

## FINANCIAL STATEMENTS

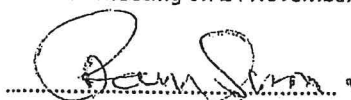
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MUNICIPAL COUNCIL OF VACOAS -PHOENIX

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 (Under Transitional IPSAS)

		2019-20	2018-19 (Restated)
	Notes	MUR	MUR
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	20	21,584,783	29,634,935
Receivables From Exchange Transactions	21	3,578,769	2,508,555
Receivables From Non-Exchange Transactions	22	14,769,533	10,435,555
Loan and Advances	23	2,284,403	2,056,218
Capital Grant Receivables	24	774,516	1,412,392
Inventories	25	3,234,354	3,895,586
Investment	26	70,000,000	70,668,380
Total Current Assets		<u>116,226,358</u>	<u>120,611,620</u>
Non - Current Assets			
Loan and Advances	23a	4,851,198	5,715,601
Intangible Assets	27	-	-
Property, Plant and Equipment	28	2,830,084,967	3,163,384,193
Total Non - Current Assets		<u>2,834,936,165</u>	<u>3,169,099,794</u>
<b>TOTAL ASSETS</b>		<u><u>2,951,162,523</u></u>	<u><u>3,289,711,414</u></u>
<b>EQUITY AND LIABILITIES</b>			
Current Liabilities			
Trade And Other Payables	29	13,871,442	13,786,741
Refundables Deposits From Customers	30	11,736,410	14,914,635
Capital Grants Payables	31	22,510,060	19,323,037
Short Term Employment Benefit Obligations	32	20,987,814	17,000,000
Prepayment	33	15,084,471	14,442,824
Total Current Liabilities		<u>84,190,197</u>	<u>79,467,237</u>
Non - Current Liabilities			
Long Term Employment Benefit Obligations	34	154,580,936	163,093,507
Retired Employee Benefits	35	825,260,451	645,884,100
Total Non - Current Liabilities		<u>979,841,387</u>	<u>808,977,607</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,064,031,584</u></u>	<u><u>888,444,844</u></u>
Equity			
Net Assets/Equity	36	(92,056,561)	499,575,571
Revaluation of Assets	37	1,979,187,500	1,901,690,998
Total Net Assets/Equity		<u>1,887,130,939</u>	<u>2,401,266,569</u>
<b>TOTAL NET ASSETS/EQUITY AND LIABILITIES</b>		<u><u>2,951,162,523</u></u>	<u><u>3,289,711,414</u></u>

Approved in Council Meeting on 24 November 2021

  
Praveen Kumar RAMBURN  
His Worship THE MAYOR

  
Shyam TEELUCK  
Chief Executive

The Notes 1 to 39 form part of the Financial Statements.

**MUNICIPAL COUNCIL OF VACOAS -PHOENIX**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**  
(Classification of Expenditure by Nature)

		2019-20	2018-19 (Restated)
	Notes	MUR	MUR
Revenue From Non-Exchange Transaction			
General Rates	3	41,914,422	38,052,771
Trade Fees, and Advertising and Publicity fees	4	18,539,843	20,027,313
Public Contributions and Donations	5	-	-
Government Grant	6	356,631,509	346,991,853
Capital Grants Revenue	6.3	63,434,889	64,818,175
Other income	7	2,874,092	8,762,375
Total		<u>483,394,755</u>	<u>478,652,487</u>
Revenue From Exchange Transactions			
Building and Land Use Permit Fees	8	6,813,058	5,391,949
Rental Income	9	17,377,046	19,402,976
Financial Income	10	2,401,812	2,448,218
Other Income	11	3,942,709	4,482,822
Total		<u>30,534,625</u>	<u>31,725,965</u>
Total Revenue		<u>513,929,380</u>	<u>510,378,452</u>
Expenditure			
Compensation of Employees	12	332,789,259	335,303,454
Remuneration to Councilors	13	5,299,839	5,260,501
Employer Social Benefits	14	38,677,139	37,539,091
Grants and Subsidies	15	1,796,094	2,174,999
Supplies and Consumables	16	66,804,983	73,136,299
Finance Costs	17	202,434	199,791
Depreciation and Amortisation	18	252,702,489	242,160,859
Other Expenses	19	5,557,840	10,027,696
Provision for Doubtful Debts	19a	2,855,986	-
Total Expenditure		<u>706,686,064</u>	<u>705,802,691</u>
Deficit before other Gains/ Losses		<u>(192,756,684)</u>	<u>(195,424,239)</u>
Other Gains/(Losses)			
Gain on sale of assets		0	6,000
Deficit for the year		<u>(192,756,684)</u>	<u>(195,418,239)</u>

# MUNICIPAL COUNCIL OF VACOAS - PHOENIX

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	General Fund	Other Balances	Revaluation Surplus	Total
	MUR	MUR	MUR	MUR
Balance as at 30 June 2019	544,174,933		1,901,690,998	2,445,865,931
Adjustment to Accumulated Depreciation	(44,599,361)	-	-	(44,599,361)
Re-stated Balance as at 30 June 2019	499,575,572	-	1,901,690,998	2,401,266,570
Movement in Capital Grant	(417,222)	-	-	(417,222)
Donations from Government	2,983,400	-	-	2,983,400
Retirement Benefit Obligation	(166,063,467)			(166,063,467)
Asset Vested to the Council	(235,378,159)	-	-	(235,378,159)
Revaluation of Land/Buildings			77,496,502	77,496,502
Deficit for the year	(192,756,684)	-	-	(192,756,684)
Balance as at 30 June 2020	(92,056,561)	-	1,979,187,500	1,887,130,939



**MUNICIPAL COUNCIL OF VACOAS - PHOENIX**  
**STATEMENT OF CASH FLOWS AS AT 30 JUNE 2020**

CASH FLOW FROM OPERATING ACTIVITIES	2019-2020	2018-19 Re-Stated
	MUR	MUR
Receipts	41,997,382	44,086,933
General Rates	18,532,294	20,723,755
Trade Fees, Advertising and Publicity Fees	353,614,854	342,532,772
Government Grants in Aid	71,691,255	58,121,685
Government Capital Grants	6,763,263	5,420,013
Building and Land Use Permit	13,372,331	16,346,330
Rental Income	1,734,604	2,865,734
Finance Income	7,904,034	9,369,680
Other Revenue	<u>515,610,019</u>	<u>499,466,902</u>
Total		
Payments	328,564,714	297,026,935
Compensation of Employees	5,299,839	7,117,802
Remuneration to Councilors	38,677,139	32,896,254
Employer Social Benefits	1,796,094	2,174,999
Grants and Subsidies	68,078,339	106,801,581
Supplies and consumables	5,557,840	10,027,694
Other Expenses	202,434	199,791
Finance Cost	<u>448,176,399</u>	<u>456,245,056</u>
Total	<u>67,433,620</u>	<u>43,221,846</u>
NET FLOW FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES	(77,284,920)	(72,242,496)
Purchase of Property, Plant and Equipment	-	6,000
Proceeds from Sales of Property, Plant and Equipment	2,106,218	1,273,143
Repayment of Loan	(1,470,000)	-
New Loan Granted	496,550	1,067,090
Deposit	668,380	10,762,900
Decrease In Investment	<u>(75,483,772)</u>	<u>(59,133,363)</u>
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES	-	-
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(8,050,153)</u>	<u>(15,911,517)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	(8,050,153)	(15,911,517)
Cash and Cash Equivalents as at 01 July 2019	<u>29,634,935</u>	<u>45,546,452</u>
Cash and Cash Equivalents as at 30 June 2020	<u>21,584,783</u>	<u>29,634,935</u>
Cash at Bank	21,581,783	29,634,935
Cash in Hand	3,000	-
Cash and Cash Equivalents as at 30 June 2020	<u>21,584,783</u>	<u>29,634,935</u>

**MUNICIPAL COUNCIL OF VACOAS -PHOENIX**

**STATEMENT OF COMPARISON OF BUDGET VS ACTUAL AMOUNT AS AT 30 JUNE 2020**

	Notes	Approved Original Budget 2019-20 MUR	Approved Revised Budget 2019-2020 MUR	Actual Amount on Comparable Basis 2019-2020 MUR	Performance Difference MUR
<b>Revenue from Non-Exchange Transaction</b>					
General Rates	39.1	42,500,000	41,500,000	41,914,422	414,422
Trade Fees	39.2	18,500,000	18,500,000	14,916,850	(3,583,151)
Advertising And Publicity Fees		5,500,000	3,432,040	3,622,994	190,954
Government Grant	39.3	350,000,000	355,190,000	356,631,509	1,441,509
Other income	39.4	395,000	256,774	2,874,092	2,617,318
<b>Total Revenue from Non-Exchange Transaction</b>		<b>416,895,000</b>	<b>418,878,814</b>	<b>419,959,867</b>	<b>1,081,052</b>
<b>Revenue from Exchange Transaction</b>					
Building and Land Use Permit Fees		6,800,000	6,800,000	6,813,058	13,058
Bus Toll Fees		1,100,000	950,000	1,036,700	86,700
Rental Income	39.5	25,050,000	15,770,978	17,377,046	1,606,068
Financial Income	39.6	2,500,000	2,500,000	2,401,812	(98,188)
Burial and Incineration Fees		1,400,000	1,588,500	1,642,225	53,725
Other Income	39.7	2,805,000	1,990,438	1,263,784	(726,654)
<b>Total Revenue from Exchange Transaction</b>		<b>39,655,000</b>	<b>29,599,916</b>	<b>30,534,625</b>	<b>934,710</b>
<b>Total Revenue</b>		<b>456,550,000</b>	<b>448,478,729</b>	<b>450,494,492</b>	<b>2,015,761</b>
<b>Expenditure</b>					
Compensation of Employees	39.8	328,734,585	330,916,884	332,789,259	(1,872,376)
Remuneration to Councilors		4,627,710	5,592,710	5,299,839	292,871
Employer Social Benefits	39.9	45,982,142	43,471,742	38,677,139	4,794,603
Cost of Utilities	39.10	27,365,000	28,281,201	27,244,982	1,036,219
Fuel and Oil	39.11	6,700,000	6,837,000	4,471,727	2,365,273
Rent		250,000	250,000	186,000	64,000
Office Equipment and Furniture	39.12	1,100,000	1,182,500	-	1,182,500
Office Expenses		1,094,000	1,098,100	879,733	218,367
Repairs and Maintenance	39.13	19,443,000	18,624,900	13,842,018	4,782,882
Publications and Stationery		2,936,000	3,148,200	2,569,434	578,766
Overseas Mission		300,000	20,000	18,568	1,432
Professional and Legal Fees		2,200,000	2,000,000	2,140,000	(140,000)
Other Goods and Services	39.14	20,127,000	23,526,200	20,850,398	2,675,802
Grants		2,350,000	2,350,000	1,796,094	553,906
Contribution and subscriptions		400,000	400,000	159,963	240,038
Finance Costs		120,000	120,000	202,434	(82,434)
<b>Total Expenditure</b>		<b>463,729,437</b>	<b>467,819,437</b>	<b>451,127,589</b>	<b>16,691,848</b>
<b>Surplus/Deficit before Depreciation and Gain on Disposal</b>		<b>(7,179,437)</b>	<b>(19,340,708)</b>	<b>(633,097)</b>	<b>(14,676,086)</b>

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**1.0 GENERAL INFORMATION**

**1.1 BASIS OF REPORTING**

***(i) Reporting Entity***

The Municipal Council of Vacoas-Phoenix is a corporate body established under the Local Government Act 2011(as amended), Part II Section 3 and 7. The registered address of the Council is at Royal Road, Vacoas.

