



**IRRIGATION AUTHORITY**



**ANNUAL REPORT  
2011-2012-2013**



## Vision of the Irrigation Authority

*The Irrigation Authority will be a model organisation which will be trusted and respected by the planters. It will respond to the water needs of all the dry and semi-dry regions and create the right framework for sound water management.*

## Mission Statement of the Irrigation Authority

*Our principal mission is to provide a quality service to the planters' community. Through our shared commitment, we will serve professionally with a view to improving the welfare of the planters.*



# IRRIGATION AUTHORITY

## Address of Offices

### ❖ Head Office

5<sup>th</sup> Floor, Fon Sing Building  
12 Edith Cavell Street  
Port-Louis, Mauritius  
Tel: 210 6596  
Fax : 212 7652  
Email : [irrig@intnet.mu](mailto:irrig@intnet.mu)

### ❖ Sub Offices

#### ■ Northern Plains Irrigation Project Stage 1

Plaine des Papayes  
Mauritius

Tel: 266 8175  
Fax : 266 5604

#### ■ Souvenir LAMU Drip Irrigation Project

Camp des Embrevades Road  
Pamplemousses,

Tel: 243 3267

#### ■ Rivière du Rempart Irrigation Project

Haute Rive ,  
Riviere du Rempart  
Tel: 5471 0845

#### ■ St Felix LAMU Irrigation Project

Chemin Grenier  
Tel: 622 6601



## IRRIGATION AUTHORITY

5th Floor,  
Fon Sing Building,  
Edith Cavell Street,  
Port Louis

22 October 2015

The Hon. Mahen Kumar Seeruttun  
Minister of Agro Industry and Food Security,  
PORT LOUIS

Sir,

I have the honour to submit the Annual Report and Audited Accounts of  
the Irrigation Authority for the financial years 2011 to 2013

Yours faithfully,

(S. SARJU)  
Chairman IA Board



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# **CORPORATE GOVERNANCE REPORT**

## **THE ACT**

The Irrigation Authority Board is governed by the Irrigation Authority Act (Act No. 39 of 1978) and it operates under the aegis of the Ministry of Agro Industry & Food Security.

## **THE BOARD**

The Irrigation Authority Board as at December 2013 consisted of:

- (a) A Chairman appointed by the Minister;
- (b) A representative of the Ministry of Agro Industry & Food Security;
- (c) A representative of the Ministry of Finance & Economic Development;
- (d) A representative of the Ministry of Business, Enterprise & Cooperatives;
- (e) A representative of the Ministry of Energy & Public Utilities;
- (f) A representative of the Ministry of Housing & Lands;
- (g) The General Manager of the Central Water Authority or his representative;
- (h) Five representatives of the Agricultural Community, appointed by the Minister;
- (i) Two representatives of persons or entities financing the implementation of the irrigation project in Mauritius, appointed by the Minister.

## **RESPONSIBILITIES OF THE BOARD**

- The Board provides effective corporate governance and is ultimately accountable and responsible for the performance and affairs of the Authority and for the appointment of staff.
- It hears all cases of objections received at the Authority from land owners who wish to object to the implementation of an irrigation project, and to adjudicate on such objections.
- It recommends to the Minister the rate of irrigation due in irrigation areas in respect of which it is leviable.
- The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable it to ensure that the financial statements comply with the Statutory Bodies (Accounts and Audit) Act. It is also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Members of the Irrigation Authority Board** (for years 2011, 2012 & 2013)

### **CHAIRPERSON**

Mr. S. Bheechook

### **MEMBERS**

#### **1. A Representative of the Ministry of Agro Industry & Food Security**

Mr S. Bacchoo/ Mr. N. Ramburuth	(till Mar 2011)
Mr. A.N. Jurawon	(Apr 2011 – Mar 2012)
Mr. G. Ramrekha	(Apr 2012 – Nov 2012)
Mr. D. Kawol	(as from Dec 2012)

