

**THE MAURITIUS INSTITUTE
OF PROFESSIONAL ACCOUNTANTS**

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2017

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

**ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

| CONTENTS | PAGES |
|--|--------------|
| REPORT OF THE CHAIRMAN | 1 - 3 |
| REPORT OF THE BOARD | 4 - 5 |
| PROFILE OF BOARD MEMBERS | 6 - 7 |
| INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS | 8 - 9 |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 10 |
| STATEMENT OF FINANCIAL POSITION | 11 |
| STATEMENT OF MOVEMENT IN ACCUMULATED SURPLUS | 12 |
| STATEMENT OF CASH FLOWS | 13 |
| NOTES TO THE FINANCIAL STATEMENTS | 14 - 29 |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

REPORT OF THE CHAIRMAN

Chairman's report

I have the honour to present to the Mauritius Institute of Professional Accountants (MIPA) members the Institute's Annual Report for the year ended 30 June 2017. The last 12 months have had their challenges and have borne their rewards for MIPA as the national Professional Accountancy Organisation (PAO). During our mandate, my fellow Board members and I have reviewed MIPA's objectives and strategies and endeavoured to consolidate measures already in place and take relentless positive actions to change MIPA's day to day operations and its perception by stakeholders.

Financial results

MIPA's subscription income has decreased to Rs3.3m (2016: Rs3.5m) resulting from the Board's debt recovery action where several non-paying members were deregistered. MIPA's results are showing a deficit for the year of Rs0.86m (2016: surplus Rs1.38m), last year's surplus on the Africa Congress of Accountants (ACOA) not being a recurring income. This year's results are a fair reflection of MIPA's financial future if we carry on with the current *modus operandi*.

Challenges

The MIPA Board has been setting out an outlook for the medium term sustainability of the Institute which will be explained in this assembly. This is a strategic financial plan that will define MIPA's future operations. As this year's results show, should this not be implemented, MIPA's role as a national PAO will be questionable.

MIPA plans to work closely with all stakeholders, namely members, the PAOs which are Qualifying Bodies, employers, training institutions and Government bodies to optimise the use and availability of resources for its development.

Achievements

This year, MIPA achieved its milestone membership of the International Federation of Accountants (IFAC). We have started to set up the structures and implement the tools to comply with IFAC's Statements of Membership Obligations (SMOs). We called for an expression of interest to members and independent persons in the legal profession for the establishment of Investigation, Disciplinary and Appeals committees. We are currently finalising the terms of reference. The Committees should be operational during 2017/18 financial year.

MIPA is now requiring members to make online declaration of their Continuous Professional Development (CPDs). We have had discussions with members and stakeholders with respect to monitoring these and not turning this into an additional burden.

Projects

Limited liability companies

We still have member firms which are companies limited by shares operating as auditors. We are following up with these members and counting on their collaboration to avoid making this an issue on which MIPA's Investigation and Disciplinary (I&D) Committee will need to act.

Rogue accountants

MIPA has received several complaints from the public about practising accountants who are not registered with MIPA. Unfortunately the legal provisions do not provide MIPA with any disciplinary recourse for non – members. MIPA is discussing with various authorities in order to consider bringing this matter under its purview.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS
REPORT OF THE CHAIRMAN (CONTINUED)

Overview of the year

Debtors sanitisation

MIPA's Board has imposed a sense of discipline on members for payments of subscription in accordance with the Financial Reporting Act. Outstanding dues of Rs238,000 (which have been fully impaired) have decreased from Rs580,000 last year (2016: Rs1.96m). We have deregistered 397 Professional Accountants and 50 Public Accountants during the financial year.

Cash and cash equivalent

MIPA's cash position of Rs 6.9m (2016: Rs 7.4m) reflects the depletion caused by the deficit incurred this year. It is preferable to apply these funds for structural development rather than for daily expenditure.

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. We recruited a legal officer during the year. The Board has included in MIPA's strategic outlook the additional resources required to achieve its objectives.