The Financial Statements of the Municipal Council of Vacoas-Phoenix have been prepared in compliance with Section 133 of the Local Government Act (LGA) 2011 (as subsequently amended) and in accordance with International Public Sector Accounting Standards (IPSAS).

***(ii) Reporting Period***

The reporting period of the Financial Statements is for the year ended 30<sup>th</sup> June 2020.

***(iii) Authorization Date***

The Financial Statements have been approved by the Council on 23<sup>th</sup> September 2020 and authorised for issue by the *Mayor and the Chief Executive* under the provision of the Local Government Act 2011.

***(iv) Activities of the Local Authorities***

The Municipal Council's principal activities are the provision of sound public infrastructure and its maintenance, household waste collection, licensing of business activities, issuing of development permit and the promotion of sport, leisure and welfare activities as stipulated under Section 50 of the LGA 2011.

**1.2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

***(i) Compliance with regulatory framework***

The Financial Statements of the Municipal Council of Vacoas-Phoenix have been prepared in compliance with *Section 133 of the Local Government Act (LGA) 2011 (as subsequently amended)* and in accordance with *International Public Sector Accounting Standards (IPSAS)*

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**Notes to Financial Statements**

issued by the International Federation of Accountants (IFAC) under the historical cost convention.

However, the Municipal Council has submitted a transitional Financial Statements in line with IPSAS 33, which allows first adopters a three years period to recognize and measure all assets to fully comply with International Public Sector Accounting Standards (IPSAS).

The Figures for 2018/2019 has been re-stated in line with transitional IPSAS requirement.

**(ii) Functional and Reporting Currency**

The Financial statements are presented in Mauritian Rupees, which is the functional and reporting currency of the Municipal Council and all values are rounded to nearest rupee.

**(iii) Going Concern**

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

**(iv) Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the financial statements in conformity with IPSAS requires the local authorities to make certain accounting estimates and judgements that have an impact on the policies and the finance insights reported in the financial statements. Estimates and judgements are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made, although actual experience may vary from these estimates.

The estimates and assumptions that have a significant risk of causing adjustment to carrying amounts of assets and liabilities are discussed below:

**a) Provisions**

Provisions are measured at the management's best estimates of the potential financial obligation based on the information available at the reporting date.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**b) Provision for Bad debts**

Provision is made when there is objective evidence that the Municipal Council will not be able to collect certain debts. This is based on detailed analysis and historical experience.

It is the policy of this Council to recognize as doubtful debts all debts above five years. For debts below or equal to five years, where there is objective evidence that the Municipal Council would not be able to collect same, relevant provision has been made.

**c) Useful Economic Life and Residual Values**

The economic useful life and its residual value is assessed based on the nature of the asset, its susceptibility and adaptability to changes in technology and process; the environment where the asset is deployed; expert advice; financial capacity to replace the asset; and change in the market in relation to the asset.

**d) Fair Value Estimation**

Financial assets and financial liabilities recognized in the Statement of Financial Position are derived from the active market based on the market price. In the absence of an active market, the fair value is determined using valuation techniques such as discounted cash flow model. The inputs to the models are obtained from the market, otherwise judgment is required in establishing fair value. Judgement includes the consideration of inputs like liquidity risk, credit risk, and volatility. Any change in assumptions may affect the fair value of the assets and liabilities.

**e) Factors determining Defined Benefit Obligations**

The present value of the post-employment pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rate, expected salary increase and mortality. Any change in these assumptions will impact on the carrying amount of pension obligations.

**f) Change in Accounting Policies**

Any effect of change in accounting policies is applied retrospectively. The effect of changes in accounting policy are applied prospectively if retrospective application is impractical.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**g) Budget Information**

Budget information of local authorities are required to be made readily available for public inspection under section 85(2)(e) of the Local Government Act 2011.

The budget estimates are submitted to the Parent Ministry for its approval as per section 85 of the Local Government Act 2011. The budget is subsequently approved by the Minister. IPSAS 24 recommends disclosure of changes from the Approved Original Budget and Approved Revised Budget.

***Comparison of Approved Revised Budget with Actual Financial Insights:***

- The approved budgets items and explanation of any material variances.
- The disclosure of any entities where grants are provided
- Period of approved budget estimates for local authorities should be disclosed.

**h) Statement of Cash Flow**

The direct Method has been used as basis in the preparation of Statement of Cash Flow.

**1.2.1 Adoption of New and Revised IPSAS**

**a) *Statement of Compliance***

The Financial Statements of the Municipal Council for the Financial Year 2019/20 have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Board (IPSASB) which is a Board of the International Federation of Accountants Committee (IFAC).

The Municipal Council has adopted International Public Sector Accounting Standards (IPSAS) for the first time as from the financial year 2017/2018 in line with amendments to the Finance and Audit Act, under transitional IPSAS.

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

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

b) ***Changes in Accounting Policies and Disclosures***

The adoption of IPSASs has required changes to some accounting policies which have had an effect on the financial statements of the Municipal Council and required various disclosures.

There have been no significant changes to be made to the accounting policies previously followed by the Municipal Council except the following -

(i) **Presentation of Items in the Statement of Financial Performance and Financial Position (IPSAS 1 - Presentation of Financial Statements).**

IPSAS 1 - Presentation of Financial Statements - Effective for annual periods beginning on or after January 1, 2018.

This standard set out the manner in which general-purpose financial statements shall be prepared under the accrual basis of accounting, including guidance for their structure and the minimum requirements for content.

The main provisions of the standard are as follows:

- Fundamental principles underlying the preparation of financial statements, including going-concern assumption, consistency of presentation and classification, accrual basis of accounting, and aggregation and materiality.
- A complete set of financial statements comprises:
  - ✓ Statement of Financial Position
  - ✓ Statement of Financial Performance
  - ✓ Statement of Changes in Net Assets/Equity
  - ✓ Cash Flow Statement
  - ✓ When the entity makes its approved budget publicly available, a comparison of budget and accrual amounts
  - ✓ Notes, comprising a summary of significant accounting policies and other explanatory notes

IPSAS 1 specifies minimum line items to be presented on the face of the statement of financial position, statement of financial performance, and statement of changes in net assets/equity, and includes guidance for identifying additional line items, headings, and subtotals.

## **MUNICIPAL COUNCIL OF VACOAS PHOENIX**

### ***Notes to Financial Statements***

Analysis of expenses in the statement of financial performance may be given by nature or by function. If presented by function, classification of expenses by nature shall be provided additionally.

**(ii) Classification of Revenue under IPSAS 23 Revenue for Non-Exchange Transactions and IPSAS 9 Revenue for Exchange Transaction.**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Municipal Council and the revenue can be reliably measured, regardless of when the payment is received.

**Exchange and Non-Exchange Components of a Transaction**

Where an asset is acquired by means of a transaction that has an exchange component and a non-exchange component, the entity recognizes the exchange component according to the principles and requirements of other IPSASs. The non-exchange component is recognized according to the principles and requirements of this Standard. In determining whether a transaction has identifiable exchange and non-exchange components, professional judgment is exercised. Where it is not possible to distinguish separate exchange and non-exchange components, the transaction is treated as a non-exchange transaction.

The Revenue recognitions are based in terms of exchange and non-exchange transaction which is in line with IPSAS 9 and IPSAS 23 respectively.

Further to IPSAS 23, the Municipal Council is required to change its accounting policy in respect to the deferment of Capital Grant. The Capital Grant Revenue is recognised in the Financial Performance.

**(iii) The amounts of Retirement Benefit Obligations (IPSAS 39 – Employee Benefits)**

The Municipal Council has adopted IPSAS 39 in disclosing Retirement Benefit Obligations.

**(iv) Net Book Value of Property, Plant and Equipment (IPSAS 17 Property, Plant and Equipment) and Depreciation**

The Transitional provisions



## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

- (i) require the entity to recognize the effects of the initial recognition of property, plant and Equipment as an adjustment to the opening balance of Accumulated surplus or deficit in which the property, plant and equipment is initially recognized in accordance with IPSAS 17.
- (ii) Clarify that an entity shall retrospectively apply accounting policies in accordance with IPSAS 3 when it initially adopts IPSAS 17.

All Property, Plant and Equipment acquired was recorded on historical cost and no depreciation was charged in prior financial years 2017-18.

The Municipal Council had revalued its Roads, Drains and Bridges in the Financial Statement 2017-18. A revaluation of Buildings had been carried out in 2019/2020. A survey was carried out by internal valuers to identify all the assets and had valued them using management judgement and based on fair value.

Depreciation was applied to assets eligible for depreciation charge in 2018/2019, except for Buildings for which a revaluation exercise was ongoing and same has been finalised in 2019/2020. Depreciation has also been charged to Sports Infrastructure for which depreciation was not charged in previous years. A prior year adjustment has been carried out.

The rates of depreciation have been agreed by all local Authorities and Ministry of Local Government for all assets.

The Municipal Council ratifies the following notes to Account in the Financial Year 2018-19:-

- 1) Depreciation is charged in the year of acquisition and revaluation, and not charged for in the year of disposal of assets.
- 2) In line with transitional provisions of IPSAS, Accumulated Depreciation of Sports Infrastructure have been adjusted in the opening Balance of Accumulated Surplus/Deficit. Depreciation for the year has been charged to the Statement of Financial Performance.
- 3) For fully depreciated assets, the nominal value is expected to be Re 1.

The amount has an effect on the Net Book value of assets and equity.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**Notes to Financial Statements**

**Status and level of IPSAS application**

During first year Adoption of IPSAS accrual accounting under IPSAS 33, the following status and Level of IPSAS application are disclosed.