#### **2. A Representative of the Ministry of Finance & Economic Development**

Mr. D. Khoodeeram	(till Sept 2013)
Mr. S. Jeebodhun	(as from Oct 2013)

#### **3. A Representative of the Ministry of Energy & Public Utilities**

Mr. J. Ramsamy (Alt. Mrs M. Jhugroo)	(till Dec 2012)
Mrs. D. Moosoohur	(as from Jan 2013)

#### **4. A Representative of the Ministry of Business, Enterprise & Co-operatives**

Mr. R. Bhugwant (Alt. Mrs Ramnath)	(till Mar 2011)
Mrs. S. Sawmynaden	(Apr 2011 – Dec 2012)
Mrs I. Pudaruth Ruchaia	(Jan 2013 – Apr 2013)
Mr. S. K. Naidu	(as from May 2013)

#### **5. A Representative of the Ministry of Housing & Lands**

Mrs. M. Noel Dabeecharun

#### **6. The General Manager/Representative of the Central Water Authority**

Mr. K. Bisnatsingh

#### **7. Five Representatives of the Agricultural Community**

Dr. D. Dumur	
Dr. K. Ramdoyal	(resigned as from 14.08.2012)
Mr. G. Juggessur/	(till Apr 2012)
Mr. E. P. Appanah	(as from May 2012)
Mr. R. Baichoo	
Mr. S. Ramdhary	



## **8. Two Representatives of Persons or Entities Financing the Implementation of the Irrigation Project in Mauritius**

Mr. H. Bissessur

Mr. K. Bhogun

## **COMPOSITION OF SUB-COMMITTEES UNDER THE IA BOARD**

The Board has set up the following Sub-Committees:

### **1. FINANCE COMMITTEE**

Finance Committee deals with financial matters of the Authority; analyses recommendations of the quotation committees, tender evaluation committees, and makes recommendations to the IA Board.

#### CHAIRMAN

- Mr. G. Juggessur, representative of the Agricultural Community - (till Apr 2012)
- The representative of the Ministry of Finance & Economic Development (as from May 2012)

#### MEMBERS

1. The representative of the Ministry of Agro Industry & Food Security;
2. The representative of the Ministry of Finance & Economic Development (till Apr 2012);
3. The General Manager/Representative of the Central Water Authority;
4. Mr. H. Bissessur, representative of persons or entities financing the implementation of the irrigation project in Mauritius;
5. Dr. K. Ramdoyal, representative of the Agricultural Community (till 13 Aug 2012).

### **2. STAFF COMMITTEE**

The Staff Committee deals with conditions of service of the staff, such as appointment, dismissal, discipline, pay and leave of employees of the Authority, and makes recommendations to the Board.

#### CHAIRMAN

The representative of the Ministry of Agro Industry & Food Security

#### MEMBERS

1. The representative of the Ministry of Business, Enterprise & Cooperatives;
2. The representative of the Ministry of Energy & Public Utilities;
3. The General Manager/Representative of the Central Water Authority;
4. Two representatives of the Agricultural Community (Dr. K. Ramdoyal till 13 Aug 2012 & Dr. D. Dumur).

### **3. LAND MANAGEMENT COMMITTEE**

Land Management Committee deals with matters related to State lands in irrigation projects throughout the island and makes recommendations to the Board.

#### **CHAIRMAN**

Mr K. Bhogun - representative of persons or entities financing the implementation of the irrigation project in Mauritius

#### **MEMBERS**

1. The representative of the Ministry of Agro Industry & Food Security;
2. The representative of the Ministry of Business, Enterprise & Cooperatives;;
3. The representative of the Ministry of Housing & Lands;
4. Two representatives of the Agricultural Community (Dr. K. Ramdoyal till 13 Aug 2012 & Dr. D. Dumur).

### **4. AUDIT COMMITTEE**

Audit Committee purviews the functioning of the internal control system, the risk areas of the Authority, the financial aspect of the Authority and makes recommendations to the Board.

