

# MIPA

Mauritius Institute of  
Professional Accountants

## ANNUAL REPORT

2014



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## REPORT OF THE CHAIRPERSON



Dear Members,

It is a privilege to serve you as Chairperson of MIPA and my priority has been to orchestrate the strategic and operational rejuvenation of MIPA. I urge members to support MIPA, your national organization, to grow. A stronger MIPA, helps to strengthen the profession and improves the quality of profession in Mauritius.

As Chair I have had the opportunity to meet many individuals and groups both locally and internationally within the MIPA network and I am encouraged to see this leading to new and enhanced relationships. There is potential for additional mutually beneficial initiatives and partnerships. We have recruited a Public Relations & Training Manager, a Legal & Compliance Officer and an Accountant/Administrative Officer to support our Chief Executive Officer in his duties and responsibilities.

We continue to deepen our relationships with key parties. MIPA is known both in the continent and to global accountancy institutes. I participated together with the Chief Executive at the General Assembly of the International Federation of Accountants (IFAC) in Seoul in November

2013 and Pan African Federation of Accountants (PAFA) General Assembly in Cameroon last May. These meetings have broadened my vision into what MIPA should be, and how the profession helps in the economic development of an economy.

### COMPLAINTS AND DISCIPLINARY ACTIONS

We have dealt with a number of complaints and disciplinary cases during the year. One member has been warned and we are presently awaiting police enquiries in two cases so that we may proceed with our investigation. We have provided feedback and assisted the ACCA in two cases. We have been working on an Investigation & Disciplinary Guidelines. This will be presented to the members for approval at this coming Annual General Meeting.

Accounting Firms which were not qualified and which were evading MIPA registration were identified. Warning letters were sent to them so that they register themselves. Some of them complied. A complaint was made to the police against those who did not register.

## IFAC & PAFA INVOLVEMENT

Our strategy is focused towards meeting IFAC requirements and position MIPA in 2015 to apply for full IFAC membership. Our members are faced with a diversity of training opportunities. We have started discussions with stakeholders to introduce Local tax as part of the requirements for new registering members. We expect to provide members with much more resources through our new website. Members will be in a position to log in and make payments online and declare CPD as from 2015.



## FINANCIAL AND PERFORMANCE HIGHLIGHTS

For the year ended 30 June 2014, MIPA achieved a surplus of only Rs 253,553 as compared to a surplus of Rs 1,094,315 in the prior year. The fall is due mainly to an increase number of new members registered with MIPA in last financial year and also MIPA organised less CPD events during this current year but was focused on strategic implementation and working on ACOA 2015.



On the cash flow front, MIPA generated net cash outflow of Rs 499,744 mainly because it had to incur initial expenses for ACOA 2015.

## MIPA ACHIEVEMENTS

After consultation, MIPA submitted a recommendation to the FRC on sanctions on auditors. MIPA participated and made recommendations to the consultant of the Ministry of Foreign Affairs on the export of accounting services to the SADC region. MIPA also met the MRA to discuss on Tax Agents.





## ACTIVITIES

The following activities were organised during the year:

- IFRS Technical updates carried by Partners of PWC South Africa
- IFRS Updates by Robert Moulin
- Budget breakfast
- A talk by Mr. Mitil Chokshi on Forensic accounting
- Launch of the 3rd Africa Congress of Accountants
- What Global IT Trends mean for business : MIPA & ICAEW joint event

Membership of MIPA as at 30 June 2014 stands at 2,620 members an increase of 177 equivalents to 7 percent, during the year. The total number of registered Public accountants as at that date stood at 323 representing a net increase of 5 percent. On behalf of the Board, I would like to welcome all our new members. The number of Member firms has grown from 131 to 149. I would also like to remind all accountants who are not yet registered with MIPA that they have a legal obligation to do so.

