

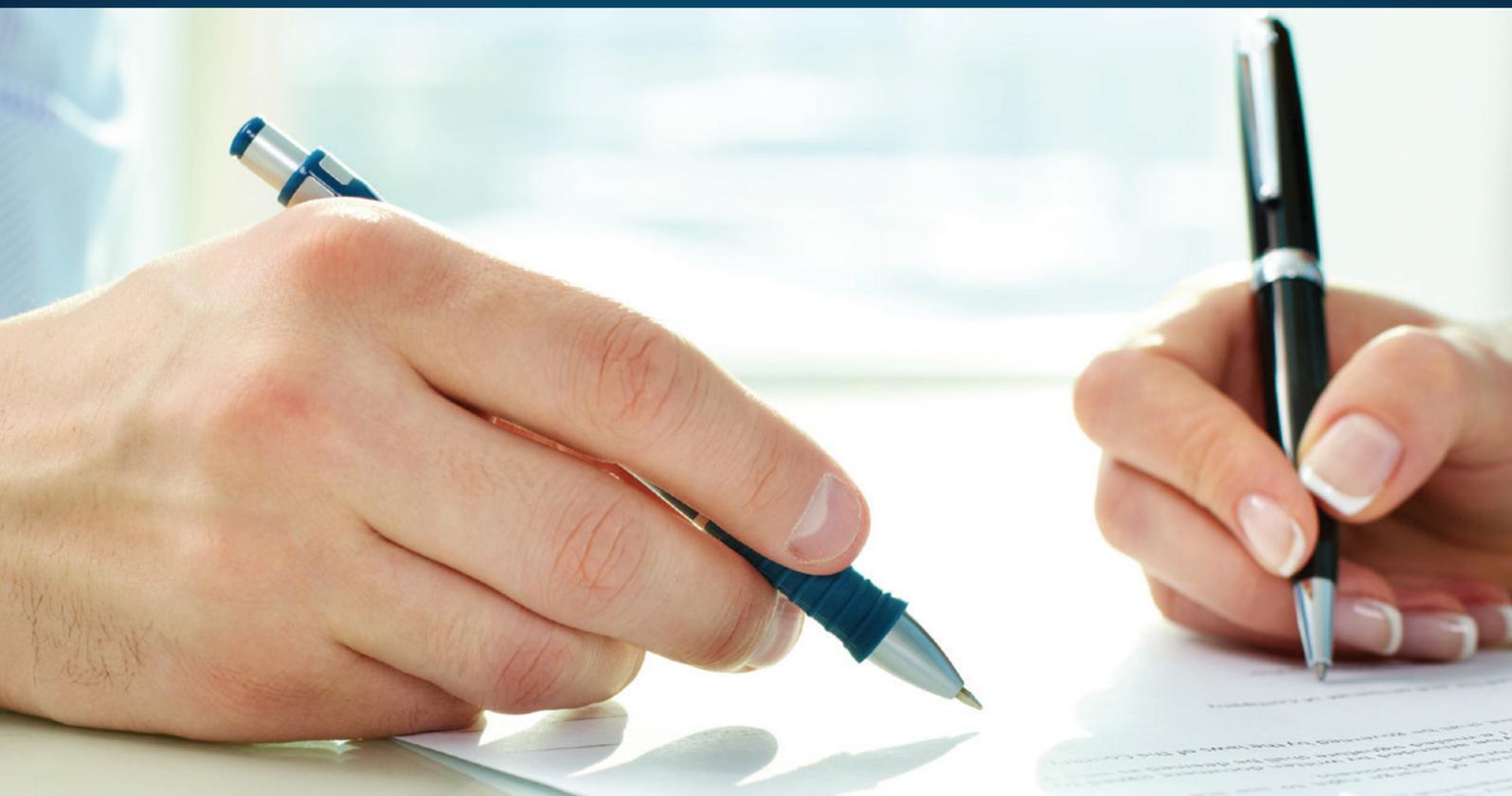


Integrity , Good Conduct
& Professionalism

**THE MAURITIUS INSTITUTE
OF PROFESSIONAL
ACCOUNTANTS**

Annual Report
2013

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REPORT OF THE CHAIRPERSON

Dear Members,

I am pleased to address you in this annual report of MIPA and comment on the events that have marked the year under review.