#### **CHAIRMAN**

Mr H. Bissessur - representative of persons or entities financing the implementation of the irrigation project in Mauritius

#### **MEMBERS**

1. The representative of the Ministry of Finance & Economic Development;
2. The representative of the Ministry of Energy & Public Utilities;
3. Two representatives of the Agricultural Community (Dr. D. Dumur & Mr. S. Ramdhary).
4. Mr. K. Bhogun, representative of persons or entities financing the implementation of the irrigation project in Mauritius

### **SITTINGS OF THE BOARD AND ITS SUB-COMMITTEES:-**

	YEARS		
MEETINGS	2011	2012	2013
Board	10	6	9
Finance Committee	17	11	16
Staff Committee	3	2	4
Land Management Committee	1	-	-
Audit Committee	1	-	-

## **REMUNERATION OF BOARD MEMBERS**

Board Members are remunerated according to recommendations of Pay Research Bureau Reports.

## **MANAGEMENT – Jan 2011 to December 2013**

1. Mr. Chatta HOOKOOM - General Manager
2. Mr. Rishi Raj Sharma HAUZAREE - Head of Irrigation Planning Unit
3. Mr. K. C. Siew KONG THOO LIN - Head of Operation & Maintenance
4. Mr. S. Ganesh SEEBURRUN - Head of Construction & Supervision
5. Mr. Datakarran GOBURDHUN - Head of Administration
6. Mrs. Vijayta GOPYNAUTH - Accountant

## **STAFF APPOINTMENTS AND PROMOTIONS**

1. Mr. D. RAMPHUL appointed Supervisor on 18.01.2011
2. Mr. K. BUNGCHEE appointed Driver on 19.04.2011
3. Mr. P. JAGOO appointed Driver on 19.04.2011
4. Mr. R. DHOTAH appointed Driver on 19.04.2011
5. Mr. M. DODAH appointed Higher Executive Officer on 11.08.2011
6. Mr. L.L. AUCKLOO appointed Senior Technical Design Officer on 11.06.2013
7. Mr. R.K. DOSIEAH appointed Senior Technical Officer (Civil) on 11.06.2013
8. Mrs. R. SENIVASSEN appointed Financial Officer on 11.06.2013
9. Miss B. TUPSEE appointed Financial Officer on 11.06.2013
10. Mr. M. MISTRY appointed Executive Officer on 11.06.2013
11. Mr. G. LUCHMEE appointed Executive Officer on 11.06.2013
12. Mr. S. DREPAUL appointed Field Supervisor (Roster) on 11.06.2013
13. Mr. H. MANAROO appointed Field Supervisor (Roster) on 11.06.2013
14. Mr. R. BISSOONAUTH appointed Pipe Fitter on 11.06.2013
15. Mr. V. BISSESSUR appointed Pipe Fitter on 11.06.2013
16. Mr. E. I. MICHEL appointed Tradesman's Assistant on 11.06.2013
17. Mr. P. SEESURRUN appointed Tradesman's Assistant on 11.06.2013



## List of employees retired/passed away (Jan 2011-Dec 2013)

S.N	Name	Date of Birth	Date of Retirement
1.	Poonye Luchmeeparsad	09.10.50	01.01.11
2.	Purmessur Jugdish	15.01.50	15.07.11
3.	JoyPaul Bijay Kumar	11.12.50	01.01.12
4.	Somiah Mooruth	14.02.51	31.01.12
5.	Khedun Sooresb	23.09.56	27.04.12
6.	Toorabally Sheikh Khalid	18.07.50	18.07.12
7.	Jogarah Premnath	28.12.52	14.01.13
8.	Seeruttun Reesseeeram	21.06.51	02.03.13
9.	Manaroo Brajendranath	02.11.50	02.03.13
10.	Damry Luchmeenarain	07.12.52	02.03.13
11.	Nohur Abdool Khaleed	26.10.53	22.07.13
12.	Lochun Om Prakash	13.07.59	26.12.13
13.	Soobdhan Sooriadev	29.01.62	Passed away on 15.01.11
14.	Bangaleea Suryadeo	17.03.53	Passed away on 24.02.12
15.	Munusami Sadasseeven	23.10.59	Passed away on 29.10.13