## MEMBERSHIPS

Membership of MIPA as at 30 June 2014 stands at 2,620 members, an increase of 177 equivalents to 7 percent, during the year. The total number of registered Public accountants as at that date stood at 323 representing a net increase of 5 percent. On behalf of the Board, I would like to welcome all our new members. The number of Member firms has grown from 131 to 149. I would also like to remind all accountants who are not yet registered with MIPA that they have a legal obligation to do so.

## THE PROFESSION

Professional accountants will need to demonstrate strong IFRS skills as financial reporting is becoming very dynamic. The IASB has reviewed its standard-setting process, focusing on research projects before issuing new standards. We need to strengthen our relationship with the government and other associations to better serve the profession and the public.



## ACKNOWLEDGEMENTS

I would like to thank my fellow Board members and staffs of MIPA for their dedication to work towards the strategy of MIPA. I also thank our members for the part they play to support MIPA and the accounting profession in Mauritius. I would like to thank Mr. Hurry Deva Kanaksabee and Mr. Rajen Sooben who are retiring as Board members at the forthcoming Annual General Assembly for their contribution to MIPA and the profession and would also like to welcome the new Board members who will be taking their position after the general assembly.

We have a very challenging year ahead of us and we shall need all the support we can get. Together we can achieve what we are aiming for.



Mr. Clifford Ping Voon TO CHOON KWEE  
Chairperson

Date: 26 AUG 2014



# REPORT OF THE BOARD

The Board of MIPA has the pleasure to submit its annual report together with the audited financial statements of MIPA for the financial year ended 30 June 2014.

## 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 2014 is shown on page 13. MIPA's surplus for the year ended 30 June 2014 amounted to Rs 253,553 (2013: Rs 1,094,315).

## 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 eighth Board was constituted on 3rd October 2013 as follows:

Mr. Clifford Ping Voon TO CHOON KWEE	- Chairperson
Mr. Priyaved Jhugroo	- 1 <sup>st</sup> Vice Chairperson
Mr. Ameene KODABUX	- 2 <sup>nd</sup> Vice Chairperson
Mr. Hurry Deva KANAKSABEE	- Secretary
Mr. Muhammad Faizal KHOODORUTH	- Treasurer
Mr. Sundara Rajen SOOBEN	- Board Member
Mr. Patrick NG TSEUNG	- Board Member

### 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 confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 June 2014.

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.

  
.....  
Hurry Deva KANAKSABEE  
Secretary

Date: ..... 26 AUG 2014 .....

  
.....  
Clifford Ping Voon TO CHOON KWEE  
Chairperson



## PROFILE OF BOARD MEMBERS



**Clifford Ping Voon  
TO CHOON  
KWEI,  
Chairperson**

Clifford To is currently Managing Director of OIS Mauritius Ltd involved in International Tax Advice and Outsourcing. Prior to that Clifford has worked in the offshore industry in Mauritius where he specialized in offshore tax structuring. Prior to that Clifford has spent more than 15 years in Australia where he has been a consultant to various small to medium enterprises and he has also worked for over 10 years in the banking industry, namely with BNP Paribas and Westpac Banking Corp where he held a few senior positions, principally in the Corporate Tax Department. Prior to moving to Australia, Clifford has also had several years' experience in the Mauritius Global Business industry mainly in Fund Administration and Corporate Services.

Clifford To is a CPA from Australia, also holds a Bachelor of Commerce (Major in Accounting) from the University of Western Sydney, a Master of Commerce (Funds Management specialization) from the University of New South Wales and a Master of Taxation Law from the University of Sydney.

Clifford was elected to the Board of MIPA in September 2012 and represents MIPA on the Board of the Financial Reporting Council.

Mr To Choon Kwee has attended 100% of the monthly board meetings.



**Priyaved JHUGROO,  
1st Vice  
Chairperson**

Priyaved Jhugroo is a qualified Fellow of the ICAEW. His 25 years career has covered the gamut of services provided within the profession in terms of 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. He specialises in auditing, business valuation and internal audit. He has also worked in industry. Priyaved currently sits on various companies' Boards of Directors and Advisory Boards as independent director.