IPSAS		Pronouncement	Based on	Compliant	Transitional
IPSAS	1	Presentation of Financial Statements	IAS 1	Yes	
IPSAS	2	Cash Flow Statements	IAS 7	Yes	
IPSAS	3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	Yes	
IPSAS	4	The Effects of Changes in Foreign Exchange Rates	IAS 21	N/A	N/A
IPSAS	5	Borrowing Costs	IAS 23	Yes	
IPSAS	6	Consolidated and Separate Financial Statements	IAS 27	N/A	N/A
IPSAS	7	Investments in Associates	IAS 28	N/A	N/A
IPSAS	8	Interests in Joint-Ventures	IAS 31	N/A	N/A
IPSAS	9	Revenue from Exchange Transactions	IAS 18	Yes	
IPSAS	10	Financial Reporting in Hyperinflationary Economies	IAS 29	N/A	N/A
IPSAS	11	Construction Contracts	IAS 11	N/A	N/A
IPSAS	12	Inventories	IAS 2	Yes	
IPSAS	13	Leases	IAS 17	Yes	
IPSAS	14	Events After the Reporting Date	IAS 10	Yes	
IPSAS	15	Financial Instruments: Disclosure and Presentation — superseded by IPSAS 28 and IPSAS 30		Yes	
IPSAS	16	Investment Property	IAS 40	N/A	N/A
IPSAS	17	Property, Plant and Equipment	IAS 16	Yes	
IPSAS	18	Segment Reporting	IAS 14	N/A	N/A
IPSAS	19	Provisions, Contingent Liabilities and Contingent Assets	IAS 37	Yes	
IPSAS	20	Related Party Disclosures	IAS 24	Yes	
IPSAS	21	Impairment of Non-Cash-Generating Assets	IAS 36	N/A	N/A

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**Notes to Financial Statements**

IPSAS		Pronouncement	Based on	Compliant	Transitional
IPSAS	22	Disclosure of Financial Information About the General Authorities Sector	N/A	N/A	N/A
IPSAS	23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	N/A	Yes	
IPSAS	24	Presentation of Budget Information in Financial Statements	N/A	Yes	
IPSAS	25	Employee Benefits — superseded by IPSAS 39		No	
IPSAS	26	Impairment of Cash-Generating Assets	IAS 36	N/A	N/A
IPSAS	27	Agriculture	IAS 41	N/A	N/A
IPSAS	28	Financial Instruments: Presentation	IAS 32	Yes	
IPSAS	29	Financial Instruments: Recognition and Measurement	IAS 39	Yes	
IPSAS	30	Financial Instruments: Disclosures	IFRS 7	Yes	
IPSAS	31	Intangible Assets	IAS 38	Yes	
IPSAS	32	Service Concession Arrangements: Grantor	IFRIC 12	N/A	N/A
IPSAS	33	First-time Adoption of Accrual Basis IPSASs	N/A	Yes	
IPSAS	34	Separate Financial Statements	IAS 27	N/A	N/A
IPSAS	35	Consolidated Financial Statements	IFRS 10	N/A	N/A
IPSAS	36	Investments in Associates and Joint Ventures	IAS 28	N/A	N/A
IPSAS	37	Joint Arrangements	IFRS 11	N/A	N/A
IPSAS	38	Disclosure of Interests in Other Entities	IFRS 12	N/A	N/A
IPSAS	39	Employee Benefits	IAS 19	Yes	
IPSAS	40	Public Sector Combinations	IFRS 3	N/A	N/A
IPSAS	41	Financial Instruments	IAS 39(IPSAS 29)	Yes	
IPSAS	42	Social Benefits		Not yet	Not yet

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

#### 1.2.2 The status and level of IPSAS as shown above are described below as to the impact on the Financial Statements

IPSAS	39	IPSAS 39 has been applied with respect to Financial Statements 2019/2020.
IPSAS	26	An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. However, an impairment test should be initiated and the impact on Financial Statements have to be ascertained.
IPSAS	27	Not relevant for Local Authorities
IPSAS	28	Any Financial instrument will be disclosed in the Financial Statements
IPSAS	29	For the purpose of measuring a financial asset subsequent to initial recognition, IPSAS 29 classifies financial assets into four categories: Financial Assets, Held-to-maturity investments, Loans and receivables, Available for Sale Financial Assets.
IPSAS	30	Any risks associated with non-current assets and liabilities will be ascertained and the financial impact will be ascertained.
IPSAS	31	The Accounting Software is treated as an intangible asset and is so treated under IPSAS 31.
IPSAS	32	The Criteria for service concession should be prevalent to enable the application of this IPSAS. The Grantor through a contract regulate the operation of the assets
IPSAS	33	The Municipal Council has complied to IPSAS requirements in the last transitional period.
IPSAS	34	The Municipal Council does not have investments in controlled entities, joint ventures and associates in separate financial statements. No Financial impact
IPSAS	35	This IPSAS is not applicable to the Municipal Council
IPSAS	36	Not relevant for Local Authorities
IPSAS	37	The Municipal Council does not have jointly controlled entities and neither have interest in Joint ventures under IPSAS 8, so the application of IPSAS 37 is not relevant.
IPSAS	38	No interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated. Therefore, its application is not relevant.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**Notes to Financial Statements**

IPSAS	39	The Municipal Council has shifted to IPSAS 39 in the second transitional period, that is in Financial Year 2018/2019.
IPSAS	40	Public sector combination is defined as the “bringing together of separate operations into one public sector entity. However, the Municipal Council is not concerned about IPSAS 40. So its application is not relevant.
IPSAS	41	To establish new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.
IPSAS	42	<i>Social Benefits</i> , provides guidance on accounting for social benefits expenditure. Specific examples include state retirement benefits.

All of the amendments and improvements resulting from IPSASs issued up to 30 June 2020 have been adopted by Municipal Council, where applicable.

The amendments and improvements had a significant impact on the Financial Statements of the Municipal Council. Wherever they did, in some cases, they resulted in some changes in presentation and disclosures.

The Municipal Council has early adopted IPSAS 39-Employee Benefits which is effective as from 01 January 2018.

### **1.3 SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies that materially affect the measurement of financial performance and the financial position are applied:-

#### **1.3.1 REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Municipal Council and the revenue can be reliably measured, regardless of when the payment is received or not.

The Municipal Council has recognized its revenue in terms of Exchange and Non- Exchange Transaction which is in line with IPSAS 9 and IPSAS 23 respectively.

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

#### 1.3.1.1 Revenue from Exchange Transactions

##### (i) *Rent & Royalties*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis on an accrual basis over the lease terms and is included in revenue in the statement of performance due to its operating nature. It includes Collection from Fairs, Rental of Market Stalls, Rental of Reception Hall and Social Hall and Rental of Commercial Unit in vicinity of Vacoas.

##### (ii) *Building and land use permit fee (BLUP)*

Building and land use permit fee is recognized on an accrual basis, that is the amount actually receivable and/or collectible when the development permit is actually issued.

##### (iii) *Financial Income*

Interest income is accrued using a time proportion basis based in accordance of the relevant agreement and prevailing rate of interest. It comprises Interest received on Fixed Deposit in the Financial institutions, Treasury Bills in Bank of Mauritius through Banks and Interest on Loan Advance to eligible employees.

Interest income generated from investment of the Passage Fund is not accounted as a reporting income on the statement of performance, in compliance with Section 81 (5) (b) of the Local Government Act 2011.

##### (iv) *Other Income*

###### ✓ *Bus toll fee*

Bus toll fee is payable by every bus owner using the traffic centres facilities and the fee is accounted for as income on an accrual basis. It is payable to Municipal Council one month in advance.

###### ✓ *Burial and Incineration fees*

Burial and incinerator fees are recognized on the accrual basis that is the amount actually receivable after service actually provided.

✓ All other income derived from other sources are treated under accrual basis.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**1.3.1.2      Revenue from Non-Exchange Transactions**

***(i)      Tax (General Rate)***

Every Town Council and the City Council levy a rate on the owner of any immovable property included in the valuation list on an accrual basis. It is based on the net annual value on their valuation list determined as per the regulation. This property tax is governed by the provision of the Local Government Act 2011 commonly known as General Rate.

***(ii)      Trade Fees, Advertising and Publicity fees***

***a) Trade Fees***

Trade fee is payable whenever an economic operator or any person carries out a classified trade as stipulated under Section 122 of the Local Government Act 2011 Trade fees under the Twelve Schedule shall be recognized on accrual basis.

***b) Advertising and Publicity fees***

Advertising and Publicity fees received or receivable are accounted as income on an accrual basis unless collectability is in doubt and cannot be recognized when it is uncertain that future economic benefits will flow to the Municipal Council.

***(iii)      Government Grants***

Grant in aid (GIA) are received from the Central Government as compensation to meet the expenses or losses met by Local Authorities in performance of their statutory duties under the Local Government Act 2011. They are recognized in the Statement of Financial Performance in the period in which they become receivable.

***(iv)      Capital Grants Revenue***

Capital grant is recognized in the statement of performance at the time the Council incurs expenditure in respect of the Grant Received.

***(v)      Other Income***

Other Income under Non-Exchange transactions comprises of Fines, Surcharge, Interest, Liquidated damages and Stale Cheques.

## **MUNICIPAL COUNCIL OF VACOAS PHOENIX**

### ***Notes to Financial Statements***

A surcharge of 50% on Trade fees and General Rate shall be levied on any amount not paid within the period specified in Section 122 (4) and Interest is applied on General Rate for amount due to the Municipal Council.

Liquidated Damages of 0.1 % per day or to a maximum of 10 % of the Contract is applied when the project exceeds the completion date as stipulated in the Contract.

Stale Cheques are treated as Revenue when a cheque has not been encashed after a period of more than one year and the Payee has not claimed the amount due to him.

#### **1.3.2 INVESTMENT PROPERTY**

Investment property is land or buildings held to earn rentals rather than use in the production of services or for administrative purpose. Investment property is measured initially at its fair value at the date of acquisition or cost including transaction cost (excluding borrowing cost). It is recognized as an asset when it is likely that future economic benefits or service potential that are associated with the investment will flow to the Municipal council and the cost or fair value of the investment property can be measured reliably. As at date of preparation of the Financial Statements, the Municipal Council did not have Investment Property.

#### **1.3.3 PROPERTY, PLANT AND EQUIPMENT**

##### ***(a) Measurement on Initial Recognition***

Property, plant and equipment are recognized as an asset at cost (irrespective of their value) if it is probable that future economic benefits or service potentials associated with the item will flow to the Municipal Council and the cost or fair value of the item can be measured reliably.

After recognition as an asset, an item of property, plant and equipment is carried out at cost/fair value less any accumulated depreciation and any accumulated impairment losses.

