

THE MAURITIUS INSTITUTE OF
PROFESSIONAL ACCOUNTANTS

Audited financial statements

For the year ended 30 June 2020

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

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THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

REPORT OF THE CHAIRPERSON

On behalf of the Board Members of the Mauritius Institute of Professional Accountants (MIPA), it is my privilege to present the Annual Report and Financial Statements for the year ended 30 June 2020.

2019/2020 was a year of challenges. The financial year started with many goals to achieve and were halted by the unfortunate lockdown. Nonetheless, we adopted new measures to path ways to meet the objectives set.

Achievements

IFAC's statement of membership obligations

In February 2020, we went through our first compliance review since membership gained in November 2016 with the International Federation of Accountants (IFAC) and we have been highly praised by the assessors for showing continuous progress and dedication towards a more compliant profession. The updated IFAC statement of membership obligations (SMOs) action plan is available on MIPA's website.

Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT)

MIPA's strategy has been beefed up following Mauritius' adoption of the FATF ICRG Action Plan in February 2020.

An AML/CFT unit has been created to conduct risk-based on-site and off-site supervision for members falling under the AML/CFT purview. We now count five personnel part of the AML/CFT unit at MIPA.

MIPA has strengthened its AML/CFT Risk-Based Supervision Framework with elements of a risk-based approach to Money Laundering/Terrorism Financing(ML/TF) supervision to assess compliance of the Accountancy Profession under its supervision and to mitigate sectoral risks. The framework factors an approach for risk assessment at the sectoral and entity levels that focuses solely on ML/TF considerations.

As of now, I am pleased to report that MIPA has conducted 3 on-site inspections on a risk-based approach.

Fight against 'Rogue Accountants'

The fight against rogue accountants is on-going. As of now, actions have already been taken against rogue accountants. We remain committed to pursue our aggressive approach in ensuring that the repute of the Accounting sector is not tarnished by the actions of rogue accountants. To that end, we are working in close collaboration with other regulatory bodies in identifying and sanctioning non-compliant members.

Online Voting

MIPA has put in place an online voting platform for members to cast their votes at future elections for MIPA Board members. This service has been put in place for a more participative taking of poll.

New MIPA Website and Social Media

With the revamping of the MIPA website, multiple corners are available to our members to enrich their knowledge, through the IFAC Corner or Tech Resources. Regular IFAC Updates are posted as well as the UN sanction list.

A good communication strategy is key for MIPA. MIPA has been achieving a lot throughout the year and few has been visible to members. I have the pleasure to announce that MIPA is not only on Facebook and LinkedIn, but we also have a YouTube channel. The communication channels are used to disseminate updates regarding the profession as well as regulations. You are encouraged to follow these spaces to keep up with the Institute.

E-Learning

MIPA has adopted a new channel to deliver trainings online and has conducted 2 webinars so far with the participation of more than 600 participants.

**THE MAURITIUS INSTITUTE OF PROFESSIONAL
ACCOUNTANTS REPORT OF THE CHAIRPERSON**

On-going projects

Progress of Small and Medium Practices Committee

In a view to fight against rogue accountants and sensitise Small and Medium Practices (SMPs), an awareness event was organised in February 2020 with some 200 members. During the lockdown, a COVID 19 corner was also made available to members regarding important communiques from the Government, regulatory bodies, and professional accountancy bodies to assist members.

Progress of Professional Education Committee

I am pleased to report that members willing to apply to register as a Public Accountant now needs to go through an interview process before the application is recommended to the MIPA Board. MIPA will start issuing its own practising certificate as from this year and members will no longer have to apply for same from their professional accountancy bodies. All Applicants will have to undergo an in-depth evaluation process before obtaining a practising certificate and thus a public accountant license.

Members' Professional Development

To enhance the support to members in their professional development, MIPA is maintaining a wide range of affordable and complimentary CPD courses, relevant to the needs of the profession. Our landmark event for the year, the Annual Forum of Accountants, took place in August 2019 at Sofitel Hotel under the theme 'Accountants can save the world' and during which some 200 participants and speakers from several countries discussed about the importance of the accountant in this modern world. In total, MIPA has organised five CPD and one extracurricular event during the year and which were attended by more than 900 members. Technical resources, such as the new IESBA eCode, the International Auditing and Assurance Standard and AML/CFT resources can be reached from MIPA website.

Relationship with stakeholders

MIPA has continued to work in close collaboration with all stakeholders. During the Forum of Accountants in August 2019, MIPA signed a Memorandum of Understanding with ACCA in the presence of Mr. Jamil Ampomah, ACCA Director of Sub – Saharan Africa. In October 2019, we also received a courtesy visit from Mrs. Helen Brand, Chief Executive of ACCA.

We are also pleased to report that MIPA signed a Memorandum of Understanding with ICAEW in December 2019 in the presence of Mrs. Fiona Wilkinson, President of ICAEW.