During the financial year 2012-2013, the Board of MIPA has focussed on reviewing its operations and making the necessary changes to implement its strategies. We identified the key factors limiting our organisation from meeting its objectives and worked towards solutions which will help us to deliver a higher level of service to our members. These factors, which had been discussed in the past with you in various forums, included the lack of financial and operating resources required to put in place a strong team and adequate structures, systems and processes for an effective delivery of our obligations. I am pleased to note the amendments in the Financial Reporting Act last December giving MIPA more legal powers to force all those accountants who meet the criteria of membership in MIPA to subscribe and contribute to our organisation. This measure will improve the financial conditions of MIPA and allow us to implement the projects we have earmarked in our strategic plan.

I am also pleased to announce two important initiatives of the Board which will come into effect soon. The first is our new web-based register of members with payment facilities for subscription and renewal fees. This will no doubt improve our debtors' collection as well as improve our two-way communication process with you. The second project which has now reached completion is the Members Services Charter which defines the roles and responsibilities of MIPA towards its members and the public and sets the framework governing the dealings between the organisation and its members as well as the public. In order to enhance the Board's and Management's accountability towards its members, this services charter will be used as benchmark against which actual performance can be measured.

During the year, we continued to deepen our relationships with key parties. In May 2013 I was invited to participate with the Chief Executive in the 2nd Africa Congress of Accountants (ACOA) held in Ghana. I was privileged to explain how the adoption of IFRS had benefited the profession and Mauritius in making it a financial centre for investments.

The Chief Executive also attended the 2nd PAFA General Assembly in Ghana. The Vice-Chairperson and Chief Executive of MIPA were invited last November by Ordre des Experts-Comptables of Reunion to explain how to become a professional accountant and the challenges of the profession in Mauritius. The Chief Executive attended the IFAC General Assembly and a workshop organized jointly by the PAFA and World Bank in Cape Town in November 2012. MIPA is now well known in the African region and among key organisations such as the IFAC, the World Bank and the largest accounting bodies like, ICAEW, ACCA, CIMA, ICAI, ICPAK, ICAN and SAICA. We have signed a MoU with the ACCA with the aim to better serve the profession and our endeavour to become a full IFAC member in the near future.

CHALLENGES AHEAD

As the financial crisis continues to affect more developed economies across Europe and America and dampen world economic growth, Mauritius will not be spared and we expect more businesses in Mauritius to face difficult times. As accountants, business advisors and auditors, we have an important role to play in tackling the various repercussions of this crisis. Opportunities will emerge but more importantly as far as MIPA is concerned, we expect a growing threat to the integrity of our financial reporting environment. MIPA will continue to emphasize on sound and transparent financial reporting and we will support our members in dealing with difficult situations that they may encounter.

REPORT OF THE CHAIRPERSON (CONTINUED)

ACTIVITIES

The following events were organised by MIPA during the financial year 2012-2013:

Date Organised	Events	Facilitator
01 October 2012	IFRS Seminar	Dilip Kumar Astik
01 November 2012	Budget Breakfast (in collaboration with ACCA)	Pierre Dinan/Clensy Appavou/ Anthony Leung Shing
29 January 2013	Changes in FRA	CEOs of MIPA/FRC/FSC/FIU
11 & 12 Feb 2013	IPSAS Seminar	George Higgins/Alexi Colyvas
01 March 2013	Decision Management	Dr Prakash Basu
29 April 2013	SMP Seminar	Mrs Shirley Olsen

MEMBERSHIP

Membership of MIPA as at 30 June 2013 stands at 2,443 members an increase of 579 equivalent to 31 percent, during the year. The total number of registered Public accountants as at that date stood at 307 representing a net increase of 6 percent. On behalf of the Board, I would like to welcome all our new members. The number of Member firms has grown from 112 to 131. I would also like to remind all accountants who are not yet registered with MIPA that they have a legal obligation to do so.

FINANCIAL RESULTS

For the year ended 30 June 2013, MIPA achieved a surplus of Rs 1,094,315 as compared to a surplus of Rs 490,298 in the prior year which included an amount of Rs 663,960 representing a distribution of surplus received upon the winding up of ECSAFA. The increase in the current year is mainly due to an increase in the number of professional accountants who have registered with MIPA. It should be noted that annual income from subscriptions have never been revised since MIPA's inception in 2004.

On the cash flow front, MIPA generated net cash flow of Rs 1,094,382 from its operations compared to a deficit of Rs 741,373 for the preceding year. MIPA is investing in its new website and web-based software which will help to better manage our members database. This in turn is expected to improve the collection rate of our subscriptions as members will be able to settle their fees online and the system will automatically chase fees which are overdue.