Each item of property, plant and equipment is depreciated separately and the depreciable amount is allocated using the straight-line method over its useful life. A full year's depreciation is charged in the year of acquisition and no charge in the year of disposal.

No impairment of assets was carried at end of the reporting period.

State Lands are recognized at a value estimated by the Valuation Department and /or any substantial acceptable basis of valuation which is justified in financial terms.



## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

Where the cost of the building is not readily available, the initial measurement will be at a value estimated by the Valuation Department and/or any substantial acceptable basis of valuation which is justified in financial terms.

#### **1.3.3.1 Class of assets**

##### **a) Buildings**

Buildings held for use in the supply of services and for administrative purposes are stated in the financial statements at cost or transfer value, being the fair value at the date of transfer of ownership less any subsequent accumulated depreciation and/or accumulated impairment losses.

A survey has been carried out to identify all buildings that has been acquired/constructed by the Municipal Council and vested to the Municipal Council. A revaluation exercise had also been made in the Financial Year 2019-20. The Municipal Council has stated its buildings at the revalued costs and depreciation has been applied on the revalued amount as from the year 2019/2020.

##### **b) Land (freehold and/or leasehold)**

Land is maintained at cost and is not depreciated. Land acquired by the Municipal Council is valued at cost of acquisition (including any related cost to maintain it at its actual status) and it is not depreciated.

Land transferred by land and real estate promoters to the Municipal Council are in principle transferred to the Municipal Council at the token amount of MUR 1 per plot and the deed of sale clearly stipulates the condition that the land shall be used only for the purpose for which it has been vested to the Municipal Council under the Morcellement Act. Land transferred is capitalized as fixed asset at the date the transfer took place and it is valued at fair value.

A survey in respect of land has been carried out during 2019/2020 and the revaluation of land has been carried out based on the fair value provided by the Ministry of Housing and Lands through the Council's Parent Ministry.

## **MUNICIPAL COUNCIL OF VACOAS PHOENIX**

### ***Notes to Financial Statements***

#### **c) Vested Land**

Land are vested to the Municipal Council by the Ministry of Housing and Land for its management and administration. These lands are for community use and Municipal council has no right to dispose it or use for any other purpose. These lands are transferred with conditions and they have been recognized in the financial statements at fair value on the date of transfer.

Local authorities recognized these vested assets through a non-exchange transaction, when control is substantially transferred.

A survey of all lands acquired and vested in the Municipal Council had been carried out in 2019/2020 and same had been revalued in the Financial Year 2019-20, as per the fair value provided by the Ministry of Housing and Lands through the Parent Ministry. Upon the instruction of the Ministry of Local Government and Risk Disaster Management, all vested land has been derecognised in the Financial Statements 2019/2020.

#### **d) Public Infrastructure**

Construction of drains, absorption pit, new roads, sport facilities, children playground and other community infrastructures are recognized under public infrastructure and are depreciated during their economic useful life. Extension of street lighting network and resurfacing of existing roads are also recognized as fixed assets and thereof depreciated.

Cost of patching of roads, fixing of traffic signs and names plates are charged to the statement of Financial Performance as expenses in the year they are incurred. However, overhauling of road are capitalized.

Roads, Drains and Bridges had been revalued in the Financial Year 2017-18 based on Fair Value. Depreciation has been applied accordingly.

#### **e) Others**

IT appliances & Computer, Plant and equipment, Furniture, Fixtures, Fittings and Motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses, and is stated at its carrying value.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**Notes to Financial Statements**

**f) Heritage Asset**

The Local authorities do not recognize heritage assets.

**g) Depreciation Rates**

The annual rates are used in the calculation of depreciation and is inclusive of the residual value convergence with Authorities Accounts.

Description	Depreciation Rate
Freehold Land	0
Leasehold Land	0
Building	2%
Machinery and Equipment	5% to 25%
Vehicles	4% to 12.5 %
Computer and IT Equipment (< 5 yrs)	25%
Infrastructure (Roads, Bridges, Drains, Street Lighting and Other Infrastructures)	2% to 10%
Leased Asset	5% to 25%
Furniture, Fittings & Fixtures	10%
Intangible Asset	<u>Disclosed below</u>

However, immovable property without any structure or building are not depreciated (freehold and leasehold land).

**h) Borrowing Costs**

Borrowing costs are treated as a revenue expenditure as and when the cost is incurred.

**i) Assets under Construction**

Assets in the course of construction are carried out at cost, less any recognized impairment loss. Cost includes professional fees and any related cost, excluding borrowing costs.

Depreciation of these assets commences when the assets are ready for their intended use and is on the same basis as other property assets. No depreciation is charged when the assets are under construction.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

***j) Impairment of Asset***

When the carrying amount of an asset is greater than its estimated recoverable service amount or recoverable amount, it is written down to its recoverable service amount or recoverable amount and an impairment loss is recognized as surplus or deficit.

***k) De -recognition***

Property, plant and equipment and/or any significant part of an asset are derecognized upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

**1.3.4 LEASES**

Lease is classified as finance lease when all the risks and benefits incidental to ownership of an asset is transferred to the lessee.

In an operating lease all risks and rewards incidental to ownership of the asset are not substantially transferred to the Municipal Council.

The Municipal Council did not have any leases at the end of the reporting period.

**1.3.5 INTANGIBLE ASSETS**

Intangible assets are recognized if it is probable that future benefits or services potential that are attributable to the asset will flow to the Municipal Council, and the cost or fair value of the asset can be measured reliably.

Application software is classified as an intangible asset while operating software is recognized as property, plant and equipment as it cannot be separated from the latter. The cost of intangible is amortized over its useful economic life. Impairment test is carried out whenever there is indication that the asset may be impaired.

Application software (Ebiz System)	8 years
Operating Software (Office) and software licenses	8 years

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**1.3.6 FINANCIAL INSTRUMENTS**

**(a) Financial Assets**

Financial assets are classified as financial assets at fair value through surplus/deficit, loans and receivables, held to maturity investments and/or available-for-sale financial assets. Municipal Council determines the classification of its financial assets at initial recognition.

Subsequent to initial recognition financial assets are measured based on their respective classification. They are classified into four categories namely: financial assets measured at fair value through surplus or deficit, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

**(b) Financial Liabilities**

Financial liabilities are classified at fair value through surplus or deficit or loans and borrowings at its initial recognition. However, loans and borrowings are recognized at fair value plus any direct attributable costs. The Municipal Council's financial liabilities include trade and other payables.

**1.3.6.1 Disposal of Financial Assets**

On disposal of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been directly recognized in net assets/equity is recognized in surplus or deficit.

**1.3.6.2 Investment in Fixed Deposit**

The following should be disclosed:

- Carrying amount of each categories of financial assets/liabilities should be disclosed in the notes to the Statement of Financial Position as per IPAS 30.11.
- Type of investment.
- For each class of financial instrument, the method used, and when a valuation technique is used, the assumptions applied in determining fair value of each class of financial assets or financial liabilities.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**1.3.7 TRADE AND OTHER PAYABLES**

Trade and other payables are stated at their nominal value. All known trade payables are recognized at cost. They are classified as current liabilities if payment is due within one year. Otherwise, they are presented as non-current liabilities.

Short term payables and deposits are initially recognized at their carrying amount, except in cases where the impact of discount is material (as they are a reasonable approximation of fair value).

IPSAS 45.1 stipulates that Trade and Other Payables should be identified between exchange or non-exchange transactions and should also be disclosed within the Financial Liabilities under the Current Liabilities.

Long term payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**1.3.8 PREPAYMENTS**

Prepayments are recognized as financial liabilities when payment for goods or services has been made in advance by clients or suppliers of obtaining a right to access those goods or services.

The Local authority recognizes prepayments in relation to the following: rent, goods, services, deposit by clients namely for Morcellement Deposit. These deposits are released after the clients terminate the contract or undertakings within the term of the agreement.

**1.3.9 TAXES**

**(i) Tax Deduction at Source**

Professional and service providers undertake contractual services for local authorities under an exchange transaction. Therefore, under the prevailing income Tax Act the Local authorities should retain a percentage of tax levied on the service cost (depending upon the service provision like consultancy, rental service, etc) and remit same to Mauritius Revenue Authority (MRA) on behalf of the service provider.

This retention during the cut off period should be treated as financial liability.

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

#### (ii) Value Added Tax

Local authorities are not entities which manage and maintain a value added tax dealing with input and output tax. Therefore, all its services provided to the general public, whether exchange and non-exchange do not attract output tax, but Local authorities pay VAT to suppliers in exchange of services received in financial assets or non-financial assets so the VAT is considered as the invoice value.

#### 1.3.10 INVENTORIES

Inventories are measured at cost upon initial recognition. Inventory received free or at nominal cost in a non-exchange transaction is recognized at fair value at the date of acquisition.

- Raw materials are accounted for at purchase cost and issues are accounted on a First in First Out Basis.
- The valuation of inventories is currently on a weighted average.
- Work-in-progress are accounted at cost of direct materials plus labour cost and a proportion of overheads based on the normal operating capacity, but excludes borrowing cost. *(This type of work in progress refer to inventories for re-sale and therefore not applicable to the Municipal Council).*

##### 1.3.10.1 Initial Recognition

After initial recognition, inventory is measured at the lower of cost and net realisable value (Net replacement Cost). However, to the extent that a class of inventory is distributed or deployed at no charge or for nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price or the market price less the estimated costs of completion of the sale, exchange or distribution.

Inventories are currently measured at weighted average value but should always follow the FIFO basis for issuing purposes. Value for the item of stock is the cost charged by supplier plus any direct related cost. The Municipal Council practices the first in first out basis (FIFO) for the issue of stock items. Inventories are recognized as an expense when issued for utilization and consumption in the provision of services and administration of the Municipal Council.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

Inventories written off is recognized as an expense and is reported in general expenses and amount of inventory recognised as expense during the period has to be disclosed (IPSAS 12.47(d)).

**1.3.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash at bank net of overdraft, cash in hand, short term deposits with financial institutions and highly liquid investment with a maturity period not exceeding three months which is readily convertible into cash and is not subject to significant risk of change in value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**1.3.12 PROVISIONS**

Provisions are recognized when the Municipal Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefit or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties required to settle the present obligation. When the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement, for example under an insurance contract.

**1.3.13 CONTINGENT LIABILITIES**

Currently the Municipal Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources is remote.

The legal advisors, on instruction, shall assess the probability of the outcome of any litigation in term of financial resources. If there is a high probability that there will be a liability, then the full amount is included as contingency.



## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

There are claim for damages amounting to Rs 31.2M against Municipal Council of Vacoas Phoenix as at 30 June 2020. The cases under report will be coming for trial in the financial year 2020/2021. Other legal cases concerns administrative concerns with no monetary claim as reported by our legal advisor.

#### **1.3.14 CONTINGENT ASSETS**

The Municipal Council does not recognize a contingent asset, but discloses details of any possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Municipal Council in the notes to the financial statements.

#### **1.3.15 EMPLOYEE BENEFITS**

##### **1.3.15.1 Retirement Benefit Costs**

###### ***(i) State Plan***

The Municipal Council contributes 6 % of the gross emoluments for part-time employees and employees who are not on a permanent and pensionable establishment to the National Pension Fund. The Municipal Council also contributes 2.5% of the gross emoluments of all employees to the National Savings Fund. The above contributions are charged to statement of financial performance in the year they are due.

###### ***(i) Defined Contribution Plan***

Defined contribution plans are post-employment benefit plans under which the Municipal Council pays fixed contributions (12% of gross emoluments) into another entity, the State Investment Company of Mauritius Limited ("SICOM Ltd") for new full-time employees who joined the Local Authorities from 1 January 2013 onwards. The Municipal Council has no further payment obligations once the contributions have been paid. These contributions are charged to statement of financial performance in the year they are due.

###### ***(ii) Retirement Pension to Retirees Before 1 July 2008***

The Municipal Council pays retirement pension to those employees who retired before 1 July 2008. However, the total pension liabilities should be recognized in the statement of Financial

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

Position even for those before June 2008, where there was no contribution by employee and employers to meet the foreseeable liabilities of the employee.

The obligation has been calculated by independent actuaries from SICOM Ltd and the accounting policy is as per the defined benefit plan.

#### *(iii) Compassionate Allowance*

In accordance with the Local Authority Employees (Allowance) Regulations 1964 (GN 159 of 1964) the Municipal Council also pays Compassionate Allowance to part time employees who have been in service for more than 5 years on their retirement. This has been computed based on the number of year of services up to the year end, average annual wage for the last 5 years.

#### *(iv) Defined Benefit Plan*

The Municipal Council operates a defined benefit plan, administered by and invested with SICOM Ltd. The pension plan is funded by payment of contribution to the fund (Municipal Council: 12% of gross emoluments and employee: 6% of gross emoluments) taking account of the recommendations of the Pay Research Bureau (PRB) report.

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, dependent on factors such as years of service and compensation.

The liability recognized in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation has been calculated by independent actuaries from SICOM Ltd using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields on bonds.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognized immediately in the Statement of Financial Performance.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

***(v) Bank of Sick Leave***

Employee entitlements to bank sick leave as defined in the PRB report are recognized as and when they accrue to employees. An accrual is made for the estimated liability for bank sick leave.

***(vi) Unutilized Vacation Leave***

Employee entitlements to vacation leave as defined in the PRB report are recognized as and when they accrue to employees. An accrual is made for the estimated liability for unutilized vacation leave.

***(vii) Termination Benefits***

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

The difference between the benefit provided for termination of employment at the request of the employee and a higher benefit provided at the request of the entity is a termination benefit. A liability in relation to termination benefits are recognized at the earlier of:

- When the entity can no longer withdraw the offer of those benefits and
- When the entity recognizes costs for a restructuring that is within the scope of IPSAS 19 and involves the payment of termination benefits.

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

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

**1.3.16 NATURE AND PURPOSE OF RESERVES**

The Municipal Council creates maintains reserves in terms of specific requirements.

**1.3.16.1 General Fund**

There shall be, in respect of every local authority, a General Fund –

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

(a) into which shall be paid –

- (i) all revenue; and
- (ii) such amount of grants in respect of all expenditure, both recurrent and capital, as may be appropriated by the National Assembly; and

(b) out of which all liabilities shall be paid.

#### **1.3.16.2 Pension Fund**

The Pension Fund is managed by the State Investment Company and therefore it is not included in the Statement of Changes in Net Asset.

#### **1.3.16.3 Passage Fund**

Enacted under Section 81 of the Local Government Act 2011, a passage fund has been created by the Municipal Council to finance the payment of passage benefit to officers in the Municipal Council.

Income derived from investment of the unutilized passage benefit payable to employees of the Municipal Council is paid into the Passage Fund.

The financial liabilities should be recognized under both current and non-current assets and any funds invested for passage obligation payments are considered as investments.

#### **1.3.17 EVENT AFTER THE REPORTING DATE**

The Municipal Council should adjust its financial statements for events after the reporting date (30<sup>th</sup> June) up to the authorized date for issue under the provision of the LGA 2011.

The Municipal Council should disclose:

- adjusting events and
- Non-adjusting events.

Adjusting events that provide evidence of conditions that existed at the balance date namely trade debtors, trade creditors, other receivable and payables, deposit refunded etc. The Financial statements should be adjusted to reflect those events.

Non-adjusting events are indicative of conditions that arose after the reporting date. Therefore, the Financial Statements are not adjusted, but however should be disclosed as notes to account (the changes in fair value of the assets and the condition did not exist at the reporting date).

The following disclosure is needed subject to its materiality

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
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- Nature of the event
- Estimates of the financial impact or a statement that such an estimate cannot be made

**1.3.18 RELATED PARTIES**

Related parties are entities that control or have significant influence over the reporting entity. However, key management personal, Councilors, Mayors are considered as related parties as a result of their significant influence on the reporting entity. Key Management Personnel includes the following:

- Chief Executive
- Deputy Chief Executive
- Financial Controller
- Head of Public Infrastructure Department
- Head of Land Use and Planning Department
- Chief Health Inspector
- Chief Welfare Officer

The Remuneration of the Mayor and Councilors are determined by the Parent Ministry and by the Pay Research Bureau. The remuneration of key management is determined by the Pay Research Bureau.

The remuneration of Mayor, Councilors and Key Management during the year is as follows:-

***Compensation by Key Management Personnel***

Key Management Personnel	2019/2020 MUR	2018/2019 MUR
Mayor and Councilors	5,299,839	5,260,501
Management Personnel Compensation	7,021,056	7,685,572
<b>TOTAL</b>	<b>12,320,895</b>	<b>12,946,073</b>

## MUNICIPAL COUNCIL OF VACOAS PHOENIX

### *Notes to Financial Statements*

- There were no significant transactions during the year involving the Municipal Council and the Staff at Key management level or their related parties outside the ordinary course of business. However, the post of Head of Public Infrastructure Department was vacant during the Financial Year 2019/2020, whereas the post of Chief Welfare Officer was vacant for half of the Year.

#### *Loan to Related Parties*

##### **Car Loan**

Key Management Personnel	2019/2020	2018/2019
	MUR	MUR
Opening Balance	-	-
Advances/Loan during the Year	1,041,075	-
Refund/Repayment made during the Year	-	-
Closing Balance	1,041,075	-

##### **Loan for Purchase of IT Equipment**

Mayor and Councillors	2019/2020	2018/2019
	MUR	MUR
Opening Balance	62,035	250,357
Advances/Loan during the Year	-	23,500
Refund/Repayment made during the Year	62,035	211,822
Closing Balance	-	62,035

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
*Notes to Financial Statements*

Human Resource	2019/2020	2018/2019
Permanent and Pensionable Employees	845	861
Part Time Employees	6	7
	851	868
Female Employees	128	125
Male Employees	723	743
	851	868

***Benefit in Kind – IPSAS 20.28***

The Mayor is provided with Office and secretarial support at the cost of the Council. The Mayor makes use of the Council's owned car for official duties.

***Government***

GOVERNMENT GRANT	2019/2020 MUR	2018/2019 MUR
Government Grant in Aid	355,190,000	343,960,543
Project Related Grant	71,691,255	58,121,685
Other Grant	1,441,508	3,031,310
	428,322,763	405,113,538

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**1.3.19 FINANCIAL RISK MANAGEMENT**

The Municipal Council is exposed to interest rate, credit and liquidity risks. Management of the Municipal Council should be focused on the mitigation of financial, liquidity and credit risks resulting in minimizing potential adverse effects on the financial performance and service delivery of the Municipal Council.

**1.3.19.1 Credit Risk**

Credit risk arises from credit exposures to customers. The Municipal Council assesses its credit risks and same is disclosed in the Financial Statements.

**1.3.19.2 Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities. The Municipal Council has appropriate management policy in place to ensure that there is sufficient cash to meet its financial obligations. The Financial Management Manual (FMM) as a tool also recommend a proper, adequate and sound liquidity management.

**1.3.19.3 Interest rate risk**

Interest rate risk is associated with the fair value of the future cash flow of a financial instrument and will fluctuate as a result of volatile financial market influencing the interest rate.

The local authorities have minimal impact of fluctuation in interest rate on the financial market due to loan taken or given are not linked with the market interest rate. The interest rates are pre-determined when the contractual agreement is engaged. Neither the interest is determined upon an event or condition.

**2.0 RE-CLASSIFICATIONS**

Certain reclassifications have been made to the Financial Statements for the financial year ended 30 June 2020 to conform to the current period presentation. The Classifications had no effect on reported deficit.



INDEPENDENT FINANCIAL STATEMENTS

For the year ended 31 March 2020

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>General Rates</b>	<b>3</b>		
General Rates		41,914,422	38,052,771
		<u>41,914,422</u>	<u>38,052,771</u>
<b>Trade Fees, Advertising and Publicity Fees</b>	<b>4</b>		
Trade Fees	4.1	14,916,850	15,977,518
Advertising And Publicity Fees	4.2	3,622,994	4,049,795
		<u>18,539,843</u>	<u>20,027,313</u>
<b>Trade Fees</b>	<b>4.1</b>		
Trade Fees		14,845,350	15,842,318
Occasional Fees		71,500	135,200
		<u>14,916,850</u>	<u>15,977,518</u>
<b>Advertising And Publicity Fees</b>	<b>4.2</b>		
Advertising And Publicity Fees		3,622,994	4,049,795
		<u>3,622,994</u>	<u>4,049,795</u>
<b>Government Grant</b>	<b>6</b>		
Government Grant in Aid		355,190,001	343,960,543
Other Government Grant		1,441,508	3,031,310
		<u>356,631,509</u>	<u>346,991,853</u>
<b>Government Grant in Aid</b>	<b>6.1</b>		
Government Grant in Aid		355,190,001	343,960,543
		<u>355,190,001</u>	<u>343,960,543</u>
<b>Other Government Grant</b>	<b>6.2</b>		
National Day Celebration		-	233,333
Divali Celebration Grant		-	100,000
Other Grants		1,441,508	2,697,976
		<u>1,441,508</u>	<u>3,031,310</u>
<b>Capital Grant Revenue</b>	<b>6.3</b>		
Capital Grant		945,522	1,081,461
Local Development Fund		28,923,256	40,147,832
National Development Unit		33,566,111	23,588,882
		<u>63,434,889</u>	<u>64,818,175</u>