A Memorandum of Cooperation was signed in August 2020 with other AML/CFT supervisors to facilitate exchange of information and to identify areas of cooperation on AML/CFT matters.

Overview of the year

Financial results

Income

Subscription income has increased by Rs 399,000 this year.

Expenses

Operating expenses has increased by 1.3%. Administrative expenses recorded an increase of 43.8% and reflects the costs associated with the new organisational structure of MIPA.

Surplus

The Institute has reported a surplus of Rs 748,990 for the year.

Cash and cash equivalent

MIPA's cash position is Rs 12.6m (2019: Rs 11.8m). These funds will be utilised to finance MIPA projects.

REPORT OF THE CHAIRPERSON

Overview of the year (Continued)

Board & Personnel

In addition to prescribed meetings, the Board had to meet regularly for executive meetings to enhance MIPA's decision making and facilitate the operations.

Overseas mission

Month	Missions	Attendees
October	COMESA Trade & Customs Meetings, Kenya	S. Newaj
November	15 ^{èmes} Rencontres de la Profession Comptable, Réunion	V. Gujadhur S. Newaj
November	IFAC Council Meeting, Canada	V. Gujadhur D. Soochit

Learning and development

Month	Learning & development activity	Participants
July	IFRS 9, 15 AND IFRS FOR SMES	Members
August	Forum of Accountants	Members
September	MIPA Annual General Assembly 2019	Members
October	IFRS UPDATES - IAS 1, IAS 10 AND IFRS 7	Members
November	IFRS UPDATES - IAS 12, 16 & 38	Members
February	Red Card to Rogue Accountants	Members

Outlook

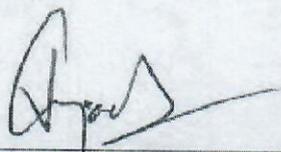
Contemplating on the achievements, I recognised that it is just the tip of the iceberg. Many more projects are in the pipeline. Mauritius endeavours to obtain Compliant or Largely Compliant ratings on the remaining five FATF Recommendations and to get out of the FATF and EU list. The AML/CFT unit has already started risk based on-site inspections and is aiming to have at least two on-site and two off-site inspections every month. A practice review panel for non-audit professional services will be implemented to ensure quality assurance.

We are also working on a vaster choice of continuous professional development trainings to fulfill the need of our members from different sectors. Several channels of delivery, face to face, webinar and eLearning, is being adopted by MIPA to reach the maximum number of members.

Acknowledgement

I started my term as Chairperson last year and I am confident that the MIPA Board and management, together with support from our members and our stakeholders, will continue to strive through excellence.

I gratefully acknowledge the commitment and support of the MIPA Board and the CEO, our members and key stakeholders, and dedicated volunteers and especially the MIPA staff, without which MIPA's accomplishments would not have been possible.



Vivek Gujadhur
Chairperson

04 SEP 2020

THE MAURITIUS INSTITUTE OF PROFESSIONAL

ACCOUNTANTS REPORT OF THE BOARD

The MIPA Board has the pleasure in submitting its annual report together with the audited financial statements of MIPA for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITY

The Financial Reporting Act 2004, proclaimed on 20 January 2005, has established inter-alia the Mauritius Institute of Professional Accountants (MIPA). The objects of the MIPA as per Section 45 of the Financial Reporting Act are as follows:

- Supervise and regulate the accountancy profession; and
- Promote the highest standards of professional and business conduct of, and enhance the quality of services offered by, professional accountants.

FINANCIAL RESULTS

The statement of profit or loss and other comprehensive income for the year ended 30 June 2020 is shown on page 11. MIPA's surplus for the year ended 30 June 2020 amounted to **Rs 748, 990** (2019: surplus Rs 3,419,716).

BOARD MEMBERS

MIPA is self - monitored by the profession in a transparent manner through its Board which consists of seven members of the professional accountancy bodies specified in the Act and elected at the general assembly.

The Board was constituted on 27 September 2019 as follows:

Name	Position	Board Meeting Attendance
Mr. Vivek Gujadhur	Chairperson	11/11
Mr. Priyaved Jhugroo	1 st Vice-Chairperson	9/11
Mr. Deochand Nundloll	2 nd Vice-Chairperson	10/11
Mr. Dwarka Soochit	Treasurer	10/11
Mr. Mervyn Lam Hung	Secretary	11/11
Mr. Mohammad Sallah -Ud- Din Surfraz	Board Member	10/11
Mr. Mohammud Umar Quayyam Annwar	Board Member	11/11

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Section 61 of the Financial Reporting Act 2004 requires MIPA to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the income and expenditure of the MIPA. In preparing those financial statements, the Board members are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards (IFRS) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that MIPA will continue in business.

The Board members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of MIPA and to enable them to ensure that the financial statements comply with the Financial Reporting Act 2004 and International Financial Reporting Standards (IFRS).