Priyaved has been a prominent member for the development of the profession in Mauritius. He is the current president of the Mauritius Society of Chartered Accountants. He is the ICAEW contact member for Mauritius. He has been a member of the Audit Practice Review Panel of the Financial Reporting Council of Mauritius for the last six years and is presently its Chairman. Priyaved was elected to the board of MIPA in September 2013.

Priyaved Jhugroo has attended 88% of the monthly board meetings.

## PROFILE OF BOARD MEMBERS (continued)



**Ameene KODABUX,  
M.S.K,  
2<sup>nd</sup> Vice  
Chairperson**

Ameene Kodabux is a Fellow of the Association of International Accountants (AIA). He started his career in 1977. Over the last thirty seven 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 Manager of Mab&Co. – Chartered Certified Accountants. He was first elected to the Board of the Mauritius Institute of Professional Accountants in September 2008 and re-elected in September 2011. Ameene is also a Board Member of the Financial Reporting Council.

Mr Kodabux has attended 100% of the monthly board meetings.



**Mr H. Deva  
KANAKSABEE,  
Secretary**

Deva Kanaksabee is a Fellow of the Association of Chartered Certified Accountants and an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW). In 1991, he started his career at De Chazal Du Mee in the Audit and Business Advisory Services, servicing clients both in Mauritius and countries in the African continent. He joined the British American Group of Companies in July 2005 as Head of Group Reporting and left as Chief Financial Officer of British American Investment Co. (Mtius) Ltd in June 2012. Mr Kanaksabee is currently a Partner with McMillanWoods. Mr Kanaksabee was Vice-Chairman of ACCA Mauritius for the years 2009/2010 and 2010/2011. He was elected at the Board of MIPA in September 2011.

Mr Kanaksabee attended 63% of the monthly board meetings.

## PROFILE OF BOARD MEMBERS (continued)



**Muhammad Faizal  
KHOODORUTH,**  
Treasurer

Faizal is currently a Senior Manager within the Advisory Department of KPMG, Mauritius, with over 11 years of experience in auditing, accounting, taxation and offshore company's management acquired both locally and internationally, Faizal has had the opportunity to excel in a number of large and prestigious companies such as BDO (Audit Senior), Deloitte & Touche (M.E) – Dubai Office (Audit Manager), Deloitte Mauritius (Audit Senior Manager), Kross Border Corporate Services Limited (part of the Management Team), Russell Bedford International (Audit Director) and Managing Partner of Pannell Kerr Forster (Mauritius).

Faizal is a Fellow of the Association of Chartered Certified Accountants (ACCA), member of MIPA, and also holds a Bachelor Degree in Accounting with Finance from the University of Mauritius. Faizal was elected as board member in September 2013.

Mr Khoodoruth has attended 75% of the monthly board meetings.



**Mr Sundara Rajen  
SOOBEN,**  
Board member

Sundara Rajen Sooben is a Fellow member of Chartered Institute of Management Accountants (2010) and Association of Chartered Certified Accountants (2003). Mr Sooben is presently the Vice-President at the Corporate Finance of BACI Holdings Ltd since 2004 a subsidiary company of BA Investment Mtius Co Ltd. He started his career in 1992 in the audit practice at Kemp Chatteris Deloitte whereby he gained significant accounting, auditing and taxation experience for the past three years. In 1996 he joined the IBL Tourism Business Unit as Finance Manager overseeing the finance of hotels and tour operating activities. He was a Board member of CIMA Mauritius branch in 2007 and 2009. Mr Sooben was elected to the Board of MIPA in September 2011.

Mr Sooben attended 63% of the monthly board meetings.