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Other Income</b>	<b>7</b>		
Fines, Penalties And Levies	7.1	1,794,834	6,859,718
Insurance		653,896	160,532
Court Fees		143,150	134,700
Liquidated Damages		-	700,687
Stale Cheques		282,212	906,739
		<u>2,874,092</u>	<u>8,762,375</u>
<b>Fines, Penalties And Levies</b>	<b>7.1</b>		
Fines Library		67,897	106,233
Market and Fair Days Collection Surcharge		154,410	286,322
Trade Fees Surcharge		449,600	1,819,776
General Rate Surcharge		777,709	2,939,442
General Rate Interest		345,219	1,707,945
		<u>1,794,834</u>	<u>6,859,718</u>
<b>Building and Land Use Permit Fees</b>	<b>8</b>		
Building and Land Use Permit Fees		6,813,058	5,391,949
		<u>6,813,058</u>	<u>5,391,949</u>
<b>Rental Income</b>	<b>9</b>		
Market and Fair Days Collection		9,883,931	10,041,685
New Vacoas Commercial Unit		5,111,835	4,732,216
Gymnasium fees, Sport Complexes & Playgrounds		1,506,280	3,213,525
Rent Reception Hall and Social Hall		875,000	1,415,550
		<u>17,377,046</u>	<u>19,402,976</u>
<b>Financial Income</b>	<b>10</b>		
Interest from Banks		2,116,086	2,149,385
Interest on Car Loan		285,727	298,832
		<u>2,401,812</u>	<u>2,448,218</u>
<b>Other Revenue</b>	<b>11</b>		
Bus Toll	11.1	1,036,700	1,033,200
Burial and Incineration fees	11.2	1,642,225	1,366,375
Other Income	11.3	1,263,784	2,083,247
		<u>3,942,709</u>	<u>4,482,822</u>
<b>Bus Toll Fees</b>	<b>11.1</b>		
Bus Toll		1,036,700	1,033,200
		<u>1,036,700</u>	<u>1,033,200</u>
<b>Burial And Incineration Fees</b>	<b>11.2</b>		
Burial Fees		231,650	227,875
Incineration Fees		1,410,575	1,138,500
		<u>1,642,225</u>	<u>1,366,375</u>

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Other Income</b>	<b>11.3</b>		
Library Subscription fees		2,790	3,420
Cybercafe		34,143	52,171
Refuse Bins		311,400	396,000
Sundry Receipt		549,651	1,431,056
Trade Refuse Collection Fees		115,800	198,000
Misc Income		-	2,600
Building and Land Use Penalty Fees		250,000	-
		<u>1,253,784</u>	<u>2,083,247</u>
<b>Compensation of Employees</b>	<b>12</b>		
Basic Salary		200,322,000	200,510,842
Interim Allowance		5,079,873	-
Extra Remuneration		10,851,816	5,124,509
Allowance		1,022,909	1,113,263
Cash In Lieu of sick Leave		2,598,580	15,123,341
End of year Bonus		19,255,102	19,221,556
Uniform Allowance		4,030,049	4,893,548
<b>Other Staff Costs</b>			
Travelling and Transport		17,170,085	17,557,296
Overtime		11,496,393	15,029,112
Staff Welfare Sports & Leisure & Training		294,464	266,935
Contribution to Family Protection Scheme & National Saving Funds & National Pension		8,883,140	8,457,296
Contribution to Pension fund		38,446,844	37,481,888
Passage Benefit		5,616,769	8,105,370
Encashment of Vacation Leave		7,721,235	2,418,498
		<u>332,789,259</u>	<u>335,303,454</u>
<b>Remuneration to Councilors</b>	<b>13</b>		
Allowance to Mayor and Councilors		4,694,462	4,517,393
Travelling Councilors		178,728	171,769
Other Allowance		238,650	345,740
Prepaid Card for Mobile		188,000	225,600
		<u>5,299,839</u>	<u>5,260,501</u>
<b>Employer Social Benefits</b>	<b>14</b>		
Pension and Gratuities		38,677,139	37,539,091
		<u>38,677,139</u>	<u>37,539,091</u>
<b>Grants And Subsidies</b>	<b>15</b>		
Grants to Sports Clubs		773,294	1,059,611
Grants to Voluntary Religious Organisation		1,022,800	1,115,388
		<u>1,796,094</u>	<u>2,174,999</u>

# REVENUE AND EXPENDITURE STATEMENT

For the year ended 31st December 2020

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Supplies and Consumables</b>	<b>16</b>		
Utilities Cost	16.1	27,244,982	26,863,116
Motor Vehicles Running Expenses	16.2	6,673,879	8,796,477
Repairs and Maintenance	16.3	11,961,154	17,973,625
Cleaning and Security Services	16.4	15,834,790	13,352,547
Social, Sports, Welfare and Cultural Activities	16.5	2,950,177	3,661,239
Legal and Professional fees	16.6	2,140,000	2,489,295
		<u>66,804,983</u>	<u>73,136,299</u>
<b>Utilities Cost</b>	<b>16.1</b>		
Electricity charges		25,179,660	25,059,510
Telephone Charges		1,126,776	942,479
Water Charges		938,546	861,127
		<u>27,244,982</u>	<u>26,863,116</u>
<b>Motor Vehicle Running Expenses</b>	<b>16.2</b>		
Fuel & Oil		4,471,727	5,448,705
Repairs and Maintenance		1,531,357	2,565,681
Insurance		670,795	782,091
		<u>6,673,879</u>	<u>8,796,477</u>
<b>Repairs And Maintenance</b>	<b>16.3</b>		
Maintenance of Buildings		3,052,420	2,661,920
Materials		792,353	847,408
Maintenance of Roads		3,617,111	8,800,107
Maintenance of Drains		16,898	1,637,085
Maintenance Parks and Children Garden		134,716	137,020
Small Plants and Tools		1,666,404	1,472,063
Maintenance of Street Lighting		2,262,371	1,810,665
Maintenance of Cemeteries/Cremation		418,882	607,356
		<u>11,961,154</u>	<u>17,973,625</u>
<b>Cleaning and Security Services and other Related Costs</b>	<b>16.4</b>		
Contracted Maintenance Services		15,148,621	13,128,923
Scavenging Services		686,169	223,624
		<u>15,834,790</u>	<u>13,352,547</u>

ANNUAL REPORT ON FINANCIAL PERFORMANCE  
2019-2020

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Social, Sports, Welfare and Cultural Activities</b>			
	16.5		
National Day Celebration		88,987	162,629
Cultural Activities		815,956	754,701
Materials		349,507	351,845
Sports Activities		1,170,930	1,175,710
Civic Activities		232,500	643,013
Education Activities		152,058	176,137
Twining Activities		140,240	397,205
		<u>2,950,177</u>	<u>3,661,239</u>
<b>Professional And Legal Fees</b>	16.6		
Legal & Professional Fees		1,740,000	1,839,295
Inspection and Audit Fees		400,000	650,000
		<u>2,140,000</u>	<u>2,489,295</u>
<b>Finance Costs</b>	17		
Bank Charges		202,434	199,791
		<u>202,434</u>	<u>199,791</u>
<b>Depreciation</b>	18		
Software			
Buildings		4,989,600	-
Plant and Machinery		3,200,040	3,102,715
Motor Vehicles		5,927,882	5,122,298
Electronic Equipment		1,466,292	1,148,317
Public Infrastructures		236,812,455	232,467,691
Furniture, Fixtures and Fittings		306,220	319,838
		<u>252,702,489</u>	<u>242,160,859</u>
<b>Other Expenses</b>	19		
Postage		873,794	1,064,457
Office Sundries/office expenses		5,939	8,885
Printing and Stationery		1,590,571	1,468,598
Books and Periodicals		692,483	1,089,643
Publications		286,381	291,695
Overseas Mission Expenses		18,568	21,884
<b>Other Expenses (cont)</b>	19		
Electoral Expenses		-	2,388,160
Entertainment		607,193	740,713
Committee Expenses		207,805	192,560
Subscriptions		159,963	736,529
General Insurance		675,105	788,311
Rental of Building		186,000	218,488
Adjustment Inventory		272,071	1,017,774
		<u>5,557,840</u>	<u>10,027,696</u>

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Provision for Doubtful Debts	19a		
Provision for doubtful debts		2,855,986	-
		2,855,986	-
Cash and Cash Equivalents	20		
Cash at Bank		21,581,783	29,634,935
Cash in Hand		3,000	-
		21,584,783	29,634,935
Receivables From Exchange Transactions	21		
Bus Toll		173,400	-
Debtors -New Vacoas Multistorey			
Commercial Unit		1,107,912	411,273
Debtors Market and Fair Days Collection		2,896,829	1,229,415
Debtors on Salary		784,059	732,164
Interest Receivables		229,934	135,703
		5,192,134	2,508,555
Less Provision for Bad Debts		(1,613,365)	-
		3,578,769	2,508,555
Receivables From Non-Exchange Transaction	22		
Trade Fee Receivables		7,082,002	3,245,828
Debtors-General Rates		7,970,476	6,353,982
Tenant Tax		544,510	544,510
Publicity Fees Receivables		280,086	291,236
Other Debtors		135,081	-
		16,012,154	10,435,555
Less Provision for Bad Debts		(1,242,621)	-
		14,769,533	10,435,555
Receivables From Exchange Transactions			
Less or Equal to One Year			
Bus Toll		173,400	-
Debtors -Commercial Unit and New Vacoas		800,812	355,273
Debtors Market and Fair Days Collection		2,215,247	333,841
Debtors-General Rates		4,030,505	3,697,476
Interest Receivables		229,934	-
		7,449,899	4,386,589
Above one year and less or equal to 5 Years			
Debtors -Commercial Unit and New Vacoas			
Multistorey Commercial Unit		307,100	56,000
Debtors Market and Fair Days Collection		390,736	496,587
Debtors-General Rates		3,161,962	2,230,429
		3,859,798	2,783,016