## PROFESSIONAL DEVELOPMENT/ TRAINING IN MAURITIUS

S/N	NAME	RANK	COURSE/ TRAINING/ WORKSHOP	DURATION
<b>GENERAL ADMINISTRATION</b>				
1	Mrs P. Alipbon	Confidential Secretary	Equal Access to Education and Health Pathway to Women Empowerment	10.03.2011
<b>IRRIGATION PLANNING UNIT</b>				
2	Mr. S. Mooloo	Engineer (IPU)	Training Session for Bid Evaluation	5 half day sessions as from Mid June 2012
3	Mr. D. Jhugaroo	Principal Engineer	Public Procurement	August 2012
<b>OPERATION &amp; MAINTENANCE DEPT</b>				
4	Mr. M. Lutchoomun	Principal Engineer	Certification Programme in Public Procurement (CPPP)	September 2011 intake
5	Mr. R. Ramburn	Irrigation Operation Officer	Training Session for Bid Evaluation	5 half day training sessions as from Mid June 2012
6	Mr. M. Lutchoomun	Principal Engineer	Public Procurement	August 2012
7	Mr. B. Seewoodharry	Engineer (O&M)	Public Procurement	August 2012

CONSTRUCTION & SUPERVISION DEPT				
8	Mr. S. G. Seeburrun	Head of Construction & Supervision	Training Session for Bid Evaluation	5 half day training sessions as from Mid June 2012
ADMINISTRATIVE DEPT				
9	Mrs Y. Dulthummon	Senior Human Resource Officer	Seminar on Salient Features and Amendments to the Employment Relations Act No 32 of 2008 and Employment Rights Act No 33 of 2008	04.12.2013
10	Mr. K. Damry	Higher Executive Officer	Seminar on Salient Features and Amendments to the Employment Relations Act No 32 of 2008 and Employment Rights Act No 33 of 2008	04.12.2013
ACCOUNTS DEPT				
11	Mrs V. Gopynauth	Accountant	Training on IFRS	05.04.2011-06.04.2011
12	Mr. S. Jaffoo	Higher Stores Officer	Public Procurement	August 2012

### **SCHOLARSHIP AND TRAINING ABROAD**

S.N	NAME	RANK	COURSE/TRAINING/WORKSHOP	DURATION
OPERATION & MAINTENANCE DEPT				
1	Mr. A.S. Beejan	Irrigation Operation Officer	Training on Agricultural Irrigation Management for Developing Countries (Beijing, China)	08.05.12 to 28.05.12
IRRIGATION PLANNING UNIT				
2	Mr. R.R.S. Hauzaree	Head of Irrigation Planning Unit	Regional Workshop on Safe use of Waste Water in Agriculture (Johannesburg –South Africa)	26.09.12 to 28.09.12
3	Mr. S. Mooloo	Engineer (IPU)	Australia Awards - African Fellowship 2013 and Small Scale Irrigation	16.08.13 to 22.09.13

## EVENTS

### REPLACEMENT OF HYDRAULIC CONTROL VALVES (PCV) AT FERRET

The Northern Plains Irrigation Project Stage I was constructed in 1979 to irrigate some 1900 ha of lands having extensive potential for diversification to more remunerative non-sugar crops in the Northern part of the island. Water tapped from La Nicoliere Reservoir is conveyed through the M1 Pipeline (6.5 km in length and 1200 mm in diameter) up to the hydraulic control valves (Pressure Control Valves, PCVs) at Ferret where distribution is done into the branch mains M1B1 and M1B2. The Hydraulic Control Valves at Ferret (Mapou) are located at the upstream part of our irrigation main M1 pipeline which services some 3100 ha by controlling all downstream flows and pressures through a series of Control Valves some of which date 28 years back and needed to be replaced.