## PROFILE OF BOARD MEMBERS (continued)



**Patrick NG TSEUNG,**  
Board member

Patrick Ng Tseung is an Associate member of the Institute of Chartered Accountants in England and Wales. He qualified with Arthur Andersen (London) before moving within the same firm to Singapore where he spent two and a half years. He returned to Mauritius in 1999 to join De Chazal Du Mee and then joined Ernst & Young as a partner in 2003. Patrick is a past President of the Society of Chartered Accountants in Mauritius. At Ernst & Young Mauritius, he heads the Professional Practice Group. Patrick was first elected as a Board Member of MIPA in 2009.

Mr Ng Tseung has attended 88% of the monthly board meetings.





# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS  
OF THE MAURITIUS  
INSTITUTE OF  
PROFESSIONAL  
ACCOUNTANTS

## **Report on the Financial Statements**

We have audited the financial statements of **THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS (“MIPA”)** set out on pages 13 to 30, which comprise the statement of financial position as at 30 June 2014 and the statement of profit or loss and other comprehensive income, statement of movement in accumulated surplus and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## ***Board Members’ Responsibility for the Financial Statements***

The Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Reporting Act 2004, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## ***Auditors’ Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to MIPA’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

## REPORT ON THE FINANCIAL STATEMENTS (continued)

opinion on the effectiveness of MIPA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements set out on pages 13 to 30 give a true and fair view of the financial position of MIPA as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Financial Reporting Act 2004.

### *Other Matters*

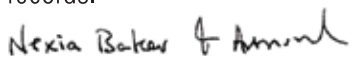
This report is made solely to the members of MIPA, as a body, in accordance with Section 39 of the Financial Reporting Act 2004. Our audit work has been undertaken so that we might state to the members of MIPA those matters we are required to state to them in an auditors' report and for no other purpose. 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 our audit work, for this report, or for the opinions we have formed.

### **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 we have required.

In our opinion, proper accounting records have been kept by MIPA as far as it appears from our examination of those records.



Nexia Baker & Arenson  
Chartered Accountants

Date: 26 AUG 2014



Ouma Shankar Ochit FCCA  
Licensed by FRC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		Rs	Rs
Subscriptions	5	<b>3,556,500</b>	3,737,500
Income from training and education	6	<b>761,000</b>	1,802,000
		<b>4,317,500</b>	5,539,500
Other operating expenses	7	<b>(1,771,896)</b>	(2,435,109)
Operating surplus		<b>2,545,604</b>	3,104,391
Administrative expenses	8	<b>(2,435,823)</b>	(2,126,239)
Finance income	9	<b>143,772</b>	116,163
<b>Surplus for the year</b>		<b>253,553</b>	1,094,315
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>253,553</b>	1,094,315

The notes on pages 17 to 30 form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014	2013
		Rs	Rs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment, furniture and fittings	10	68,803	3
Intangible asset	11	123,626	47,438
		<u>192,429</u>	<u>47,441</u>
<b>Current assets</b>			
Inventory	12	6,800	42,150
Receivables	13	3,397,522	2,252,025
Cash and cash equivalents	14	2,838,425	3,338,169
		<u>6,242,747</u>	<u>5,632,344</u>
<b>Total assets</b>		<u><u>6,435,176</u></u>	<u><u>5,679,785</u></u>
<b>RESERVES AND LIABILITY</b>			
<b>Contribution and reserves</b>			
Accumulated surplus	15	5,574,471	5,320,918
<b>Current liability</b>			
Payables	16	860,705	358,867
<b>Total reserves and liability</b>		<u><u>6,435,176</u></u>	<u><u>5,679,785</u></u>

Approved by the Board Members on ..... 26 AUG 2014



**Clifford Ping Voon TO CHOON KWEE**  
Chairperson



**Priyaved JHUGROO**  
Vice Chairperson

The notes on pages 17 to 30 form an integral part of these financial statements.