Overseas missions

| Month | Missions | Attendees |
|----------|--|-------------------|
| November | IFAC conference, Brazil | D. Soochit |
| November | 7 ^{eme} Université de la profession Comptable de l'Océan Indien, Réunion | A.Kodabux, S. Li. |
| April | ACOA conference, Uganda | P.Jhugroo |
| June | Accelerated Programme for Economic Integration – (Ministry of Foreign Affairs), Uganda | B. Ramruttan |

Learning & development

| Month | Learning & development activity | Participants |
|----------|--|--------------|
| July | Budget Forum in partnership with ACCA | Members |
| November | IAS 19 (revised) in partnership with Rogers Capital | Members |
| November | Meeting with CIMA Regional Vice President for Africa | Board |
| December | XBRL workshop in partnership with CBRD | Members |
| December | Annual dinner | Members |
| December | Meeting with ICAEW President & signing of MOU | Board |
| April | Pre – budget round table | Members |
| June | Annual budget Forum in partnership with ACCA | Members |

Accountants Forum

The Board organised the 2nd Accountants Forum under the theme, Role of Accountants in Economic Development. We have been lauded to have been capable to bring together foreign and local dignitaries as speakers. The Forum included a day's training session on International Public Sector Accounting Standards.

Other matters

MIPA received 11 complaints during the year, 2 have been resolved and action is being taken on 9 others.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS
REPORT OF THE CHAIRMAN (CONTINUED)

Acknowledgement

I would like to thank my fellow Board Members, Nooredin Mohit, Sin Li, Dwarka Soochit, Donald Li Fook, Bheem Ramruttan and Ameene Kodabux for their uttermost support, commitment and time dedicated to MIPA. Special thanks to Ameene Kodabux who is retiring and for whom this is the last Annual General Assembly on the MIPA Board. Finally the Board's gratitude goes to the Executive to the Board and the staff members for their assistance to the Board and MIPA members and sometimes in difficult circumstances.



Priyaved Jhugroo
Chairman

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

REPORT OF THE BOARD

The Board of MIPA has the pleasure in submitting its annual report together with the audited financial statements of MIPA for the financial year ended 30 June 2017.

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 2017 is shown on page 9. MIPA's deficit for the year ended 30 June 2017 amounted to **Rs864,664** (2016: surplus Rs1,384,846).

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 by general assembly.

The Board was constituted on 27 September 2016 as follows:

| Name | Position | Monthly Board Meeting attendance | Strategic Meetings attendance |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Mr. Priyaved Jhugroo | Chairman | 10/10 | 3/3 |
| Mr. Dwarka Soochit | 1 st Vice-Chairman | 10/10 | 3/3 |
| Mr. Bheem Ramruttan | 2 nd Vice-Chairman | 10/10 | 3/3 |
| Mr. Sin Chong Li | Treasurer | 8/10 | 3/3 |
| Mr. Nooredin Shamsudin Mohit | Secretary | 10/10 | 2/3 |
| Mr. Ameene Kodabux, M.S.K. | Board Member | 10/10 | 2/3 |
| Mr. Donald Li Fook | Board Member | 7/10 | 2/3 |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS**REPORT OF THE BOARD (CONTINUED)****STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

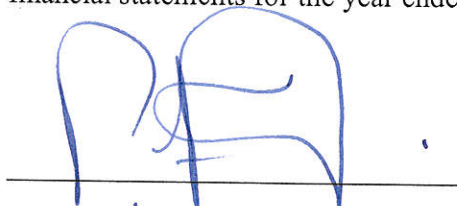
Section 61 of the Financial Reporting Act 2004 requires MIPA to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the income and expenditure of the MIPA. In preparing those financial statements, the Board members are required to:

- 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 the 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 the MIPA and hence for taking reasonable steps for the prevention and detection of fraud and any irregularities.

The Board members confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 June 2017.



Mr. Priyaved Jhugroo
Chairman



Mr. Nooredin Shamsudin Mohit
Secretary

Date: **21 SEP 2017**

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

PROFILE OF BOARD MEMBERS

Priyaved Jhugroo, Chairman

Mr. Panna Jhugroo is the Chairman of MIPA and is a Fellow of the ICAEW. 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. Panna shares his knowledge and experience on various companies' and institutions' Boards of Directors and Advisory Boards as independent director. Panna has been a prominent member for the development of the profession in Mauritius. He was President of the Mauritius Society of Chartered Accountants. He is the ICAEW contact member for Mauritius. He is a member of the Financial Reporting Council.

Dwarka (Harrish) Soochit, 1st Vice - Chairman

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 Master degree in Strategy and Organisation consulting from ESCP Europe

Dwarka is 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 eleven 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 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 and is currently the Vice President of Mauritius Institute of Professional Accountants.