REPORT OF THE CHAIRPERSON (CONTINUED)

ACKNOWLEDGEMENTS

I would like to thank my fellow Board members and staffs of MIPA for their passion and hard work. 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 Bhimal Gooroochurn and Mrs Lila Tarachand who are retiring as Board member at the forthcoming annual general assembly for their contribution to MIPA and the profession. Mr Bhimal Gooroochurn has served as Chairperson, Vice Chairperson and Board member of MIPA for the past 6 years. Mrs Lila Tarachand has served as Vice Chairperson and Board Member of MIPA for the past 3 years.



Mr. Patrick NG TSEUNG
Chairperson

Date: 26 AUG 2013

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 2013.

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 comprehensive income for the year ended 30 June 2013 is shown on page 10. MIPA's surplus for the year ended 30 June 2013 amounted to Rs 1,094,315 (2012: Rs 490,298).

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 seventh Board was constituted in September 2012 as follows:

Mr. Patrick NG TSEUNG	-	Chairperson
Mrs. Lila TARACHAND	-	1st Vice Chairperson
Mr. Ameene KODABUX	-	2nd Vice Chairperson
Mr. Hurry Deva KANAKSABEE	-	Secretary
Mr. Sundara Rajen SOOBEN	-	Treasurer
Mr. Bhimal GOOROOCHURN	-	Board Member
Mr. Clifford Ping Voon TO CHOON KWEE	-	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.

REPORT OF THE BOARD

(CONTINUED)

The Board members confirm that they have complied with the above requirements in preparing the financial statements for the year ended 30 June 2013.

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



Patrick Ng TSEUNG
Chairperson

Date: 26 AUG 2013

PROFILE OF BOARD MEMBERS



Patrick NG TSEUNG,
Chairperson

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 elected as a Board Member of MIPA in 2009 and represents MIPA on the Board of the Financial Reporting Council.

Mr Ng Tseung has attended 100 % of the monthly board meetings.



Lila TARACHAND
1st Vice Chairperson

Lila Tarachand is a Fellow of Chartered Institute of Management Accountants (FCMA) and an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW). She is Senior manager with BDO Mauritius, working for clients in a broad spectrum of industries, both local and overseas. Currently, Lila is the President of CIMA Mauritius branch. She was elected as a Board Member of MIPA in September 2010.

Mrs Tarachand has attended 75 % of the monthly board meetings.



Ameene KODABUX,
2nd Vice Chairperson

Ameene Kodabux is a Fellow of the Association of International Accountants (AIA). He started his career in 1977. Over the last thirty five 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.

PROFILE OF BOARD MEMBERS (CONTINUED)



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 92 % of the monthly board meetings



Bhimal GOOROOCHURN,
Board Member

Bhimal Gooroochurn is a Fellow member of The Association of Chartered Certified Accountants (ACCA) and is currently the Chief Financial Officer of Gamma Construction Ltd. Professionally, he gained considerable accounting, auditing, taxation and business consultancy experience with KPMG Mauritius, Haines Watts (London) and Harris & Trotter (London) in senior positions. He moved out of practice in 2001 and joined Gamma in 2002. Bhimal is a past Board member of the Financial Reporting Council and a past Executive Member of ACCA Mauritius. He was elected to the Board of the Mauritius Institute of Professional Accountants in September 2007 and served as Chairman of the Institute in 2010.

Mr Gooroochurn has attended 50 % of the monthly board meetings.



Mr Sundara Rajen SOOBEN,
Treasurer

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 67 % of the monthly board meetings.



Clifford Ping Voon TO CHOON KWEE,
Board Member

Clifford To is currently Managing Director of OIS Mauritius involved in International Tax Advice and Outsourcing. 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 specialisation) 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.

Mr To Choon Kwee has attended 92 % 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 10 to 25, which comprise the statement of financial position as at 30 June 2013 and the statement of 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 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE MAURITIUS INSTITUTE OF PROFESSIONAL ACCOUNTANTS

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements set out on pages 10 to 25 give a true and fair view of the financial position of MIPA as at 30 June 2013, 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 capacity as auditors, and dealings in the ordinary course of business.