They are also responsible for safeguarding the assets of MIPA and for taking reasonable steps for the prevention and detection of fraud and any irregularities.

REPORT OF THE BOARD (CONTINUED)

The Board members confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 June 2020.



Vivek Gujadhur
Chairperson



Mervyn Lam Hung
Secretary

Date: 04 SEP 2020

THE MAURITIUS INSTITUTE OF PROFESSIONAL**ACCOUNTANTS PROFILE OF BOARD MEMBERS**

Vivek Gujadhur, Chairperson

Vivek 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.

Priyaved Jhugroo, 1st Vice Chairperson

Priyaved Jhugroo is a past chairman of MIPA and is a Fellow of the Institute of Chartered Accountants in England and Wales. His career expands in audit, accounting, tax and advisory in the UK and in Mauritius. In 2007 he founded Lancasters Chartered Accountants which is a member of the Geneva Group International. He is the firm's Senior Partner and specialises in auditing, business valuation and internal audit. He has also worked in industry.

Priyaved shares his knowledge and experience on various companies' and institutions' Boards of Directors and Advisory Boards as independent director. Priyaved has been a prominent member for the development of the profession in Mauritius. He was the President of the Mauritius Society of Chartered Accountants. He is the ICAEW contact member for Mauritius. He used to sit on the Financial Reporting Council and presently chairs its Audit Practice Review Panel.

Deochand Nundloll, 2nd Vice - Chairperson

Deochand is a Fellow Member of Association of International Accountant (AIA) since 2005. He is a Member of MIPA since 2008. He has more than 34 years of experience. He has been working for all sizes of business industries locally and abroad. He has served in Accounting, Auditing, Consultancy, Advisory and as in Functional Management in Accounting firms, Manufacturing, Hospitality and Business Process Outsourcing locally and internationally.

Mervyn Lam Hung, Secretary

Mervyn Lam Hung is a member of the Institute of Chartered Accountants in England and Wales and is a Partner in the Audit department of KPMG. Mervyn joined KPMG in London in 2006, where he completed his traineeship, working mainly on banking and asset management audits. He has over 14 years of audit and advisory experience, working in Scotland, UK, Seychelles, and Mauritius. He returned to Mauritius in 2014 as a Senior Manager. Mervyn is keen to bring enthusiasm and a fresh perspective to the MIPA Board.

Dwarka Soochit, Treasurer

Dwarka Harrish Soochit is a licensed Insolvency practitioner and holds the following professional qualifications: Fellow member of the Chartered Institute of Management Accountants (FCMA), Member of Chartered Global Management Accountant (CGMA), Fellow member of the Association of Chartered Certified Accountants (FCCA). He also has a Master degree in Strategy and Organisation Consulting from ESCP Europe.

Dwarka is the Managing Partner of Bit Associates an accounting practice and member of Leading Edge Alliance since 1998. He has also worked as Finance Manager in the Manufacturing Industry for 11 years. During his career, he has widely contributed in the setting up of manufacturing companies, namely in Kenya, Mayotte and Reunion Island.

He has served the Chartered Institute of Management Accountants Mauritius Branch as Secretary and President. He was a former Board Member of the CIMA South African Regional Board and Financial Reporting Council. He has also been the Secretary, Vice President and is currently the Treasurer of Mauritius Institute of Professional Accountants.

THE MAURITIUS INSTITUTE OF PROFESSIONAL**ACCOUNTANTS PROFILE OF BOARD MEMBERS**

Mohammad Sallah -Ud- Din Surfraz, Board Member

Den Surfraz is a Fellow of the Association of Certified Chartered Accountant (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).

Den is the current Chairman of the ACCA Mauritius Network Panel. He is also a Board Member of the Mauritius Institute of Professional Accountant (MIPA) and the Financial Reporting Council (FRC).

Mohammud Umar Quayyam Annowar, Board Member

Quayyam is a Fellow Member of the Institute of Public Accountants (IPA) from Australia and is also legally qualified. He has more than 10 years working experience in the field of finance having worked with clients covering various activities such as the tourism sector, the textile industry and property development.

He is a member of the Chartered Institute of Securities & Investment (CISI). He also holds the title of Certified Professional Forensic Accountant (CPFAcct) from the Institute of Certified Professional Forensic Accountants (ICFA). He is an Accredited Civil and Commercial Mediator and is looking forward to being call to the bar in due course. Being well versed in finance and law, he is confident that this combination will help him make the most of his knowledge and expertise to contribute to the MIPA for the welfare of the accountancy profession in Mauritius.

Independent Auditors' report

To the members of THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Mauritius Institute of Professional Accountants ("MIPA") set out on pages 11 to 30, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of movement in accumulated surplus for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of MIPA as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MIPA in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board members are responsible for the other information. The other information comprises of the report of the chairperson and the board but does not include the financial statements and our auditors' report thereon.