Bheem Ramruttan, 2nd Vice – Chairman

Bheem is a Fellow of the ACCA and holds a Master in Finance from The University of Strathclyde. He started his career in practice and later moved to investment management. He was a Past President and Executive Committee Member of the ACCA Mauritius branch. Bheem was the Chief Executive Officer of MIPA for nearly six years before establishing MultiEdge Consultancy Services Ltd in October 2015 with other Partners.

Sin Chong Li, Treasurer

Sin has over 29 years of audit, tax, and project finance experience. After spending 26 years in the USA, he moved back to Mauritius in 2011 and now focuses on public accounting and management consulting. Previously, he has worked at various international firms, including the Big 4 and World Bank dealing with multinational corporations, venture capital funds, and private equity firms. Sin is a U.S. CPA, CGMA, and member of the AICPA. He earned his bachelor's degree in Computer Science from the Lock Haven University of Pennsylvania and MBA from George Washington University. He also sits on the board of various NGOs.

Nooredin Shamsudin Mohit, Secretary

Nooredin is Fellow of ACCA and licensed auditor by the Financial Reporting Council in Mauritius. He counts more than 15 years experience in the accountancy profession, serving major corporations in Mauritius, Africa and Middle East. He is currently a Partner at AMG Global specializing in accountancy, audit and business advisory services and was elected to the Board of MIPA in 2016.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS**PROFILE OF BOARD MEMBERS (CONTINUED)**

Ameene Kodabux, MSK, Board Member

Ameene Kodabux is a Fellow of the Association of International Accountants (AIA) and a Member of the Star and Key of the Indian Ocean (MSK). He started his career in 1977. Over the last forty years, he has worked for several Chartered Certified Accountants firms including Cownie & Co (1977-1980), Lamusse Sek Sum & Co (1980-1986) and De Chazal & Associates (1986-1989). He is presently the Managing Partner of MABCO – Public Accountants. He was first elected to the Board of the Mauritius Institute of Professional Accountants in September 2008 and re-elected in September 2011 and September 2014. Ameene was a past Board Member of the Financial Reporting Council.

Donald Li Fook, Board Member

Donald Li Fook is a member of the Institute of Chartered Accountants of Scotland and is an Associate Director in the Transaction Advisory Services of Ernst & Young. Donald joined Ernst & Young in London in 2002, where he completed his traineeship, leading audit assignments on listed FTSE 100 and FTSE 250 companies. He has worked in the UK, Australia and in the US, before returning to Mauritius in 2013, and transferring to the Transaction Advisory Services team at Ernst & Young. Today, he provides corporate finance services to clients in Mauritius, South Africa, Democratic Republic of Congo, Kenya, and Madagascar among others. He is passionate about better corporate reporting, and also advises companies on Integrated Reporting. He contributed to the Communication, Reporting and Disclosure Sub-Committee of the latest of Corporate Governance in Mauritius, and is the Secretary of the Society of Chartered Accountants of Mauritius. He was on the organising committee of the latest Forum of Accountants organised by MIPA in August 2016.

Donald is keen to contribute to the body of accountants in Mauritius in these challenging times.

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") on pages 10 to 29 which comprise the statement of financial position as at 30 June 2017; and the statement of profit or loss and other comprehensive income, the statement of movement in accumulated surplus and the statement of cash flows for the year then ended; and the notes comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of MIPA as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with 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 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MIPA in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). 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.

Prior Year Financial Statements

The financial statements for the year ended 30 June 2016 were audited by another auditors who expressed an unqualified opinion thereon on 9 September 2016.

Other information

The board members are responsible for the other information. The other information comprises of the report of 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 (CONTINUED)

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.
- 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 MIPA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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, we are required to draw attention in our auditors' report. However, future events or conditions may cause MIPA 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the activities within MIPA to express an opinion on the financial statements.

We communicate with the directors 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 interests in, MIPA other than in our capacities as auditors and member of MIPA;
- 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.

Other matter

This report is made solely to MIPA's members in accordance with the Financial Reporting Act 2004. Our audit work has been undertaken so that we might state to MIPA's members, as a body, those matters we are required to state to them in an auditors' 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 audit work, for this report, or for the opinions we have formed.