The physical state of the equipment (Pressure Control Valves, Gate Valves and Water Meters) had deteriorated to such an extent that it became unsafe to continue using the irrigation equipment which operated at a very high upstream pressure of 13 bars. Non-performance of the old equipment entailed regular closure of the irrigation network for several weeks for repairs, obviously to the detriment of crops grown within the downstream command area of the villages of Fond du Sac, Triolet, Plaines des Papayes, Morcellement St Andre and Solitude as well as to the supply of potable water by the CWA from this same network to the region of Triolet.

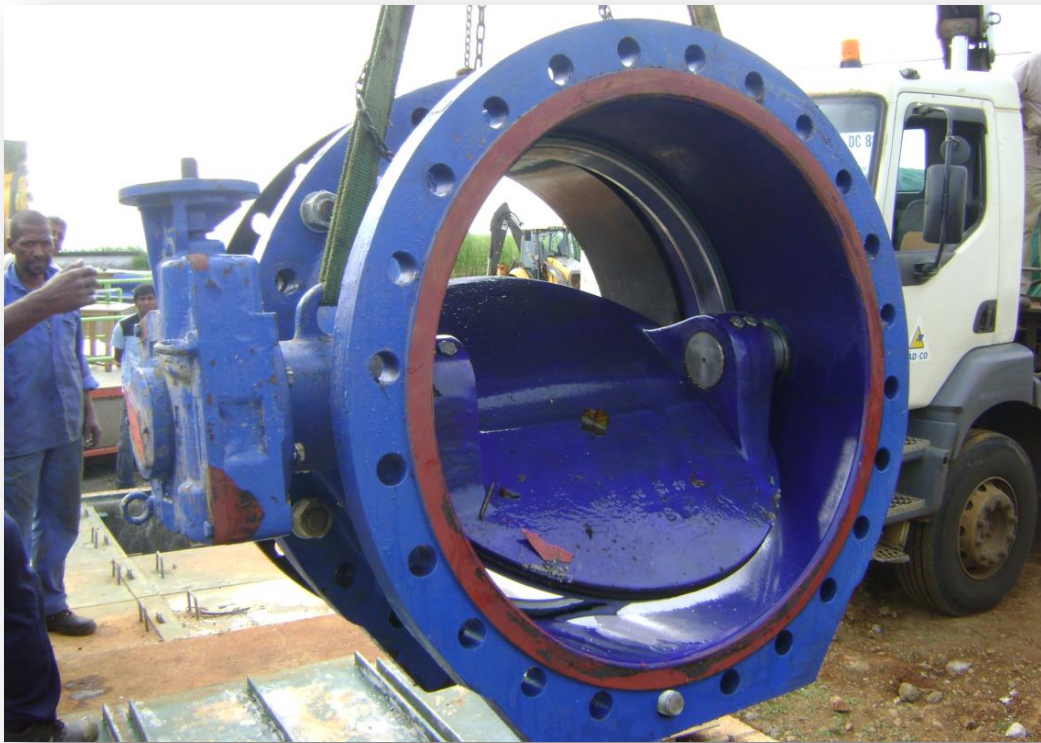
The Works have been executed under CONTRACT IA 11/HC-Valves/02 and consisted of four lots as follows:

- Lot A Replacement of DN 600 Pressure Reducing Valves, Gate Valves & Flow Meter on M1B2 pipeline;
- Lot B Replacement of DN 800 Pressure Reducing Valve, Butterfly Valves and flow meter on A5 pipeline;
- Lot C Replacement of DN 800 Pressure Reducing Valve, Butterfly Valve and repair work on flow meter on M1 pipeline;
- Lot D Replacement of DN 400 Pressure Reducing Valve and DN 150 Pressure Relief Valve on delivery main of Block 2; and ancillary works



The contract was awarded to PAD Co Ltd for the sum of Rs 21,063,722.05 inclusive of 15% VAT. The works started in September 2011 and substantially completed in June 2012.