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

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

Board Members' Responsibilities for the Financial Statements

The board members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Reporting Act 2004. They are also responsible for such internal control as they determine 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, they are responsible for assessing MIPA'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 the board members either intend to liquidate MIPA or to cease operations, or has no realistic alternative but to do so.

The board members are responsible for overseeing the MIPA's financial reporting process.

Independent Auditors' report

To the members of THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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.
- Conclude on the appropriateness of board members' 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 MIPA's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause MIPA to cease to continue as a going concern.
- 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 MIPA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the operating activities within MIPA to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of MIPA audit. We remain solely responsible for our audit opinion.

We communicate with board members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- we have no relationship with, or any interest in, MIPA other than in our capacity as auditors, member of MIPA and member of MIPA's SMP Committee;
- we have obtained all information and explanations that we have required; and in our opinion, proper accounting records have been kept by MIPA as far as it appears from our examination of those records.

Independent Auditors' report
To the members of THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

Use of report

This report is made solely for MIPA's members, as a body, in accordance with the Financial Reporting Act 2004. Our audit work has been undertaken so that we might state to MIPA's members those matters we are required to state to the members in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MIPA and MIPA's members, as a body, for our audit work, for this report, or for the opinions we have formed.



HLB Appavoo & Associates
Public Accountants and management consultants
Port Louis



Louis Clensy Appavoo, FCCA, MBA
Reporting partner
Licenced by Financial Reporting Council

Date: **04 SEP 2020**

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 MUR	2019 MUR
Subscription income	10	10,069,000	9,670,000
Income from training and education	11	814,501	1,531,187
Other income	12	-	191,000
		<u>10,883,501</u>	<u>11,392,187</u>
Other operating expenses	13	<u>(3,138,689)</u>	<u>(3,137,518)</u>
Operating surplus		7,744,812	8,254,669
Administrative expenses	14	(7,101,590)	(4,938,517)
Net finance income	15	<u>105,768</u>	<u>103,564</u>
Surplus for the year		748,990	3,419,716
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>748,990</u></u>	<u><u>3,419,716</u></u>

The notes from pages 15 to 30 form an integral part of these financial statements.

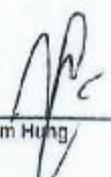
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 MUR	2019 MUR
ASSETS			
Non-current assets			
Equipment	4	445,171	328,906
Intangible assets	5	2	2
Total non-current assets		445,173	328,908
Current assets			
Receivables	6	1,928,358	1,885,454
Cash and cash equivalents		12,588,636	11,816,385
Total current assets		14,516,994	13,701,839
Total assets		14,962,167	14,030,747
RESERVES AND LIABILITIES			
Reserves			
Accumulated surplus		12,284,822	11,535,832
Liabilities			
Non-current liabilities			
Gratuity on retirement	7	254,000	130,385
Current liabilities			
Payables	8	2,423,345	2,354,530
Total liabilities		2,677,345	2,494,915
Total reserves and liabilities		14,962,167	14,030,747

Approved for issue by the Board on 04 SEP 2020 and signed on its behalf by:



 Vivek Gujadhur
 Chairperson



 Mervyn Lam Hung
 Secretary

The notes from pages 15 to 30 form an integral part of these financial statements.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

STATEMENT OF MOVEMENT IN ACCUMULATED SURPLUS FOR THE YEAR ENDED 30 JUNE 2020

	Accumulated surplus
	MUR
At 01 July 2018	8,116,116
Surplus for the year	3,419,716
At 30 June 2019	11,535,832
Surplus for the year	748,990
At 30 June 2020	12,284,822

The notes from pages 15 to 30 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 MUR	2019 MUR
Cash flows from operating activities			
Surplus for the year		748,990	3,419,716
<i>Adjustment for:</i>			
Depreciation of equipment	4	109,821	120,824
Amortisation of intangible assets	5	-	424
Net finance income		(105,768)	(103,564)
Movement in gratuity on retirement	7	123,615	130,385
Operating surplus before working capital changes		876,658	3,567,785
Increase in receivables		(42,904)	(1,198,011)
Increase in payables		58,815	1,874,030
Net finance income received		105,768	103,564
Net cash flows generated from operating activities		998,337	4,347,368
Cash flows from investing activities			
Acquisition of equipment	4	(226,086)	(247,895)
Net cash flows used in investing activities		(226,086)	(247,895)
Net increase in cash and cash equivalents		772,251	4,099,473
Cash and cash equivalents at beginning of the year		11,816,385	7,716,912
Cash and cash equivalents at end of the year		12,588,636	11,816,385

The notes from pages 15 to 30 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Mauritius Institute of Professional Accountants ("MIPA") has been established under the Financial Reporting Act 2004. The objects of MIPA are to regulate and supervise the accountancy profession, to promote the highest standards of professional and business conduct and enhance the quality of services offered by professional accountants.