Kemp Chatteris
Chartered Accountants

21 SEP 2017

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Kevin Se Hin Son, MBA, FCCA, ACA, CIA
Licenced by FRC

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

| | Notes | 2017 Rs | 2016 Rs |
|--|-------|-------------------------|-------------------------|
| Subscription income | 5 | 3,333,000 | 3,536,000 |
| Income from training and education | 6 | 712,978 | 550,442 |
| Other operating income | 7 | - | 1,535,423 |
| | | <u>4,045,978</u> | <u>5,621,865</u> |
| Other operating expenses | 8 | (1,766,233) | (1,925,016) |
| Operating surplus | | <u>2,279,745</u> | <u>3,696,849</u> |
| Administrative expenses | 9 | (3,096,937) | (2,742,636) |
| Net finance (cost)/income | 10 | (47,472) | 430,633 |
| (Deficit)/surplus for the year | | <u>(864,664)</u> | <u>1,384,846</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive (loss)/income for the year | | <u><u>(864,664)</u></u> | <u><u>1,384,846</u></u> |

The notes on pages 14 to 29 form an integral part of these financial statements.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Notes | 2017 Rs | 2016 Rs |
|---------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Equipment | 11 | 247,840 | 306,155 |
| Intangible assets | 12 | 48,158 | 164,648 |
| Total non-current assets | | <u>295,998</u> | <u>470,803</u> |
| Current assets | | | |
| Receivables | 13 | 442,132 | 705,500 |
| Cash and cash equivalents | | 6,922,122 | 7,384,275 |
| Total current assets | | <u>7,364,254</u> | <u>8,089,775</u> |
| Total assets | | <u>7,660,252</u> | <u>8,560,578</u> |
| RESERVES AND LIABILITIES | | | |
| Reserves | | | |
| Accumulated surplus | | <u>7,105,432</u> | <u>7,970,096</u> |
| Non-current liability | | | |
| Gratuity on retirement | 14 | - | - |
| Current liabilities | | | |
| Payables | 15 | <u>554,820</u> | <u>590,482</u> |
| Total liabilities | | <u>554,820</u> | <u>590,482</u> |
| Total reserves and liabilities | | <u>7,660,252</u> | <u>8,560,578</u> |

Approved for issue by the Board Members on 21 SEP 2017
and signed on its behalf by:



Priyaved Jhugroo
Chairman



Nooredin Shamsudin Mohit
Secretary

The notes on pages 14 to 29 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 2017**

| | Accumulated surplus |
|---|--------------------------------|
| | Rs |
| Balance at 01 July 2015 | 6,585,250 |
| Total comprehensive income for the year | 1,384,846 |
| Balance at 30 June 2016 | <u>7,970,096</u> |
| Total comprehensive loss for the year | (864,664) |
| Balance at 30 June 2017 | <u><u>7,105,432</u></u> |

The notes on pages 14 to 29 form an integral part of these financial statements.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

| | Notes | 2017 Rs | 2016 Rs |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| (Deficit)/surplus for the year | | (864,664) | 1,384,846 |
| <i>Adjustments for:</i> | | | |
| Depreciation of equipment | 11 | 94,894 | 86,678 |
| Amortisation of intangible assets | 12 | 116,490 | 116,490 |
| Net finance cost/(income) | | 47,472 | (430,633) |
| Impairment of receivable | | 245,500 | - |
| Decrease in gratuity on retirement | 9 | - | (190,800) |
| Operating (deficit)/surplus before working capital changes | | (360,308) | 966,581 |
| Decrease in receivables | | 17,868 | 6,010,793 |
| Decrease in payables | | (35,662) | (783,553) |
| Interest (paid)/received | | (47,472) | 430,633 |
| Net cash (used in)/from operating activities | | (425,574) | 6,624,454 |
| Cash flows from investing activities | | | |
| Acquisition for equipment | 11 | (36,579) | (50,370) |
| Net cash used in investing activities | | (36,579) | (50,370) |
| Net (decrease)/increase in cash and cash equivalents | | (462,153) | 6,574,084 |
| Cash and cash equivalents at beginning of the year | | 7,384,275 | 810,191 |
| Cash and cash equivalents at end of the year | | 6,922,122 | 7,384,275 |

The notes on pages 14 to 29 form an integral part of these financial statements.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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, Cyberville, Ebène.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) 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 4.

In the current year, MIPA has applied all of the new and revised IFRSs issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2016.