## STATEMENT OF MOVEMENT IN ACCUMULATED SURPLUS FOR THE YEAR ENDED 30 JUNE 2014

	Accumulated surplus
	Rs
At 01 July 2012	4,226,603
Total comprehensive income for the year	1,094,315
At 30 June 2013	5,320,918
Total comprehensive income for the year	253,553
<b>At 30 June 2014</b>	<b>5,574,471</b>

The notes on pages 17 to 30 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		Rs	Rs
<b>Cash flows from operating activities</b>			
Surplus for the year		253,553	1,094,315
<i>Adjustments for:</i>			
Depreciation of equipment, furniture and fittings	10	1,547	10,021
Interest income	9	(143,772)	(116,163)
<b>Operating surplus before working capital changes</b>		111,328	988,173
Decrease/(increase) in inventory		35,350	(42,150)
(Increase)/decrease in receivables		(1,145,497)	198,842
Increase/(decrease) in payables		501,838	(50,483)
<b>Net cash (used in)/generated from operating activities</b>		(496,981)	1,094,382
<b>Cash flows from investing activities</b>			
Interest received		143,772	116,163
Payment for plant and equipment	10	(70,347)	-
Payments for intangible asset	11	(76,188)	(47,438)
<b>Net cash (used in)/generated from investing activities</b>		(2,763)	68,725
<b>Net (decrease)/increase in cash and cash equivalents</b>		(499,744)	1,163,107
Cash and cash equivalents at beginning of the year		3,338,169	2,175,062
<b>Cash and cash equivalents at end of the year</b>	14	2,838,425	3,338,169

The notes on pages 17 to 30 form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 1. GENERAL INFORMATION

The Mauritius Institute of Professional Accountants (MIPA) (the “Institute”) has been established under the Financial Reporting Act 2004. The objects of MIPA are to supervise and regulate the accountancy profession and 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 2nd Floor, Fon Sing Building, Edith Cavell Street, Port Louis.

## 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### Application of new and revised IFRS

#### *Standards, Amendments to published Standards and Interpretations effective in the reporting period*

IFRS 10, ‘Consolidated financial statements’ builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective for accounting period beginning on or after 1 January 2013 and is not expected to have any impact on MIPA’s financial statements.

IAS 27, ‘Separate Financial Statements’ deals solely with separate financial statements. The standard is effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA’s financial statements.

IFRS 11, ‘Joint arrangements’ focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

#### Application of new and revised IFRS (continued)

##### *Standards, Amendments to published Standards and Interpretations effective in the reporting period (continued)*

A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Accounting for an interest in a joint venture using the proportionate consolidation method is not permitted under IFRS 11. The standard is effective for accounting period beginning on or after 1 January 2013 and is not expected to have any impact on MIPA's financial statements.

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The standard is effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA's financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard is effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA's financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard is effective for accounting period beginning on or after 1 January 2013 and is not expected to have any impact on MIPA's financial statements.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The standard is effective for accounting period beginning on or after 1 January 2013 and is not expected to have any impact on MIPA's financial statements.

IFRIC 20, 'Stripping costs in the production phase of a surface mine', the standard is effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA's financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures and the standard is effective for accounting period beginning on or after 1 January 2013 and is not expected to have any impact on MIPA's financial statements.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities; Transaction Guidance, effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA's financial statements.

Amendment to IFRS 1 (Government Loans) the standard is effective for accounting period beginning on or after 1 January 2013 and has no impact on MIPA's financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Application of new and revised IFRS (continued)

#### Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), 'First time adoption of IFRS', has no impact on the MIPA's operations.

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

IAS 16 (Amendment), 'Property, plant and equipment', clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment does not have an impact on MIPA's operations.

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. The amendment does not have an impact on MIPA's operations.