The address of the registered office is Suite 1104, 11th Floor, SIT Business Centre, The Core, 62, Cybercity, Ebene.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and other regulatory requirements.

2.2 *Basis of preparation*

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying MIPA's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where critical estimates and assumptions are significant to the financial statements are disclosed in Note 3.

2.3 *Application of new and revised international financial reporting standards ("IFRSs")*

In the current year, the MIPA has assessed all the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2019.

2.3.1 *New and revised IFRSs*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for financial year beginning on 1 July 2019 that have a material impact on the MIPA.

2.3.2 *New standards, interpretations and amendments issued not yet effective*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the MIPA are set out below. The MIPA does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Application of new and revised international financial reporting standards ("IFRSs") - (Continued)

2.3.2 New standards, interpretations and amendments issued not yet effective (Continued)

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date.

The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change in respect to the changes brought to the conceptual framework.

2.4 *Equipment*

Equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to bringing the asset to working condition for their intended use.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to MIPA and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of the assets. The annual rates used are as follows:

Office equipment	- 20%
Computer equipment	- 33%
Furniture and fittings	- 10%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *Intangible assets*

Computer softwares and website

Expenditures incurred on computer software programs and website are recognised as intangible assets and are amortised over 3 years using the straight line method.

Intangible assets are not revalued.

At each statement of financial position date MIPA reviews the carrying amount of each intangible asset. If there is any indication of impairment, a write down is made if the carrying amount exceeds the recoverable amount.

2.6 *Financial instruments*

Financial instruments held by MIPA are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by MIPA, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:

- Amortised cost.

Note 16 Financial Instruments and risk management presents the financial instrument held by the MIPA based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instruments held by MIPA are presented below:

2.6.1 *Receivables*

(a) Classification

Receivables, excluding, when applicable, prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and MIPA's business model is to collect the contractual cash flows on other receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Financial instruments (Continued)*

2.6.1 *Receivables (Continued)*

(b) Recognition and measurement

Receivables are recognised when MIPA becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Receivables mainly include subscriptions receivables from members. Subscriptions receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for any irrecoverable amounts. Allowance is made when there is objective evidence that MIPA will not be able to recover balances in full. Balances are written-off when the probability of recovery is assessed as being remote.

2.6.2 *Cash and cash equivalents*

Cash and cash equivalents comprises of cash at banks and in hand and are stated at carrying amount which is deemed to be at amortised cost.

2.6.3 *Payables*

(a) Classification

Payables excluding amounts received in advance are classified as financial liabilities subsequently measured at amortised cost.

(b) Recognition and measurement

They are recognised when MIPA becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Payables expose the MIPA to liquidity risk and possibly to interest rate risk. Refer to note 16 for details of risk exposure and management thereof.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Financial instruments (Continued)*

2.6.4 *Derecognition*

(a) Financial assets

MIPA derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If MIPA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, MIPA recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If MIPA retains substantially all the risks and rewards of ownership of a transferred financial asset, MIPA continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities

MIPA derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6.5 *Impairment*

Impairment of financial assets

The MIPA recognises loss allowances for ECL on:

- Financial assets measured at amortised cost.

The MIPA measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, MIPA considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on MIPA's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which MIPA is exposed to credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Financial instruments (Continued)*

2.6.5 *Impairment*

Impairment of financial assets

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that MIPA expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, MIPA assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the MIPA on terms that the MIPA would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the MIPA has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The MIPA makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

Impairment of non-financial assets

MIPA assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, MIPA estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is higher of its fair value less costs to sell and its value in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Financial instruments (Continued)*

2.6.5 *Impairment*

Impairment of non-financial assets

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement profit or loss and other comprehensive income.

2.7 *Retirement benefit obligations*

(a) Retirement gratuity

MIPA has provided a severance allowance for each year of service in respect of each employee on retirement at the age of 65 in accordance with the provisions under the Workers Act Right 2019 (as amended).

The present value of unfunded obligations is recognised in the statement of financial position as a non current liability.

The current service cost and any unrecognised past service cost are recognised as an expense under staff costs together with the associated interest cost.

(b) State pension plan

Contributions to the National Pension Scheme are expensed to the statement of profit or loss and other comprehensive income in the period in which they fall due.

2.8 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to MIPA and the revenue can be reliably measured.

Member's subscription fees, other than exempt members, are recognised in the statement of profit or loss and other comprehensive income as income in the year to which it relates. Income from admission fees are recognised in the relevant year of admission.

Subscription fees from member firms are accounted for in the year in which it is received.

Income from training and education is measured at the fair value of the consideration received or receivable.

Subscription income received in advance is included within payables and subsequently credited to the statement of profit or loss and other comprehensive income in the year in which services for these subscriptions are rendered.

Interest income is recognised on the accruals basis unless collectibility is in doubt.