New and revised IFRSs applied with no material effect on financial statements

The following relevant new and revised Standards and Interpretations have been adopted in these financial statements. Their application has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

| | |
|--------|---|
| IAS 1 | Presentation of Financial Statements – Amendments resulting from the disclosure initiative |
| IAS 16 | Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation |
| IAS 19 | Employee Benefits – Amendments resulting from September 2014 Annual Improvements to IFRSs |
| IAS 38 | Intangible Assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation |
| IFRS 7 | Financial instruments – Amendments resulting from September 2014 Annual Improvements to IFRS |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of preparation (continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated.

| | |
|---------|---|
| IAS 7 | Statement of Cash Flows – Amendments as result of the Disclosure initiative (effective 1 January 2017) |
| IAS 12 | Income Taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017) |
| IFRS 12 | Disclosure of Interests in Other Entities – Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying scope) (effective 1 January 2017) |
| IFRS 15 | Revenue from Contracts with Customers (effective 1 January 2018) |
| IFRS 15 | Revenue from Contracts with Customers – Clarifications to IFRS 15 (effective 1 January 2018) |
| IFRS 16 | Leases – Original issue (effective 1 January 2019) |

The Board members anticipate that these IFRS will be applied on their effective dates in future years. The directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

(c) 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.

(d) Expenses

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

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Functional and presentation currency

Items included in the financial statements are measured using Mauritian Rupees (Rs), the currency of the primary economic environment in which MIPA operates ("the functional currency").

Transactions and balances

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

(f) Equipment

Equipment is 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.

(g) Intangible assetsSoftware costs

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

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present locations and conditions.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Receivables

Receivables include subscriptions receivables from members. 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.

(j) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) Impairment

The carrying amounts of MIPA's assets are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income in the year in which the impairment is identified.

(l) Financial instruments

Financial instruments carried on the statement of financial position are receivables, cash and cash equivalent and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which MIPA is a party are provided in Note 3.

(m) 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.

(n) State pension plan

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

(o) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions

Provisions for restructuring costs and legal claims 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. Restructuring provisions comprise lease termination penalties and employee termination payments. 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.

Provisions 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.

(q) Reserves

Reserves consist of accumulated surpluses.

(r) 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.

(s) Gratuity on retirement

A provision is required for the estimated undiscounted liability for gratuity on retirement, as a result of services rendered by the employees up to the reporting date under the Employment Rights Act 2008. The gratuity payable on retirement is unfunded and not determined by actuarial valuation. At 30 June 2017, no liability for gratuity on retirement has been provided since it was immaterial.

(t) Comparative figures

Comparative figures have been regrouped and/or restated where necessary to conform with the current year's presentation.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**3. 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, liquidity risk and interest rate risk. The Board Members oversee the management of these risks including reviewing and agreeing policies for managing them. These are discussed 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 receivables balance on a regular basis and undertakes an exercise to consider removing members from the receivables ledger register for non-payment of subscriptions.

The board members do not consider subscription fees receivables to be a financial asset since these are statutory dues and not contractual dues. Accordingly, no disclosure has been presented relating to credit risk on those receivables.

Receivables and cash and cash equivalents (excluding subscription receivables and prepayment) represent MIPA's maximum exposure to risk in relation to financial assets.

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| | Rs | Rs |
| Receivables (excluding subscription receivable and prepayment) | 41,535 | - |
| Cash and cash equivalents | 6,922,122 | 7,384,275 |
| | <u>6,963,657</u> | <u>7,384,275</u> |

The following represents ageing of receivables (excluding subscription receivable and prepayments).

| | <u>Less than</u> <u>1 year</u> | <u>More than</u> <u>1 year</u> | <u>Total</u> |
|---|-----------------------------------|-----------------------------------|--------------|
| | Rs | Rs | Rs |
| <u>2017</u> | | | |
| Receivables (excluding subscription receivables and prepayment) | - | - | - |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors

Credit risk (continued)

| | Less than 1 year Rs | More than 1 year Rs | Total Rs |
|--|---------------------------|---------------------------|-------------|
| <u>2016</u> | | | |
| Receivables (excluding subscription receivables and prepayment) | - | - | - |

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 members are satisfied that it has the resources to meet the resulting obligations.

| | Less than 1 year Rs | More than 1 year Rs | Total Rs |
|--|---------------------------|---------------------------|-------------|
| <u>2017</u> | | | |
| Payables (excluding subscription received in advance) | 538,820 | - | 538,820 |
| <u>2016</u> | | | |
| Payables (excluding subscription received in advance) | 568,482 | - | 568,482 |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors

Foreign currency risk

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.