RECEIVABLES FROM NON-EXCHANGE TRANSACTION

RECEIVABLES FROM NON-EXCHANGE TRANSACTION

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Above 5 Years			
Debtors Market and Fair Days Collection		290,846	398,987
Debtors-General Rates		778,009	426,077
Tenant Tax		544,510	544,510
		<u>1,613,365</u>	<u>1,369,574</u>
Receivables From Non-Exchange Transaction	22		
Less or Equal to One Year			
Trade Fee Receivables		3,394,550	864,750
Publicity Fees Receivables		55,690	56,040
Debtors on Salary		52,599	732,164
Other Debtors		135,081	-
		<u>3,637,919</u>	<u>1,652,954</u>
Above one year and less or equal to 5 Years			
Trade Fee Receivables		3,204,353	2,140,828
Publicity Fees Receivables		224,396	235,196
Debtors on Salary		196,334	-
		<u>3,625,082</u>	<u>2,376,024</u>
Above 5 Years			
Trade Fee Receivables		483,100	240,250
Debtors on Salary		535,126	-
		<u>1,018,226</u>	<u>240,250</u>
Loan and Advances - Short Term	23		
Car Loan to eligible employees		2,284,403	1,994,183
Advances laptops and Tablets to Councillors		0	62,035
		<u>2,284,403</u>	<u>2,056,218</u>
Loan and Advances - Long Term	23a		
Car Loan to eligible employees		4,851,198	5,715,601
Advances laptops and Tablets to Councillors		-	-
		<u>4,851,198</u>	<u>5,715,601</u>
Capital Grants Receivables	24		
National Development Unit Receivables		774,516	1,412,392
		<u>774,516</u>	<u>1,412,392</u>
Inventories	25		
Stock Store		1,762,290	1,965,169
Stock Non Store		1,290,956	1,641,838
Stamp Stock		181,109	288,578
		<u>3,234,354</u>	<u>3,895,585</u>

INVESTMENT IN SECURITIES

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Investment</b>	<b>26</b>		
Investment - General Fund		-	23,233,440
Investment - Passage Benefit Fund		-	5,808,360
Investment - General Fund and Car Loan		-	41,626,580
Investment - All Funds		70,000,000	-
		<u>70,000,000</u>	<u>70,668,380</u>

*Note: The Council has invested its funds amounting to Rs 70M in Bank of Mauritius Securities at a Fixed Rate of 0.70%. The Investment is for the period 26 May 2020 to 24 November 2020.*

<b>Intangible Assets</b>	<b>27</b>	
Intangible Assets		<u>-</u>



**GOVERNMENT ACCOUNTS**  
**2019-2020**

**Property, Plant and Equipment**

28	Land	Buildings	Assets under Construction	Plant, Machinery and Equipment	Motor Vehicles	Electronic Equipment	Public Infrastructures	Furniture, Fixtures and Fittings	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cost at the start	582,250,126	390,400,115	4,231,188	56,059,761	81,787,438	24,305,039	2,674,821,735	15,687,722	3,829,543,124
Additions		11,298,529		433,878	6,444,670	1,271,898	57,015,096	820,850	77,284,920
Disposals/Transfer	(235,378,159)	(9,937,113)	9,937,113						(235,378,159)
Revaluation of Land/Buildings	219,778,033	(142,281,531)							77,496,502
Adjustment to opening									
Cost at year end	566,650,000	249,480,000	14,168,301	56,493,639	88,232,108	25,576,937	2,731,836,831	16,508,572	3,748,946,388

**Accumulated Depreciation**

Balance at Start  
Adjustment Depreciation at the start  
Restated Accumulated Depreciation

				42,308,027	65,566,681	22,143,304	476,974,193	14,567,365	621,559,571
							44,599,361		44,599,361
				42,308,027	65,566,681	22,143,304	521,573,554	14,567,365	666,158,932

**Charges for the year**

Disposal  
Accumulated Depreciation at year end

	4,989,600			3,200,040	5,927,882	1,466,292	236,812,455	306,220	252,702,489
	45,508,068				71,494,563	23,609,596	758,386,009	14,873,585	918,861,421

**Net Book Value as at 30 June 2020**

	566,650,000	244,490,400	14,168,301	10,385,572	16,737,545	1,367,341	1,973,450,822	1,634,987	2,830,084,967
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**Net Book Value as at 30 June 2019**

	582,250,126	390,400,115	4,231,188	13,751,734	16,220,757	2,161,735	2,153,248,180	1,120,357	3,163,384,193
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**Public Infrastructures**

28a	Roads	Drains	Bridges	Sports Grounds	Street Lighting	Other Public Infrastructures	Total
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
Cost at the start	1,181,298,796	876,279,536	398,263,944	144,603,043	38,262,473	36,113,943	2,674,821,735
Additions	18,397,497	18,001,602	10,649,405	5,942,474	2,906,200	1,117,919	57,015,096
Disposals/Transfer							
Cost at year end	1,199,696,293	894,281,137	408,913,349	150,545,517	41,168,673	37,231,862	2,731,836,831
Adjustment Depreciation at the start							
Adjustment Accumulated Depreciation	232,780,184	174,258,776	15,917,366		27,443,259	26,574,609	476,974,193
Restated Accumulated Depreciation				44,599,361			44,599,361
Charges for the year	232,780,184	174,258,776	15,917,366	44,599,361	27,443,259	26,574,609	521,573,554
Disposal	120,001,921	88,755,066	8,178,267	15,400,527	2,210,767	2,265,907	236,812,455
Revalued/Impaired							
Accumulated Depreciation at year end	352,782,105	263,013,842	24,085,633	59,999,888	29,654,026	28,840,516	758,386,009
Net Book Value as at 30 June 2020	846,914,188	631,267,296	384,817,717	90,545,629	11,514,647	8,391,346	1,973,450,822
Net Book Value as at 30 June 2019	948,518,612	702,020,760	382,346,579	100,003,682	10,819,214	9,539,334	2,153,248,180

Particulars	Notes	2019-20	2018-19
		MUR	MUR
<b>Trade and Other Payables</b>	<b>29</b>		
Creditors Salary		6,119,390	8,133,708
Sundry Creditors		2,414,251	1,549,559
Creditors/Accruals		1,965,426	4,103,474
Advance Trade Fees		3,372,375	-
		<u>13,871,442</u>	<u>13,786,741</u>
<b>Refundables Deposits From Customers</b>	<b>30</b>		
Retention Money		10,677,602	14,233,502
Refundable Deposits from Customers		612,883	550,333
Deposit from CEB Fee		118,875	40,875
Deposit from CWA Fee		192,050	56,925
Deposit from WMA fee		135,000	33,000
		<u>11,736,410</u>	<u>14,914,635</u>
<b>Capital Grants Payables</b>	<b>31</b>		
Capital Grants Payables		-	192,502
Local Development Project Payables		16,366,957	5,710,254
National Development Unit Payables		6,136,714	8,372,264
Other Projects Payables		(0)	631,749
Other Grants		6,390	1,280,696
Swimming Pool Fund Payables		-	3,135,572
		<u>22,510,060</u>	<u>19,323,037</u>
<b>Short Term Employment Benefit Obligations</b>	<b>32</b>		
Sick Leaves		12,989,048	10,000,000
Vacation Leaves		3,948,765	2,000,000
Passage Benefits		4,050,000	5,000,000
		<u>20,987,814</u>	<u>17,000,000</u>
<b>Prepayment</b>	<b>33</b>		
Bus Toll fees		84,500	86,600
Market and Fair Days Collection		568,142	757,319
General Rates		14,009,234	13,412,905
Gymnasium Fee Prepaid		407,595	84,500
Rent Reception Hall and Social Hall Prepaid		15,000	101,500
		<u>15,084,471</u>	<u>14,442,824</u>
<b>Long Term Employment Benefit Obligations</b>	<b>34</b>		
Accumulated Sick Leaves		61,265,100	72,191,654
Accumulated Vacation Leaves		75,252,621	71,626,543
Accumulated Passage Benefits		18,063,215	19,275,310
		<u>154,580,936</u>	<u>163,093,507</u>

The Sick Leave figure of Rs 72,191,654 was overstated by Rs 10M in 2018/2019 and has been adjusted in 2019/2020 against deficit/reserves. The sick leave figure for 2018/2019 was Rs 62,191,654.

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Retired Employee Benefit	35		
		Year ended 30	Year ended 30
		June 2020	June 2019
Amounts recognised in Financial Position at end of year:			
Defined benefit obligation		1,119,649,982	893,852,278
Fair value of plan assets		(294,389,531)	(247,968,178)
		825,260,451	645,884,100
Liability recognised in Financial Position at end of year			
Amounts recognised in Statement of Financial Performance:			
Service cost:			
Current service cost		30,971,126	24,147,535
(Employee contributions)		(11,404,097)	(9,663,282)
Fund Expenses		631,840	695,225
Net Interest expense/(revenue)		22,775,101	40,135,894
SFP Charge		42,973,970	55,315,372
Remeasurement			
Liability (gain)/loss		203,222,207	8,024,242
Assets (gain)/loss		(10,532,972)	2,334,321
Net Assets/Equity (NAE)		192,689,235	10,358,563
Total		235,663,205	65,673,935
Movements in liability recognised in Statement of Financial Position:			
At start of year		645,884,100	632,886,756
Amount recognised in SFP		42,973,970	55,315,372
(Direct Benefits paid by Employer)		(22,804,406)	(33,353,594)
(Employer Contributions)		(33,482,448)	(19,322,997)
Amount recognised in NAE		192,689,235	10,358,563
At end of year		825,260,451	645,884,100

The plan is a defined benefit arrangement for the employees and it is only funded for pensionable service as from 01 July 2008.

The assets of the funded plan are held independently and administered by the State Insurance Company of Mauritius Ltd.

	Year ended 30 June 2020	Year ended 30 June 2019
	MUR	MUR
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of period	893,852,278	847,417,066
Current service cost	30,971,126	24,147,535
Interest cost	32,178,682	54,658,401
(Benefits paid)	(40,574,311)	(40,394,966)
Liability (gain)/loss	203,222,207	8,024,242
Present value of obligation at end of period	1,119,649,982	893,852,278
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	247,968,178	214,530,310
Expected return on plan assets	9,403,581	14,522,507

**2019-2020: 2018-2019: 2017-2018: 2016-2017: 2015-2016**

**Notes**

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Employer contributions		22,804,406	19,322,997
Employee Contributions		11,404,097	9,663,282
(Benefits paid + other outgo)		(7,723,703)	(7,736,597)
Asset gain/(loss)		10,532,972	(2,334,321)
Fair value of plan assets at end of period		294,389,531	247,968,178
<b>Distribution of plan assets at end of period</b>			
Percentage of assets at end of period		June 2020	June 2019
Fixed-Interest securities and cash		61.7%	58.7%
Loans		3.0%	3.4%
Local equities		10.1%	13.1%
Overseas bonds and equities		24.6%	24.2%
Property		0.6%	0.6%
Total		100%	100%
<b>Additional disclosure on assets issued or used by the reporting entity</b>			
		June 2020	June 2019
Percentage of assets at end of year		(%)	(%)
Assets held in the entity's own financial instruments		-	-
Property occupied by the entity		-	-
Other assets used by the entity		-	-
<b>Components of the amount recognised in NAE</b>			
Year		June 2020	June 2019
Currency		MUR	MUR
Asset experience gain/(loss) during the period		10,532,972	(2,334,321)
Liability experience gain/(loss) during the period		(203,222,207)	(8,024,242)
		(192,689,235)	(10,358,563)
Year		2019/2020	2019/2020
Expected employer contributions		21,433,037	22,187,181
(Estimate to be reviewed by Municipal Council of Vacoas - Phoenix)			
Weighted average duration of the defined benefit obligation		14 Years	13 Years
(Calculated as a % change in PV of liabilities for a 1% change in discount rate)			

*The plan is exposed to actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk.*

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

	Year ended 30 June 2020	Year ended 30 June 2019
Discount rate	3.60%	6.45%

STATE OF KERALA  
GOVERNMENT OF KERALA

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Future salary increases		4.00%	4.00%
Future pension increases		1.40%	3.00%
Mortality before retirement		A 6770 Ultimate Tables	
		PA (90) Tables	PA (90) Tables
Mortality in retirement		As per second Schedule in the Statutory	
Retirement age		Bodies Pension Funds Act	

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

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 139.7M (increase by Rs 173.7M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 74.2M (decrease by Rs 64.8M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 37.5M (decrease by Rs 37.0M) if all assumptions were held unchanged.