2.9 *Expense recognition*

Expenses are accounted for on an accruals basis in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 *Foreign currency translation**(a) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which MIPA operates, Mauritian Rupees (MUR) (the functional currency). The financial statements are presented in Mauritian Rupees (MUR), which is the MIPA's presentation currency.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

2.11 *Provisions*

Provisions are recognised when MIPA has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.12 *Related parties*

Related parties are individuals, including management personnel, where the individual has the ability, directly or indirectly to control the other party, or exercise significant influence over the party in making financial and operational decisions.

2.13 *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

2.14 *Reserves*

Reserves consist of accumulated surpluses.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

The preparation of MIPA's financial statements requires Board and management to make judgements, estimates and assumptions about the reported amounts of revenues, expenses and the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION (CONTINUED)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in a period of the revision and future periods if the revision affects both current and future periods.

(a) Judgement

Going concern

continue in business for the foreseeable future. Furthermore, board members are not aware of any material uncertainties that may cast significant doubt upon MIPA's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Business model assessment

Classification and measurement of financial assets depends on the result of the SPPI and the business model test. MIPA determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the management of the assets are compensated. Monitoring is part of the MIPA's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Key sources of estimation

Impairment of receivables

Impairment of receivables is made when there is objective evidence that MIPA will not be able to collect certain debts. MIPA is required to estimate the level of impairment based on detailed analysis and experience of historic impairment rates in the context of the current debtor profile. The amount to be impaired has to be approved by the Board.

Equipment and intangible assets

Equipment and intangible assets are depreciated and amortised respectively over their useful lives taking into account residual value, 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-cycle and maintenance programs are taken into account. Residual value assessments consider future market conditions, the remaining life of the assets and projected disposal value. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

The residual value of an asset is the estimated net amount that MIPA 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 board members therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected useful lives.

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

4. EQUIPMENT	Office equipment MUR	Computer equipment MUR	Furniture and fittings MUR	Total MUR
<i>Cost or valuation:</i>				
At 01 July 2018	212,513	283,310	391,805	887,628
Additions	7,415	75,980	164,500	247,895
At 30 June 2019	219,928	359,290	556,305	1,135,523
Additions	-	143,665	82,421	226,086
At 30 June 2020	219,928	502,955	638,726	1,361,609
<i>Depreciation:</i>				
At 01 July 2018	157,422	247,975	280,396	685,793
Charge for the year	39,974	38,270	42,580	120,824
At 30 June 2019	197,396	286,245	322,976	806,617
Charge for the year	7,544	56,227	46,050	109,821
At 30 June 2020	204,940	342,472	369,026	916,438
<i>Net book value:</i>				
At 30 June 2019	22,532	73,045	233,329	328,906
At 30 June 2020	14,988	160,483	269,700	445,171
5. INTANGIBLE ASSETS	Database management software and website MUR	Accounting software licence MUR	Total MUR	
<i>Cost or valuation:</i>				
At 01 July 2018	310,501	62,030	372,531	
Additions	-	-	-	
At 30 June 2019	310,501	62,030	372,531	
Additions	-	-	-	
At 30 June 2020	310,501	62,030	372,531	
<i>Amortisation:</i>				
At 01 July 2018	310,500	61,605	372,105	
Charge for the year	-	424	424	
At 30 June 2019	310,500	62,029	372,529	
Charge for the year	-	-	-	
At 30 June 2020	310,500	62,029	372,529	
<i>Carrying value:</i>				
At 30 June 2019	1	1	2	
At 30 June 2020	1	1	2	

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

6. RECEIVABLES	2020	2019
	MUR	MUR
Subscription receivables	1,646,500	928,000
Less: provision for bad debts	(607,000)	-
Subscription receivables - net of provision for bad debts	<u>1,039,500</u>	<u>928,000</u>
Prepayments	888,858	869,761
Other receivables	-	87,693
	<u><u>1,928,358</u></u>	<u><u>1,885,454</u></u>

- (a) The board members do not consider subscriptions receivable to be a financial asset since these are statutory dues and not contractual dues. Accordingly, no disclosures have been presented relating to the ageing of those subscriptions receivables.
- (b) Other receivables are unsecured and fully performing. No collaterals are held in respect of those receivables.
- (c) The carrying amounts of receivables approximate their fair values.

7. GRATUITY RETIREMENT	2020	2019
	MUR	MUR
At 01 July	130,385	-
Amount recognised during the year	123,615	130,385
At 30 June	<u><u>254,000</u></u>	<u><u>130,385</u></u>

8. PAYABLES	2020	2019
	MUR	MUR
Subscription received in advance	1,477,950	1,154,500
Advances for training	-	220,000
Other payables and accruals	945,395	990,030
	<u><u>2,423,345</u></u>	<u><u>2,364,530</u></u>

The carrying amounts of payables approximate their fair values.