- Currency profile

| | Financial assets 2017 Rs | Financial liabilities 2017 Rs | Financial assets 2016 Rs | Financial liabilities 2016 Rs |
|----------------------|-----------------------------------|--|-----------------------------------|--|
| Mauritian Rupee | 5,155,359 | 60,581 | 3,795,056 | 107,706 |
| United States Dollar | 1,808,298 | 478,239 | 3,589,219 | 460,776 |
| | <u>6,963,657</u> | <u>538,820</u> | <u>7,384,275</u> | <u>568,482</u> |

Subscriptions receivable and prepayments amounting to **Rs400,597** (2016: Rs705,500) have not been included in financial assets excluding subscription receive in advance, amounting to **Rs16,000** (2016: Rs22,000).

- Sensitivity analysis

At 30 June 2017, if the Mauritian Rupee had weakened/strengthened by 5 percent against the following currencies, there would have been a similar increase/decrease in reserves by the amounts shown below. This analysis assumes that all other variables remain constant.

Effects of an increase/(decrease) of 5%

| | 2017 Rs | 2016 Rs |
|----------------------------|---------------|----------------|
| Effects on reserves | | |
| United States Dollar | <u>66,503</u> | <u>156,422</u> |

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.

(b) Fair value estimation

At 30 June 2017, MIPA did not have assets and liabilities measured at fair values since their carrying amount are a reasonable approximation of fair value.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and imposed capital requirements.

(d) Categories of financial instruments

| | 2017 | 2016 |
|---|------------------|------------------|
| | Rs | Rs |
| <i>Financial assets</i> | | |
| Receivables (excluding subscription to receivables) | 41,535 | - |
| Cash and cash equivalents | 6,922,122 | 7,384,275 |
| | <u>6,963,657</u> | <u>7,384,275</u> |
| <i>Financial liabilities</i> | | |
| Payables (excluding subscription received in advance) | <u>538,820</u> | <u>568,482</u> |

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

The preparation of MIPA's financial statements requires the board members 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.

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 the period of the revision and future periods if the revision affects both current and future periods.

(a) Judgement

Going concern

The board members have made an assessment of MIPA's ability to continue as a going concern and are satisfied that MIPA has the resources to 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.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
(CONTINUED)***(b) Key sources of estimation***Equipment and intangible assets**

Equipment and intangible asset 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.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

5. SUBSCRIPTION INCOME

(a) Subscription recognised in profit or loss

| | 2017 | 2016 |
|-----------------------|------------------|------------------|
| | Rs | Rs |
| Admission fees | 232,000 | 259,000 |
| Subscription fees | 3,099,000 | 3,275,000 |
| Rejected applications | 2,000 | 2,000 |
| | <u>3,333,000</u> | <u>3,536,000</u> |

Subscription income are analysed as follows:

| | | | |
|--------------------------------------|----------------------|-------------------------|-------------------------|
| (i) Professional accountants: | Admission fees | 199,000 | 164,000 |
| | Subscription fees | 2,248,000 | 2,446,000 |
| | (see note (b) below) | <u>2,447,000</u> | <u>2,610,000</u> |
| (ii) Public accountants: | Admission fees | 16,000 | 18,000 |
| | Subscription fees | 292,000 | 326,000 |
| | (see note (c) below) | <u>308,000</u> | <u>344,000</u> |
| (iii) Member firms: | Admission fees | 17,000 | 77,000 |
| | Subscription fees | 559,000 | 503,000 |
| | | <u>576,000</u> | <u>580,000</u> |
| (iv) Rejected/Duplicate applications | | <u>2,000</u> | <u>2,000</u> |
| Total subscriptions income | | <u>3,333,000</u> | <u>3,536,000</u> |

(b) Number of professional accountants are analysed as follows:

| | 2017 | 2016 |
|--|----------------------|---------------------|
| | Number | Number |
| Professional accountants: | Opening balance | 2,622 |
| | New admission | 199 |
| | New exempt admission | 14 |
| | Less deregistered | (397) |
| | Closing balance | <u>2,438</u> |
| Exempt members: | Opening balance | (176) |
| | New admission | (14) |
| | Closing balance | <u>(190)</u> |
| Total number of professional accountants excluding exempt members | <u>2,248</u> | <u>2,446</u> |