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

Net Assets/Equity	36		
General Fund		100,700,124	725,132,867
Adjustment-Retired Employee Benefit (IPSAS.39)		-	-
Accumulated Depreciation Adjustment		-	(30,139,057)
Surplus/Deficit		(192,756,684)	(195,418,239)
		(92,056,561)	499,575,571

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2019

Particulars	Notes	2019-20	2018-19
		MUR	MUR
Revaluation of Assets	37		
Surplus		1,979,187,500	1,901,690,998
		1,979,187,500	1,901,690,998
Other Gains/ Losses	38		
Gain on sale of assets		-	6,000
		-	6,000
Budget Reconciliation	38		
Revenue			
Actual amount on comparable basis as presented in the Budget and Actual Comparable Statement		450,494,491	445,560,277
Basis Differences			
Capital Grants Revenue		63,434,889	64,818,175
Actual Amount in the Statement of Financial Performance		513,929,380	510,378,452
Expenses			
Actual amount on comparable basis as presented in the Budget and Actual Comparable Statement		451,127,589	463,641,832
Basis Differences			
Depreciation and Amortisation		252,702,489	242,160,859
Provision for Doubtful Debts		2,855,986	-
Actual Amount in the Statement of Financial Performance		706,686,064	705,802,691
Deficit			
Actual amount on comparable basis as presented in the Budget and Actual Comparable Statement		(633,098)	(18,081,553)
Actual Amount in the Statement of Financial Performance		(192,756,684)	(195,424,239)

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
**STATEMENT OF CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	30 JUN 2020 Rs	30 JUN 2019 Rs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus / ( Deficit ) for the year		( 192,756,684 )	( 195,418,239 )
Adjustments for:			
Prior year adjustments		-	147,206,606
Financial Income		(2,401,812)	(2,448,218)
Finance Charge		202,434	199,791
Provision for Employee Retirement Benefit Obligation		(166,063,467)	-
Prior year adjustments - Depreciation		-	(30,139,057)
Depreciation of Fixed Assets		252,702,489	242,160,859
Donations from Government - Equity		2,983,400	-
Gain on Disposal of Assets		-	( 6,000 )
Movement in Reserve		(417,222)	-
Movement in land revaluation reserve		77,496,502	-
Derecognition of Land		( 235,378,159 )	-
Provision for Bad Debts		2,855,986	-
		<u>( 260,776,534 )</u>	<u>161,555,742</u>
<b><u>Movement in Working Capital:</u></b>			
(Increase)/Decrease in Receivables from Exchange Transaction		( 2,683,579 )	( 162,005 )
(Increase)/Decrease in Non Receivables from Non Exchange Transactions		( 5,576,599 )	( 1,450,038 )
Increase/(Decrease) in Inventories		661,232	( 403,750 )
Increase/(Decrease) in Capital Grants Receivable		637,877	( 1,412,392 )
Increase/(Decrease) in Trade and Other Payables from Exchange		84,701	( 16,663 )
Increase/(Decrease) in Prepayment		641,647	1,782,680
Increase/(Decrease) in Deposits		( 3,178,225 )	( 11,647,501 )
Increase/(Decrease) in Capital Grants Payable		3,187,023	( 14,208,217 )
Increase/(Decrease) in Employee Benefits		174,851,593	20,991,076
<b>Net Cash flows from operating activities</b>		<u>( 92,150,865 )</u>	<u>155,028,932</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		( 77,284,920 )	( 42,318,532 )
Derecognition of Vested Land		235,378,159	( 140,378,160 )
Land Revaluation Reserve		(77,496,502)	-
Decrease in Investments		668,380	10,762,900
Investment income		2,401,812	2,448,218
New Loan Granted		( 1,470,000 )	( 1,255,084 )
Repayment of Loan		2,106,218	-
<b>Net Cash Flows from investing activities</b>		<u>84,303,147</u>	<u>( 170,740,658 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance Charge		( 202,434 )	( 199,791 )
<b>Net Cash Flows from financing activities</b>		<u>( 202,434 )</u>	<u>( 199,791 )</u>
<b>Net Increase/(decrease) in Cash Equivalents</b>		<u>( 8,050,152 )</u>	<u>( 15,911,517 )</u>
<b>Cash and Cash Equivalents at beginning of year</b>		<u>29,634,935</u>	<u>45,546,452</u>
<b>Cash and Cash Equivalents at end of year</b>		<u><u>21,584,783</u></u>	<u><u>29,634,935</u></u>

**MUNICIPAL COUNCIL OF VACOAS -PHOENIX**

**Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements  
2019/2020**

	Operating activities Rs	Investing activities Rs	Financing activities Rs	Total Rs
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement	(633,098)			(633,098)
Provision for/ (Reversal of) Doubtful Debts	(2,855,986)			(2,855,986)
Capital Grant	63,434,889			63,434,889
Depreciation	(252,702,489)			(252,702,489)
Movement in Reserve	(417,222)			(417,222)
Financial Income	(2,401,812)			(2,401,812)
Finance Charge	202,434			202,434
Provision for Employee Retirement Benefit Obligation	(166,063,467)			(166,063,467)
Depreciation of Fixed Assets	252,702,489			252,702,489
Donations from Government - Equity	2,983,400			2,983,400
Movement in Land Revaluation Reserve	77,496,502			77,496,502
Derecognition of Land	(235,378,159)			(235,378,159)
Provision for/ (Reversal of) Doubtful Debts	2,855,986			2,855,986
(Increase)/Decrease in Receivables from Exchange Transaction	(2,683,579)			(2,683,579)
(Increase)/Decrease in Non Receivables from Non Exchange Tr	(5,576,599)			(5,576,599)
Increase/(Decrease) in Inventories	661,232			661,232
Increase/(Decrease) in Capital Grants Receivable	637,877			637,877
Increase/(Decrease) in Trade and Other Payables from Exchan	84,701			84,701
Increase/(Decrease) In Prepayment	641,647			641,647
Increase/(Decrease) in Deposits	(3,178,225)			(3,178,225)
Increase/(Decrease) in Capital Grants Payable	3,187,023			3,187,023
Increase/(Decrease) In Employee Benefits	174,851,593			174,851,593
Acquisition of Fixed Assets		(77,284,920)		(77,284,920)
Derecognition of Vested Land		235,378,159		235,378,159
Land Revaluation Reserve		(77,496,502)		(77,496,502)
Decrease in Investments		668,380		668,380
Investment income		2,401,812		2,401,812
New Loan Granted		(1,470,000)		(1,470,000)
Repayment of Loan		2,106,218		2,106,218
Finance Charge			(202,434)	(202,434)
Net cash flows from operating, investing, and financing activities	<u>(92,150,865)</u>	<u>84,303,147</u>	<u>(202,434)</u>	<u>(8,050,152)</u>



**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
***Notes to Financial Statements***

**Note 39**

**39.1 General Rates**

The fall in General Rates is explained by the fact that the Estimates for General Rates is inclusive of Interest and Surcharge, whereas for Financial Statements purposes Interest and Surcharge have been treated as Other Income.

**39.2 Trade Fees**

There has been a shortfall in income for Trade Fees due to the transfer of the collection mechanism to CBRD whereby Rs 3,372,375 has been classified as advance trade fees, as no proper report had been received from CBRD to the account for the above amount.

**39.3 Government Grant**

The increase in Grant is explained by Other Grant received during the year not budgeted for in the Grant in Aid figure.

**39.4 Other Income – Non-Exchange**

The performance difference in Other Income is explained by payment of Trade Fees Surcharge and General Rates Surcharge and Interest is included in Other Income as per Financial Statements, whereas in Estimates, these figures are included in Trade General Rates and Trade Fees.

**39.5 Rental Income**

The increase in rental income arise as a result of increase in Rental of Stalls for which bills were raised in 2019/20. However, further to Government decision for the stallholders not to pay fees during the confinement period, necessary adjustment has been carried out in 2020/21.

**39.6 Financial Income**

The fall in income can be explained from a lower return of investment than expected at end of the financial year 2019/20 due to the COVID-19 situation.

**39.7 Other Income - Exchange**

The fall in income can be explained by a fall in Sundry Receipts.

**MUNICIPAL COUNCIL OF VACOAS PHOENIX**  
*Notes to Financial Statements*

**39.8 Compensation of Employees**

The increase in compensation of Employees of Rs 1.9M is explained by the increase in provision for retirement benefit obligations.

**39.9 Employer Social Benefits**

The savings of Rs 4.8M is attributed to Employees postponing their retirement in 2020/2021.

**39.10 Cost of Utilities**

The fall in cost of utilities of Rs 1M relates to savings as a result of COVID-19 lockdown.

**39.11 Fuel and Oil**

The reduction in fuel and oil cost has arisen due to decrease in running costs of vehicles further to COVID-19 lockdown.

**39.12 Office Equipment and Furniture**

The Council had to cut its costs to cater for the economic situation during the COVID-19, hence fall in the above cost.

**39.13 Repairs and Maintenance**

The Council had to adjust its expenses to lower the budget deficit and reduce costs in the prevailing economic situation as a result of COVID-19, hence reduction in costs.

**39.14 Other Goods and Services**

The Council had to adjust its expenses to lower the budget deficit and reduce costs in the prevailing economic situation as a result of COVID-19, hence reduction in costs.