9. OPERATING LEASE COMMITMENTS

Future minimum rental payable under operating leases as at 30 June 2020 were as follows:

	2020	2019
	MUR	MUR
Within one year	559,648	640,212
After one year but not more than five years	-	-
	<u><u>559,648</u></u>	<u><u>640,212</u></u>

The office leased by MIPA is a short-term lease with renewal options in the contract.

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10. SUBSCRIPTION INCOME		2020	2019
		MUR	MUR
	Admission fees	841,000	914,000
	Subscription fees	9,210,000	8,665,000
	Subscription fees received in arrears	-	79,000
	Rejected applications and duplicate certificate fees	18,000	12,000
		<u>10,069,000</u>	<u>9,670,000</u>
(i)	<i>Professional accountants:</i>		
	Admission fees	714,000	762,000
	Subscription fees	6,554,000	6,146,000
	(see note (b) below)	<u>7,268,000</u>	<u>6,908,000</u>
(ii)	<i>Public accountants:</i>		
	Admission fees	75,000	80,000
	Subscription fees	682,000	662,000
	(see note (c) below)	<u>757,000</u>	<u>742,000</u>
(iii)	<i>Member firms:</i>		
	Admission fees	52,000	72,000
	Subscription fees	1,974,000	1,857,000
		<u>2,026,000</u>	<u>1,929,000</u>
(iv)	<i>Rejected / duplicate applications:</i>	18,000	12,000
(v)	<i>Subscription fees received in arrears</i>	-	79,000
	Total subscriptions income	<u><u>10,069,000</u></u>	<u><u>9,670,000</u></u>
(b)	Number of professional accountants are analysed as follows:		
		2020	2019
		Number	Number
	<i>Professional accountants:</i>		
	Opening balance	3,304	3,037
	New admission	238	254
	New exempt admission	22	25
	Less deregistered	(34)	(12)
	Closing balance	<u>3,530</u>	<u>3,304</u>
	<i>Exempt members:</i>		
	Opening balance	(231)	(206)
	New admission	(22)	(25)
	Closing balance	<u>(253)</u>	<u>(231)</u>
	Total number of professional accountants excluding exempt members	<u><u>3,277</u></u>	<u><u>3,073</u></u>
(c)	Number of public accountants are analysed as follows:		
	<i>Public accountants:</i>		
	Opening balance	331	322
	New admission	15	16
	Less deregistered	(5)	(7)
	Closing balance	<u>341</u>	<u>331</u>
(d)	Number of member firms are analysed as follows:		
	<i>Member firms:</i>		
	Opening balance	220	202
	New admission	17	18
	Less deregistered	-	-
	Closing balance	<u>237</u>	<u>220</u>

At 30 June 2020, MIPA had 253 members (2019: 231) who were exempt from payment of annual subscription fees pursuant to Section 51.4 (b) of the Financial Reporting Act 2004, as amended in December 2012.

According to the Financial Reporting Regulations 2012 (Mauritius Institute of Professional Accountants - fees), application fees for the issue of certificate of registration are non-refundable.

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11. INCOME FROM TRAINING AND EDUCATION	2020	2019
	MUR	MUR
Net income from training and education	699,301	1,271,987
Sale of IFRS books	115,200	259,200
	<u>814,501</u>	<u>1,531,187</u>
12. OTHER INCOME	2020	2019
	MUR	MUR
Income derived from events - Football Tournament	-	191,000
	<u>-</u>	<u>191,000</u>
13. OTHER OPERATING EXPENSES	2020	2019
	MUR	MUR
Subscriptions - PAFA	924,674	1,255,936
Subscriptions - IFAC	300,694	268,351
PAFA & IFAC conferences	765,172	706,647
Purchase of IFRS books	-	240,687
MIPA events	423,471	486,346
Printing, postage and stationery	25,907	71,255
Advertising	76,878	108,296
Other receivables written off	14,893	-
Provision for bad debts	607,000	-
	<u>3,138,689</u>	<u>3,137,518</u>
14. ADMINISTRATIVE EXPENSES	2020	2019
	MUR	MUR
Salaries and related costs	4,265,147	3,159,008
Committee fees	399,500	-
Rent	1,249,642	1,032,933
Legal and professional fees	332,700	133,725
Electricity and telephone	244,804	104,191
Computer and related expenses	341,894	124,116
Depreciation of equipment	109,821	120,824
Amortisation of intangible assets	-	424
Insurance expense	25,690	22,572
Other administrative expenses	132,392	240,724
	<u>7,101,590</u>	<u>4,938,517</u>
15. NET FINANCE INCOME	2020	2019
	MUR	MUR
Bank interest income	89,892	87,851
Net foreign exchange gains	15,876	15,713
	<u>105,768</u>	<u>103,564</u>

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16. FINANCIAL RISK MANAGEMENT

(a) *Financial risk factors*

MIPA's financial instruments comprise mostly receivables, cash and cash equivalents and payables. MIPA is therefore exposed to credit risk, currency risk, liquidity risk and interest rate risk. The Board oversees the management of these risks including reviewing and agreeing policies for managing them. These are disclosed below.