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

Nexia Baker & Arenson
Chartered Accountants

Ouma Shankar Ochit

Ouma Shankar Ochit FCCA
Licensed by FRC

Date: 26 AUG 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 Rs	2012 Rs
Subscriptions	5	3,737,500	2,640,500
Income from training and education	6	1,802,000	1,563,200
ECSAFA surplus		-	663,960
		5,539,500	4,867,660
Other operating expenses	7	(2,435,109)	(2,451,030)
Operating surplus		3,104,391	2,416,630
Administrative expenses	8	(2,126,239)	(2,055,270)
Finance income	9	116,163	128,938
Surplus for the year		1,094,315	490,298
Other comprehensive income		-	-
Total comprehensive income for the year		1,094,315	490,298

The notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	2013 Rs	2012 Rs
ASSETS			
Non-current assets			
Equipment, furniture and fittings	10	3	10,024
Intangible asset	11	47,438	-
		47,441	10,024
Current assets			
Inventory	12	42,150	-
Receivables	13	2,252,025	2,450,867
Cash and cash equivalents	14	3,338,169	2,175,062
		5,632,344	4,625,929
Total assets		5,679,785	4,635,953
RESERVES AND LIABILITIES			
Contribution and reserves			
Accumulated surplus	15	5,320,918	4,226,603
Current liability			
Payables	16	358,867	409,350
Total reserves and liabilities		5,679,785	4,635,953

Approved by the Board Members on 26 AUG 2013



Patrick NG TSEUNG
chairperson



Lila TARACHAND
Vice Chairperson

The notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF MOVEMENT IN ACCUMULATED SURPLUS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated surplus
	Rs
At 01 July 2011	3,736,305
Total comprehensive income for the year	490,298
At 30 June 2012	4,226,603
Total comprehensive income for the year	1,094,315
At 30 June 2013	5,320,918

The notes on pages 14 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 Rs	2012 Rs
Cash flows from operating activities			
Surplus for the year		1,094,315	490,298
Adjustments for:			
Depreciation of equipment, furniture and fittings	10	10,021	29,540
Interest income	9	(116,163)	(128,938)
Operating surplus before working capital changes		988,173	390,900
Increase in inventory	12	(42,150)	-
Decrease/(increase) in receivables	13	198,842	(842,725)
Decrease in payables	16	(50,483)	(289,548)
Net cash generated from/(used in) operating activities		1,094,382	(741,373)
Cash flows from investing activity			
Interest received		116,163	128,938
Payments for intangible asset	11	(47,438)	-
Net cash generated from investing activities		68,725	128,938
Net increase/(decrease) in cash and cash equivalents		1,163,107	(741,373)
Cash and cash equivalents at beginning of the year		2,175,062	2,787,497
Cash and cash equivalents at end of the year	14	3,338,169	2,175,062

The notes on pages 14 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 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

(a) Standards, Amendments to published Standards and Interpretations effective in the reporting period

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment is unlikely to have an impact on MIPA's financial statements.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(b) 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 2013 or later periods, but which MIPA has not early adopted.

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

- IFRS 9 Financial Instruments
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (Revised 2011)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
 Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
 IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
 Amendment to IFRS 1 (Government Loans)
 Annual Improvements to IFRSs 2009-2011 Cycle
 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:
 Transition Guidance
 Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
 IFRIC 21: Levies
 Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
 Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

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 and other regulatory requirements.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis.

(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.

Annual subscription is recognised in the statement of 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Expense recognition

Expenses are accounted for on an accruals basis in the statement of 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 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.

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 associates 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:

Office equipment	-	20%
Computer equipment	-	33%
Furniture and fitting	-	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 comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 location and condition.

(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 comprehensive income in the year in which the impairment is identified.

(l) State pension plan

Contributions to the National Pension Scheme are expensed to the statement of comprehensive income in the year in which they fall due.

(m) Payables

Payables are stated at their nominal value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the MIPA's accounting policies, which are described in note 3, the Board Members are required to make judgements, estimates and assumptions about 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 have considered the collection pattern and ageing of its receivables to estimate the recoverability of its debtors on both specific or portfolio bases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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 such as 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.

Equipment, furniture and fittings and intangible asset are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that MIPA would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The Board Members therefore make estimates bases 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 2013

5.

SUBSCRIPTIONS

Professional accountants
Admission fees
Annual membership fees

Public accountants
Admission fees
Annual membership fees

Member firms
Admission fees
Annual membership fees

Total**Membership statistics**

Professional accountants
Public accountants
Professional accountants with member firms

2013
Rs542,000
2,406,000
2,948,00017,000
307,000
324,00097,000
368,500
465,500

3,737,500

2013
Number2,443
307
5572012
Rs147,000
1,864,000
2,011,00013,000
290,000
303,00018,000
308,500
326,500

2,640,500

2012
Number1,864
290
416

At 30 June 2013, the Institution had 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.

6.