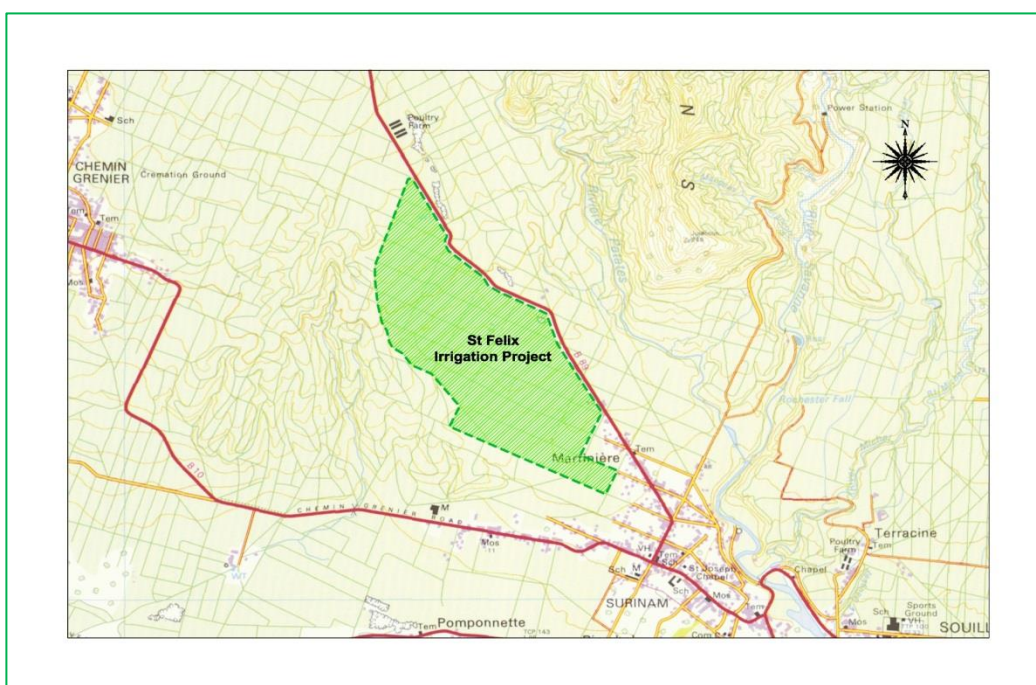
## **CONSULTANCY SERVICES IN CONNECTION WITH SURVEY WORKS FOR THE DESCRIPTION OF PROJECT BOUNDARIES FOR THE ST FELIX LAMU SMALL SCALE IRRIGATION PROJECT**

The Irrigation Authority awarded in April 2013 the Contract STFX/Gazet/IPU 12/02 “Consultancy Services in connection with survey works for the description of project boundaries for the St Felix Lamu Small Scale Irrigation Project”. The project which was operational since 1995 had not yet been gazetted. The gazetting will allow IA to comply with IA Act and allow IA to levy irrigation dues properly.

The contract was awarded to Mr. Rashid Ahmed JEEWA, Sworn Land Surveyor, for the sum of Rs 460,000 inclusive of 15% VAT.

The Consultant started the Consultancy Services in July 2013 and completed services under Phase I in August 2013, as per the terms and conditions of the Contract to enable Irrigation Authority to gazette the project under Clause 14, 15 and 16 of IA Act. Procedures for the Gazetting under respective Clauses of IA Act are under way.

Upon gazetting under Clause 16(2), the Irrigation Authority may receive objections from persons having lands falling within the irrigation area proposed under Phase I. The Board will decide in accordance with Clause 17 and the final irrigation area will be established. Thereafter, the Consultant will be required to proceed with Phase 2 of the Contract. Under Phase 2, Consultant shall amend plans as to be requested by the Irrigation Authority based on Irrigation Authority’s Board’s decision and finalise all drawings/plans and Procès Verbal accordingly.