(c) Number of public accountants are analysed as follows:

| | | | |
|---------------------|-------------------|------------|------------|
| Public accountants: | Opening balance | 326 | 335 |
| | New admission | 16 | 18 |
| | Less deregistered | (50) | (27) |
| | Closing balance | <u>292</u> | <u>326</u> |

(d) Number of member firms are analysed as follows:

| | | | |
|---------------|-------------------|------------|------------|
| Member firms: | Opening balance | 166 | 150 |
| | New admission | 13 | 22 |
| | Less deregistered | - | (6) |
| | Closing balance | <u>179</u> | <u>166</u> |

At 30 June 2017, MIPA had 190 members (2016: 176 members) 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.

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

6. INCOME FROM TRAINING AND EDUCATION

| | 2017 | 2016 |
|--|----------------|----------------|
| | Rs | Rs |
| Net income from training and education | 314,278 | 33,442 |
| Sale of IFRS books | 398,700 | 517,000 |
| | <u>712,978</u> | <u>550,442</u> |

7. OTHER OPERATING INCOME

| | 2017 | 2016 |
|---|----------|------------------|
| | Rs | Rs |
| Share of surplus from 3rd Africa Congress of Accountants (ACOA) (Note 17(a)(i)) | - | 1,071,023 |
| Over provision of ACOA expenses | - | 305,400 |
| Other income | - | 159,000 |
| | <u>-</u> | <u>1,535,423</u> |

8. OTHER OPERATING EXPENSES

| | 2017 | 2016 |
|-------------------------|------------------|------------------|
| | Rs | Rs |
| Subscriptions-PAFA | 909,547 | 913,675 |
| Subscriptions-IFAC | 98,097 | 82,284 |
| Subscriptions refund | 3,000 | - |
| Training and education | - | 10,000 |
| PAFA & IFAC conferences | 377,844 | 372,718 |
| Purchase of IFRS books | 231,090 | 439,950 |
| Postage and stationery | 22,228 | 29,316 |
| Advertising | 124,427 | 77,073 |
| | <u>1,766,233</u> | <u>1,925,016</u> |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

9. ADMINISTRATIVE EXPENSES

| | 2017 | 2016 |
|--|------------------|------------------|
| | Rs | Rs |
| Salaries and related costs | 1,096,912 | 1,346,881 |
| Rent | 853,029 | 850,425 |
| Legal and professional fees | 182,050 | 80,500 |
| Electricity and telephone | 120,864 | 123,536 |
| Computer and related expenses | 75,309 | 63,529 |
| Depreciation of plant and equipment | 94,894 | 86,678 |
| Amortisation of intangible assets | 116,490 | 116,490 |
| Insurance expense | 17,590 | 15,678 |
| Impairment of receivables | 238,000 | - |
| Under provision of ACOA expenses | 179,217 | - |
| Provision for gratuity on retirement (Note 14) | - | (190,800) |
| Other administrative expenses | 122,582 | 249,719 |
| | <u>3,096,937</u> | <u>2,742,636</u> |

10. NET FINANCE (COST)/INCOME

| | 2017 | 2016 |
|-------------------------------------|-----------------|----------------|
| | Rs | Rs |
| Bank interest received | 29,493 | 25,394 |
| Net foreign exchange (losses)/gains | (76,965) | 405,239 |
| | <u>(47,472)</u> | <u>430,633</u> |

11. EQUIPMENT

| | Office equipment | Computer equipment | Furniture and fittings | Total |
|------------------------|------------------|--------------------|------------------------|----------------|
| | Rs | Rs | Rs | Rs |
| Cost | | | | |
| At 01 July 2015 | 182,204 | 209,280 | 364,205 | 755,689 |
| Additions | - | 34,040 | 16,330 | 50,370 |
| At 30 June 2016 | 182,204 | 243,320 | 380,535 | 806,059 |
| Additions | 25,309 | - | 11,270 | 36,579 |
| At 30 June 2017 | <u>207,513</u> | <u>243,320</u> | <u>391,805</u> | <u>842,638</u> |
| Depreciation | | | | |
| At 01 July 2015 | 52,483 | 176,449 | 184,294 | 413,226 |
| Charge for the year | 32,430 | 22,376 | 31,872 | 86,678 |
| At 30 June 2016 | 84,913 | 198,825 | 216,166 | 499,904 |
| Charge for the year | 34,684 | 22,376 | 37,834 | 94,894 |
| At 30 June 2017 | <u>119,597</u> | <u>221,201</u> | <u>254,000</u> | <u>594,798</u> |
| Net book values | | | | |
| At 30 June 2017 | <u>87,916</u> | <u>22,119</u> | <u>137,805</u> | <u>247,840</u> |
| At 30 June 2016 | <u>97,291</u> | <u>44,495</u> | <u>164,369</u> | <u>306,155</u> |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