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

#### *Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which MIPA has not early adopted.

At the end of the reporting period, the following were in issue but not yet effective:

IFRS 9 Financial Instruments- classification and measurement of financial assets, Accounting for financial liabilities and derecognition (effective for accounting period beginning on or after 1 January 2018)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for accounting period beginning on or after 1 January 2014)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for accounting period beginning on or after 1 January 2014)

IFRIC 21: Levies (effective for accounting period beginning on or after 1 January 2014)

Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36) (effective for accounting period beginning on or after 1 January 2014)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for accounting period beginning on or after 1 January 2014)

IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS39)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

*Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)*

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective for accounting period beginning on or after 1 July 2014)

Annual Improvements to IFRSs 2010–2012 cycle (effective for accounting period beginning on or after 1 July 2014)

Annual Improvements to IFRSs 2011–2013 cycle (effective for accounting period beginning on or after 1 July 2014)

IFRS 14 Regulatory Deferral Accounts (effective for accounting period beginning on or after 1 January 2016)

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) Accounts  
(effective for accounting period beginning on or after 1 January 2016)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)  
(effective for accounting period beginning on or after 1 January 2016)

IFRS 15 Revenue from contracts with customers (effective for accounting period beginning on or after 1 January 2017)  
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (effective for accounting period beginning on or after 1 January 2016)

Where relevant, MIPA is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

### 3. 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, except for the fair valuation of financial instruments.

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 below.

The Board members have made an assessment MIPA’s ability to continue as a going concern and have no reason to believe that it will not be a going concern in the year ahead.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Revenue recognition

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

Annual subscription is recognised in the statement of profit or loss and other comprehensive income in the year to which it relates. Income from admission fees are recognised in the relevant year of admission.

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

To the extent that income is received in advance, it is deferred and recognised in the relevant year for which services for these subscriptions are given.

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

#### (d) Expense recognition

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

#### (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) Cash and cash equivalents

Cash comprises cash at bank and in hand and demand deposits. 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.

#### (g) Equipment, furniture and fittings

Equipment, furniture and fittings 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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	-	20%

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.

#### (h) Intangible asset

##### Software costs

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

#### (i) Inventories

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

#### (j) Receivables

Due to their short term nature, trade receivables are recognised initially and subsequently at their nominal amounts. Where the time value of money is material, receivables are carried at amortised cost. Allowance is made when there is objective evidence that the organisation will not be able to recover balances in full. Balances are written-off when the probability of recovery is assessed as being remote. They are accordingly stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

#### (k) Impairment

The carrying amounts of the MIPA's assets are reviewed at the end of each reporting period 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) 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.

#### (m) Payables

Payables are stated at their nominal value.

#### (n) Provisions

Provisions are recognised when MIPA has a present obligation (legal or constructive) as a result of a past event, it is probable that MIPA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (o) Reserves

Reserves consist of accumulated revenue surpluses.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of MIPA's accounting policies, which are described in note 3, the Board Members are required 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.

#### *Key sources of estimation uncertainty*

Allowances for bad debts are considered as a key source of estimation uncertainty. In preparing the financial statements, management has considered the collection pattern and ageing of its receivables to estimate the recoverability of its debtors on both specific or portfolio bases.

#### *Asset lives, residual values and depreciation policies*

Equipment, furniture and fittings and intangible asset are depreciated 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 5. SUBSCRIPTIONS