Credit risk

Credit risk arises principally from receivables which relate substantially to members' subscriptions. The credit risk is that the member fails to discharge its legal obligation in respect of the instrument. MIPA has no significant concentration of credit risk, with exposure spread over a large number of members. Management reviews the subscription receivable balances on a regular basis and undertakes an exercise to consider removing members from the receivables ledger register for non-payment of subscriptions.

The board does not consider subscription fees receivable to be a financial asset since these are statutory dues and not contractual dues. Accordingly, no disclosures have been presented relating to credit risk on those receivables.

Receivables and cash and cash equivalents (excluding subscriptions receivable and prepayments) represent MIPA's maximum exposure to risk in relation to financial assets.

	2020 MUR	2019 MUR
Receivables (excluding subscriptions receivable and prepayments)	-	69,643
Cash and cash equivalents	12,588,636	11,816,385
	12,588,636	11,886,028

The following represents ageing of receivables (excluding subscriptions receivable and prepayments):

	Less than 1 year MUR	More than 1 year MUR	Total MUR
<u>2020</u>			
Receivables (excluding subscriptions receivable and prepayments)	-	-	-
<u>2019</u>			
Receivables (excluding subscriptions receivable and prepayments)	69,643	-	69,643

Liquidity risk

Liquidity risk is defined as the risk that MIPA will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk is limited to payables. All financial liabilities on the statement of financial position have a maturity of not more than one month. MIPA's policy to manage liquidity risk is to maintain at all times sufficient cash balance to allow it to meet its obligations as and when they fall due. MIPA enters into commitments only when the Board is satisfied that it has the resources to meet the resulting obligations.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Liquidity risk (Continued)

	Less than 1 year MUR	More than 1 year MUR	Total MUR
<u>2020</u>			
Payables (excluding subscription received in advance and advances for training)	945,395	-	945,395
<u>2019</u>			
Payables (excluding subscription received in advance and advances for training)	873,356	-	873,356

Currency risk

Currency profile

	2020		2019	
	Financial assets MUR	Financial liabilities MUR	Financial assets MUR	Financial liabilities MUR
Mauritian Rupee	12,519,394	228,483	11,729,118	156,444
United States Dollar	69,242	716,912	156,910	716,912
	<u>12,588,636</u>	<u>945,395</u>	<u>11,886,028</u>	<u>873,356</u>

Prepayments, subscription receivables and advances for training amounting to MUR 888,858 (2019: MUR 1,784,811) have not been included in financial assets.

MIPA has financial assets and liabilities denominated in other foreign currencies. Consequently, MIPA is exposed to the risk that the exchange rate of the Mauritian Rupee relative to the other foreign currencies may change in a manner which has a material effect on the reported values of MIPA's assets and liabilities which are denominated in foreign currencies.

(i) Sensitivity analysis

	2020		2019	
	Effect on reserves MUR	Effect on surplus MUR	Effect on reserves MUR	Effect on surplus MUR
United States Dollar	32,400	32,400	28,000	28,000

Interest rate risk

MIPA's income and operating cash flows are independent of changes in market interest rates. The only significant interest-bearing financial assets are cash and cash equivalents. Interest income may fluctuate, in particular due to changes in interest rates. MIPA's policy is to maximise finance income on its interest-bearing assets. The effect on the surplus for the year of a possible change in interest rate is immaterial.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Fair value estimation*

At 30 June 2020, MIPA did not have assets and liabilities measured at fair values since their carrying amounts are a reasonable approximation of fair value.

(c) *Capital risk management*

MIPA considers its capital to be its accumulated surplus. The management's financial objective is to generate an approved operating position and to build and maintain surplus at a sustainable level. MIPA is not subject to any material externally imposed capital requirements.

(d) *Categories of financial instruments*

	2020	2019
	MUR	MUR
<i>Financial assets at amortised cost</i>		
Receivables	-	69,643
Cash and cash equivalents	12,588,636	11,816,385
	12,588,636	11,886,028
<i>Financial liabilities at amortised cost</i>		
Payables (excluding subscription received in advance and advances for training)	945,395	873,356
	945,395	873,356

At the reporting date, there were no significant concentrations of credit risk for receivables. The carrying amounts reflected above represents MIPA's maximum exposure to credit risk for such receivables.

17. RELATED PARTY TRANSACTIONS

- (a) The board members are not entitled to any remuneration since their services rendered are on a voluntary basis.
- (b) The remuneration and short term benefits of key management personnel for the year ended 30 June 2020 was MUR 1,756,500 (2019: MUR 1,710,000)

18. CONTINGENCIES

At the reporting date, MIPA had no contingent liabilities (2019: Nil).

19. EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date which may have a material effect on the financial statements as at 30 June 2020.