12. INTANGIBLE ASSETS

| | Database management software and website | Accounting software licence | Total |
|--------------------------|---|-----------------------------------|----------------|
| | Rs | Rs | Rs |
| Cost | | | |
| At 01 July 2015 | 310,501 | 62,030 | 372,531 |
| Additions | - | - | - |
| At 30 June 2016 and 2017 | <u>310,501</u> | <u>62,030</u> | <u>372,531</u> |
| Amortisation | | | |
| At 01 July 2015 | 71,863 | 19,530 | 91,393 |
| Charge for the year | 102,465 | 14,025 | 116,490 |
| At 30 June 2016 | 174,328 | 33,555 | 207,883 |
| Charge for the year | 102,465 | 14,025 | 116,490 |
| At 30 June 2017 | <u>276,793</u> | <u>47,580</u> | <u>324,373</u> |
| Carrying amounts | | | |
| At 30 June 2017 | <u>33,708</u> | <u>14,450</u> | <u>48,158</u> |
| At 30 June 2016 | <u>136,173</u> | <u>28,475</u> | <u>164,648</u> |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017**13. RECEIVABLES**

| | 2017 Rs | 2016 Rs |
|----------------------------|----------------|----------------|
| Subscriptions receivable | 238,000 | 580,000 |
| Impairment (see (a) below) | (238,000) | - |
| | - | 580,000 |
| Prepayments | 400,597 | 125,500 |
| Other receivables | 41,535 | - |
| | <u>442,132</u> | <u>705,500</u> |

(a) Movement in impairment

| | | |
|---------------------------------------|----------------|-----------|
| At 01 July | - | 1,124,000 |
| Increase during the year | 238,000 | - |
| Bad debts written off during the year | - | (965,000) |
| Bad debts recovered during the year | - | (159,000) |
| At 30 June | <u>238,000</u> | <u>-</u> |

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 on 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.

14. GRATUITY ON RETIREMENT

| | 2017 Rs | 2016 Rs |
|-------------------------|------------|------------|
| At 01 July | - | 190,800 |
| Release during the year | - | (190,800) |
| At 30 June | <u>-</u> | <u>-</u> |

THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

15. PAYABLES

| | 2017 | 2016 |
|-----------------------------------|----------------|----------------|
| | Rs | Rs |
| Subscriptions received in advance | 16,000 | 22,000 |
| Other payables and accruals | 538,820 | 568,482 |
| | <u>554,820</u> | <u>590,482</u> |

The carrying amounts of payables approximate their fair values.

16. OPERATING LEASE COMMITMENTS

Future minimum rental payable under operating leases as at 30 June 2017 were as follows:

| | 2017 | 2016 |
|---|----------------|------------------|
| | Rs | Rs |
| Within one year | 425,213 | 850,425 |
| After one year but not more than five years | - | 425,213 |
| | <u>425,213</u> | <u>1,275,638</u> |

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

17. RELATED PARTY TRANSACTIONS

During the year ended 30 June 2017, MIPA transacted with related parties. The transactions and balances with related parties were as follows:

| | 2017 | 2016 |
|---|------|-----------|
| | Rs | Rs |
| (a) ACOA: | | |
| (i) Share of surplus from ACOA (2016 - 50% of ACOA surplus) | - | 1,071,023 |
| (ii) ACOA current account | - | - |

(b) The board members are not entitled to any remuneration since their services rendered are on a voluntary basis.

18. CONTINGENCIES

At the reporting date, MIPA had no contingent liabilities (2016: Nil).

19. EVENTS AFTER THE REPORTING YEAR

There are no events after the reporting year which may have a material effect on the financial statements at 30 June 2017.