	2014	2013
	Rs	Rs
<b>(a) Breakdown of subscriptions</b>		
<i>(i) Professional accountants</i>		
Admission fees	172,000	542,000
Annual membership fees (see note (b) (i) below)	2,486,000	2,406,000
	<b>2,658,000</b>	<b>2,948,000</b>
<i>(ii) Public accountants</i>		
Admission fees	16,000	17,000
Annual membership fees (see note (b) (ii) below)	323,000	307,000
	<b>339,000</b>	<b>324,000</b>
<i>(iii) Member firms</i>		
Admission fees	17,000	97,000
Annual membership fees	536,500	368,500
	<b>553,500</b>	<b>465,500</b>
<i>(iv) Reject applications</i>	6,000	-
<b>Grand Total</b>	<b>3,556,500</b>	<b>3,737,500</b>
	2014	2013
	Number	Number
<b>(b) Membership statistics</b>		
<i>(i) Professional accountants</i>		
Opening balance	2,443	1,864
New admission	172	542
New exempt admission	5	37
Closing balance	<b>2,620</b>	<b>2,443</b>
<i>Exempt</i>		
Opening balance	(37)	-
New admission	(5)	(37)
Existing exempt members from last year	(92)	-
Closing balance	<b>(134)</b>	<b>(37)</b>
<b>Total professional accountants accrued</b>	<b>2,486</b>	<b>2,406</b>
<i>(ii) Professional accountants</i>		
Opening balance	307	290
New admission	16	17
Closing balance	<b>323</b>	<b>307</b>
<i>(iii) Member firms</i>	<b>563</b>	<b>557</b>

At 30 June 2014, the Institution had 134 members (2013 : 37 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), reject applications for the Issue of certificate of registration are non-refundable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 6. INCOME FROM TRAINING AND EDUCATION

	2014	2013
	Rs	Rs
Training and education	519,000	1,476,500
Sales of IFRS books	242,000	325,500
	<b>761,000</b>	<b>1,802,000</b>

### 7. OTHER OPERATING EXPENSES

	2014	2013
	Rs	Rs
Subscriptions-PAFA	538,818	896,276
Training and education	503,323	603,441
PAFA & IFAC conferences	276,952	53,836
Purchase of IFRS books (see note (12))	161,082	128,719
Subscriptions-IFAC	146,378	204,049
MIPA events	94,712	58,772
Postage and stationery	37,348	249,435
Advertising	13,283	240,581
	<b>1,771,896</b>	<b>2,435,109</b>

### 8. ADMINISTRATIVE EXPENSES

	2014	2013
	Rs	Rs
Salaries and related costs	1,676,422	1,284,790
Rent	253,594	266,997
Legal and professional fees	193,200	101,200
Bad debts	140,000	-
Other expenses	93,748	51,401
Electricity and telephone	66,292	66,055
IT and related expenses	11,020	6,775
Depreciation	1,547	10,021
Provision for bad debts	-	339,000
	<b>2,435,823</b>	<b>2,126,239</b>

### 9. FINANCE INCOME

	2014	2013
	Rs	Rs
Bank interest received	143,772	116,163

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 10. EQUIPMENT, FURNITURE AND FITTINGS

	Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Total Rs
<b>Cost</b>				
At 01 July 2012	20,054	175,513	191,700	387,267
Additions	-	-	-	-
At 30 June 2013	20,054	175,513	191,700	387,267
Additions	-	33,767	36,580	70,347
At 30 June 2014	20,054	209,280	228,280	457,614
<b>Depreciation</b>				
At 01 July 2012	19,175	169,457	188,611	377,243
Charge for the year	878	6,055	3,088	10,021
At 30 June 2013	20,053	175,512	191,699	387,264
Charge for the year	-	937	610	1,547
At 30 June 2014	20,053	176,449	192,309	388,811
<b>Net book value</b>				
<b>At 30 June 2014</b>	<b>1</b>	<b>32,831</b>	<b>35,971</b>	<b>68,803</b>
At 30 June 2013	1	1	1	3

### 11. INTANGIBLE ASSET

	Software development Rs	Software Rs	Total Rs
<b>Cost</b>			
At 01 July 2012	-	19,530	19,530
Additions	47,438	-	47,438
At 30 June 2013	47,438	19,530	66,968
Additions	76,188	-	76,188
At 30 June 2014	123,626	19,530	143,156
<b>Amortisation</b>			
At 01 July 2012	-	19,530	19,530
Charge for the year	-	-	-
At 30 June 2013	-	19,530	19,530
Charge for the year	-	-	-
At 30 June 2014	-	19,530	19,530
<b>Net book value</b>			
<b>At 30 June 2014</b>	<b>123,626</b>	<b>-</b>	<b>123,626</b>
At 30 June 2013	47,438	-	47,438

