	Rs	Rs
Balance at start of period	1,337,754	1,314,212
Passage Benefits earned during the year	604,308	616,923
	1,942,062	1,931,135
Passage Benefits paid during the year	(35,350)	(593,381)
Balance as at 30 June	1,906,712	1,337,754
Passage Benefits payable in less than one year	700,000	600,000
Passage Benefits payable in more than one year	1,206,712	737,754
	1,906,712	1,337,754

12b Provision for payment of sick leave		
Balance as at start of period	5,249,746	5,344,241
Settlement during the year	(116,403)	(258,107)
Add increase in provision for sick leave	913,448	163,612
Balance as at 30 June	6,046,791	5,249,746

12c Provision for payment of vacation leave	Rs	Rs
Balance as at start of period	4,974,261	4,469,907
Settlement during the year	(4,200)	(3,419)
Add increase in provision for vacation leave	527,491	507,773
Balance as at 30 June	5,497,552	4,974,261

(i) Sick leave not taken at the end of the year is accumulated in a bank up to a maximum of 110 days as per the recommendations of the PRB Report. Sick leave accumulated in bank is computed at the rate of 1/22 (no. of days x salary) and is recognized in the statement of

financial position. Unutilised sick leave at the end of the calendar year is refundable up to a maximum of 16 days out of the annual entitlement and is expensed from the statement of financial performance.

- (ii) As per the PRB Report 2013, vacation leave can henceforth be encashed upon retirement and computed at the rate of 1/30 of retiring salary.

Notes to and forming part of the financial statements for the period ended 30 June 2021

	30 June 2021	30 June 2020
	Rs	Rs
13 Government Grant		
Grant from Government of Mauritius	21,981,219	27,647,000
Add Grant receivable for the year 2019-2020	-	3,285,708
	21,981,219	30,932,708
14 Fees and Licences		
A licence fee of Rs 15,000 is charged to licensed auditors as per calendar year and an additional one-off processing fee of Rs 2,000 from new applicants. A processing fee of Rs 25,000 is also charged for applications for the approval of auditing firm's name.		
A fee of Rs 35,000 is charged for each Audit Practice Review carried out.		
	Rs	Rs
Licenses and Firm Name	3,375,000	2,390,001
Audit Practice Review Fees	385,000	210,000
	3,760,000	2,600,001
15 Administrative Expenses	30 June 2021	30 June 2020
	Rs	Rs
Salaries and allowances	15,473,777	16,066,178
Fees to Council & Panel Members	1,179,643	982,500
Travelling	2,118,033	2,064,860
Other staff costs	379,864	423,200
NSF	146,527	141,344
Pension Cost DB	2,763,941	1,903,040
Pension Cost DC	145,764	121,007
Contribution Sociale Généralisé	781,219	-
Loss on Disposal of Asset	19,665	-
Rent	2,471,691	2,399,097
Postages and stationery	178,486	184,965
Water, Telephone and Electricity	827,169	749,766
General office expenses	1,060,426	998,168
	27,546,205	26,034,125
15a Depreciation and amortization expenses	30 June 2021	30 June 2020
Depreciation	301,388	362,984
Amortization	25,269	16,661
	326,657	379,645
16 Other Operating Expenses		

	30 June 2021	30 June 2020
	Rs	Rs
AFIAAR Conference		-
Subscriptions	176,152	150,731
Overseas mission expenses	-	353,634
Communication and training	265,193	550,029
Membership fees	431,502	449,938
Legal and professional fees	347,013	315,483
	1,219,860	1,819,815

Notes to and forming part of the financial statements for the period ended 30 June 2021

17 Operating Lease Arrangements

FRC has two rental leases, one for 3,522 sq. ft and one for 2,017 sq. ft, both on the third floor of the Anglo Mauritius House situated at Intendance Street in Port-Louis.

These leases are classified as operating lease as per the definition of IPSAS 13.

At the reporting date, the Council has outstanding commitments under non-cancellable operating leases, which fall due as follows:

The leases have been renewed for a period of two years starting 01 June 2021 to 31 May 2023.

18 Events After Reporting Date

There are no material non-adjusting events after the reporting date.

19 Financial Risk Management

Financial Risk

FRC as a public sector entity is not much exposed to financial risks since it has no significant dealings in financing and investing activities. Its exposure to currency risk, liquidity risk and interest rate risk are insignificant as the entity has only minor creditors and has also not contracted any borrowings.

Credit Risk

The Council takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Council's main credit risk concentration relate to its cash and cash equivalents, car loan advance to staff and its trade receivables. The credit worthiness of counterparties is continuously monitored. The cash and cash equivalents are maintained with regulated financial institutions within acceptable credit and concentration guidelines. For the Car Loan Advance to its employees, FRC manages its exposure to credit risk through collateral held.

The carrying amount of financial assets represents the maximum credit exposure to credit risk being as follows as at reporting date:

	30 June 2021	30 June 2020
	Rs	Rs
Trade Receivables	-	3,422,756
Cash and cash equivalents	3,820,962	3,804,437
Car Loan Advance to staff (within one year)	694,286	514,286
Car Loan Advance to staff (within remaining years)	1,890,357	1,819,643
	6,405,605	9,561,122

The financial assets are neither past due nor impaired at the balance sheet date.