INCOME FROM TRAINING AND EDUCATION

Training and education
Sales of IFRS books

2013
Rs1,476,500
325,500
1,802,0002012
Rs1,500,000
63,200
1,563,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7.

OTHER OPERATING EXPENSES

	2013 Rs	2012 Rs
Training and education	896,276	965,303
Purchase of IFRS books	240,581	48,714
Advertising	249,435	214,100
Postage and stationery	58,772	80,635
Subscriptions- IFAC	128,719	112,235
ECSAFA	-	233,194
PAFA	603,441	261,000
PAFA & IFAC conferences	53,836	132,570
MIPA events	204,049	268,477
IFRS CD	-	134,802
	2,435,109	2,451,030

8.

ADMINISTRATIVE EXPENSES

	2013 Rs	2012 Rs
Salaries and related costs	1,284,790	1,265,670
Provision for bad debts	339,000	107,000
Rent	266,997	246,550
Legal and professional fees	101,200	95,450
Electricity and telephone	66,055	94,425
Other expenses	51,401	61,635
Depreciation	10,021	29,540
IT and related expenses	6,775	5,000
Severance allowance	-	150,000
	2,126,239	2,055,270

9.

FINANCE INCOME

	2013 Rs	2012 Rs
Bank interest received	116,163	128,938

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10.

EQUIPMENT, FURNITURE AND FITTINGS

Cost :

At 01 July 2011, 2012 and 30 June 2013

Depreciation :

At 01 July 2011

Charge for the year

At 30 June 2012

Charge for the year

At 30 June 2013

Net book values:

At 30 June 2013

At 30 June 2012

Office equipment Rs	Computer equipment Rs	Furniture and fittings Rs	Total Rs
20,054	175,513	191,700	387,267
15,071	156,801	175,831	347,703
4,104	12,656	12,780	29,540
19,175	169,457	188,611	377,243
878	6,055	3,088	10,021
20,053	175,512	191,699	387,264
1	1	1	3
879	6,056	3,089	10,024

11.

INTANGIBLE ASSET

Cost :

At 01 July 2011

Additions

At 30 June 2012

Additions

At 30 June 2013

Amortisation:

At 01 July 2011

Charge for the year

At 30 June 2012

Charge for the year

At 30 June 2013

Net book values:

At 30 June 2013

At 30 June 2012

Software development Rs	Software Rs	Total Rs
-	19,530	19,530
-	-	-
-	19,530	19,530
47,438	-	47,438
47,438	19,530	66,968
-	19,530	19,530
-	-	-
-	19,530	19,530
-	-	-
47,438	-	47,438
-	-	-

A new software, which consists of an interactive website, is currently being developed for a total cost of Rs 189,750. It 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 2013

12. INVENTORY	2013 Rs	2012 Rs
Cost		
IFRS books	42,150	—

IFRS books costing Rs 240,581 (2012: Rs 48,714) has been included in other operating expenses.

13. RECEIVABLES	2013 Rs	2012 Rs
Subscriptions receivables	2,148,000	1,735,000
Provision for bad debts	(552,000)	(213,000)
	1,596,000	1,522,000
Receivables from training and education	254,000	382,378
Other receivables and prepayments	402,025	546,489
	2,252,025	2,450,867

During the financial year, an additional provision of Rs 339,000 (2012: Rs 107,000) was made for bad debts.

14. CASH AND CASH EQUIVALENTS	2013 Rs	2012 Rs
Cash at bank	3,337,762	2,172,434
Cash in hand	407	2,628
	3,338,169	2,175,062

15. ACCUMULATED SURPLUS	2013 Rs	2012 Rs
At 01 July	4,226,603	3,736,305
Surplus	1,094,315	490,298
At 30 June	5,320,918	4,226,603

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16.

PAYABLES

Subscriptions received in advance
Other payables and accruals

2013 Rs	2012 Rs
289,000	23,000
69,867	386,350
358,867	409,350

17. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

(a) Financial risk management objectives and policies

MIPA's financial instruments comprise mostly bank balances, trade 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 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.

Counterparties

Receivables from training and education
Cash and cash equivalents

2013 Rs	2012 Rs
254,000	382,378
3,338,169	2,175,062
3,592,169	2,557,440

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

17. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(b) Associated risks (continued)

Credit risk (continued)

The following represents ageing of the receivables:

	Less than 1 year Rs	More than 1 year Rs	Total Rs
2013 Amount due from training and education	103,000	151,000	254,000
2012 Amount due from training and education	324,600	57,778	382,378

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.

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 2013.