The software development consists of an interactive website which is currently being developed. The website will help to better manage the member database and members will be able to settle their fees online. The software will also be automated to chase overdue membership fees.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 12. INVENTORY

	2014	2013
	Rs	Rs
<b>Cost</b>		
IFRS books	<b>6,800</b>	42,150

IFRS books costing Rs 161,082 (2013: Rs 240,581) has been included in other operating expenses (note 7).

### 13. RECEIVABLES

	2014	2013
	Rs	Rs
Subscriptions receivables	<b>2,556,000</b>	2,148,000
Provision for bad debts	<b>(552,000)</b>	(552,000)
	<b>2,004,000</b>	1,596,000
	<b>55,000</b>	254,000
Receivables from training and education	<b>1,338,522</b>	402,025
Other receivables and prepayments	<b>3,397,522</b>	2,252,025

During the financial year 2014, there was no additional provision made for bad debts (2013 : Rs 339,000).

Included in other receivables and prepayments is an amount of Rs 1,175,186 representing prepayment for the 3rd Africa Congress of Accountants. The event will be hosted on 12 to 14 May 2015.

### 14. CASH AND CASH EQUIVALENTS

	2014	2013
	Rs	Rs
Cash at bank	<b>2,838,220</b>	3,337,762
Cash in hand	<b>205</b>	407
	<b>2,838,425</b>	3,338,169

### 15. ACCUMULATED SURPLUS

	2014	2013
	Rs	Rs
At beginning of the year	<b>5,320,918</b>	4,226,603
Surplus for the year	<b>253,553</b>	1,094,315
At end of the year	<b>5,574,471</b>	5,320,918

### 16. PAYABLES

	2014	2013
	Rs	Rs
Subscriptions received in advance	<b>452,000</b>	289,000
Other payables and accruals	<b>408,705</b>	69,867
	<b>860,705</b>	358,867

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 17. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

#### (a) Financial risk management objectives and policies

MIPA's financial instruments comprise mostly bank balances, receivables and payables. The Institute 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.

#### (b) Associated risks

##### *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for MIPA by failing to discharge an obligation. MIPA's credit risk arises mainly from its training activities. This risk is managed by collecting cash in advance of the delivery of the training courses except where management is satisfied of the credit worthiness of the participants. Management does not assess the credit worthiness of its members when admitting them to the Institute given that it has a statutory obligation to admit all qualifying accountants meeting the membership criteria. MIPA has limited recourse to recover overdue membership fees and MIPA's policy regarding defaulting members is restricted to terminating memberships for non payments.

At the end of the reporting period there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	2014	2013
	Rs	Rs
<b>Counterparties</b>		
Other receivables	87,680	254,000
Cash and cash equivalents	2,838,425	3,338,169
	<b>2,926,105</b>	<b>3,592,169</b>

The following represents ageing of the receivables:

	Less than 1 year Rs	More than 1 year Rs	Total Rs
<b>2014</b>			
Other receivables	32,680	55,000	87,680
<b>2013</b>			
Other receivables	103,000	151,000	254,000

The Board Members do not consider membership 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 17. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

#### (b) Associated risks (continued)

##### *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. The Institute enters into commitments only when the Board Members are satisfied that it has the resources to meet the resulting obligations.

##### *Interest rate risk*

MIPA's income and operating cash flows are substantially independent of changes in market interest rates. The only significant interest-bearing financial assets are cash at bank. Interest income may fluctuate, in particular due to changes in interest rates.

#### (c) Fair value

The Board Members consider that the carrying amounts of MIPA's financial assets and liabilities approximate the fair values.

### 18. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period which may have a material effect on the financial statements at 30 June 2014.





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