Notes to and forming part of the financial statements for the period ended 30 June 2021

20 Fair values of financial instruments

Except where otherwise stated, the fair values of the Council's financial assets and liabilities approximate their carrying amounts.

21 Related Party Disclosures

The key management personnel as defined by IPSAS 20, Related Party Disclosures are the members of the Council, members of the Panel and the Management team, who together constitute the governing body of the FRC.

	30 June 2021
	Rs
Total Remuneration paid to key management personnel	5,957,418
Car loans Advanced to members of management	765,000

22 Retirement benefit obligations

The Council operates both a defined contribution plan and a defined benefit plan which are independently administered by SICOM Ltd.

Defined Benefit Plan

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2021 by SICOM. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Actuarial valuation done by SICOM Ltd is as follows:

FIGURES FOR IPSAS 39 ADOPTION FOR:
Financial Reporting Council
For year ending 30 June 2021

	Year ending 30 June 2021	Year ending 30 June 2020
Amount recognised in the statement of financial position at end of year:	Rs	Rs
Defined benefit obligation	62,259,013	48,206,876
Fair value of plan assets	(26,511,047)	(22,662,812)
Liability recognised in statement of financial position at end of year	35,747,966	25,544,064
Amounts recognised in statement of financial performance:		
Service cost:		
Current service cost	2,464,095	1,995,346
Past service cost	0	0
(Employee contributions)	(734,503)	(755,815)
Fund Expenses	117,475	64,940
Net Interest expense/(revenue)	916,874	598,569
P&L Charge	2,763,941	1,903,040
Remeasurement		
Liability (gain)/loss	10,632,973	10,502,677
Assets (gain)/loss	(769,152)	(940,086)
Net Assets/Equity (NAE)	9,863,821	9,562,591
Total	12,627,762	11,465,631
Movements in liability recognised in statement of financial position:		
At start of year	25,544,064	16,569,657
Amount recognised in P&L	2,763,941	1,903,040
(Contributions paid by employer)	(2,423,860)	(2,491,224)
Amount recognised in NAE	9,863,821	9,562,591
At end of year	35,747,966	25,544,064

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.

FIGURES FOR IPSAS 39 ADOPTION FOR:
Financial Reporting Council
For year ending 30 June 2021

	Year ending 30 June 2021	Year ending 30 June 2020
<i>Reconciliation of the present value of defined benefit obligation</i>	Rs	Rs
Present value of obligation at start of period	48,206,876	36,313,549
Current service cost	2,464,095	1,995,346
Interest cost	1,807,758	1,361,758
(Benefits paid)	(852,689)	(1,966,454)
Liability (gain)/loss	10,632,973	10,502,677
Present value of obligation at end of period	62,259,013	48,206,876
<i>Reconciliation of fair value of plan assets</i>		
Fair value of plan assets at start of period	22,662,812	19,743,892
Expected return on plan assets	890,884	763,189
Employer contributions	2,423,860	2,491,224
Employee Contributions	734,503	755,815
(Benefits paid + other outgo)	(970,164)	(2,031,394)
Asset gain/(loss)	769,152	940,086
Fair value of plan assets at end of period	26,511,047	22,662,812
<i>Distribution of plan assets at end of period</i>		
<i>Percentage of assets at end of year</i>	June 2021	June 2020
Government securities and cash	54.8%	61.7%
Loans	2.8%	3.1%
Local equities	11.8%	10.1%
Overseas bonds and equities	30.1%	24.6%
Property	0.5%	0.6%
Total	100%	100%
<i>Additional disclosure on assets issued or used by the reporting entity</i>		
<i>Percentage of assets at end of year</i>	June 2021	June 2020
	(%)	(%)
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
<i>Components of the amount recognised in NAE</i>		
Year	June 2021	June 2020
Currency	Rs	Rs
Asset experience gain/(loss) during the period	769,152	940,086
Liability experience gain/(loss) during the period	(10,632,973)	(10,502,677)
	(9,863,821)	(9,562,591)
<i>Year</i>	2021/2022	
Expected employer contributions	2,533,726	
(Estimate to be reviewed by Financial Reporting Council)		
Weighted average duration of the defined benefit obligation		20 years
(Calculated as a % change in PV of liabilities for a 1% change in discount rate)		

FIGURES FOR IPSAS 39 ADOPTION FOR: Financial Reporting Council For year ending 30 June 2021

The plan is exposed to actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

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

	Year ending 30 June 2021	Year ending 30 June 2020
Discount rate	5.00%	3.75%
Future salary increases	3.00%	2.40%
Future pension increases	2.00%	1.40%
Mortality before retirement	Nil	A 6770 Ultimate Tables
Mortality in retirement	PA (90) Tables - rated down by 2 years	PA (90) Tables
Retirement age		65 Years

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

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 10.8 million (increase by Rs 14 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 7.7 million (decrease by Rs 6.5 million) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 1.5 million (decrease by Rs 1.6 million) if all assumptions were held unchanged.

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