## **PROJECTS IMPLEMENTED UNDER FOOD SECURITY FUND**

The Irrigation Authority has been implementing several projects under the Food Security Programme of the Ministry of Agro Industry and Food Security.

### **1. ROUGE TERRE IRRIGATION PROJECT (50 ARPENTS)**

Under the 2000 Arpents Scheme, the Government secured 50 Arpents of land from the Mauritius Sugar Producers Association located within Block 3 Irrigation Project which was implemented by the Irrigation Authority (IA) in Year 2004. The 50 Arpents have been allocated to some seventeen Cooperative Societies for food crop production and orchards in the context of food security.

The Food Security Fund Implementation Unit of the Ministry of Agro-Industry and Food Security (MoAI&FS) has agreed to finance the rehabilitation of the irrigation network for the project and has requested the Irrigation Authority to redesign and implement the project. The Contract has been awarded to Sotravic Ltd by the MoAI&FS for the sum of Rs 16.9 m in October 2013 and works are scheduled to be completed in Year 2014.

### **2. REHABILITATION OF CRESSONVILLE IRRIGATION PROJECT**

The Cressonville Small Scale Irrigation Project covering an area of about 9 ha was put into operation in 1996 by the Irrigation Authority and is actually managed by the Cressonville Agricultural Marketing cooperative Society (AMCS) Ltd. Since 1996 most of the infield irrigation equipment that were issued to the farmers have undergone wear and tear and some equipment have now become obsolete and unusable.

The MoAI&FS has agreed to finance the rehabilitation of the project from the Food Security Fund. The Contract FSF/CRES-IA 13/01 has been awarded by the Irrigation Authority to Ashoka Multipurpose Mechanical Society Ltd in December 2013 to the tune of Rs 4,352,404.20 for the implementation of the project. Works are scheduled to start in February 2014 and completed in June 2014.

### **3. REHABILITATION OF ARSENAL LITCHI IRRIGATION PROJECT -CONTRACT:FSF/ARS-IA 12/01**

The Food Security Fund Implementation Unit of the MoAI&FS has also agreed to finance the rehabilitation of the irrigation network for the Arsenal Litchi Irrigation Project and has requested the Irrigation Authority to redesign and implement the project.

The project covering 25 Arpents was irrigated by a dragline sprinkler irrigation system. This system which was originally designed to enable irrigation of interline crops during the early years of the litchi trees was no more appropriate for the present orchard as trees have reached maturity stage. Consequently, a micro-irrigation system which is more convenient for litchi orchards will be implemented to create a more favourable micro-climate apart from providing required water dosage.

The rehabilitation works estimated at Rs 4.3 m are scheduled to start in Year 2014 and be completed within 4 months.



## **PROJECTS IMPLEMENTED UNDER FORIP**

The Irrigation Authority has contributed in several irrigation projects under the Field Operations Regrouping and Irrigation Project (FORIP) implemented by the MCIA (ex-MSA).

### **1. IRRIGATION PROJECT AT PETITE RIVIÈRE SITE -CONTRACT NO. MSA-IA/FORIP-PRIV/10/01**

Upon request of the ex-MSA, the Irrigation Authority designed an irrigation project located in the region of Petite Rivière in the district of Black River covering 22 Arpents under sugar cane. The lands have been derocked and levelled so that harvesting of sugar cane can be done mechanically with a view of decreasing cost of production thereby making cultivation of sugar cane more profitable. The project was financed by the Government of Mauritius under the Field Operations and Regrouping Irrigation Project (FORIP).

The irrigation system that has been selected following several discussions with planters and the Mauritius Sugar Authority is drag line system on a grid spacing of 18 x 18 m.

The source of water for the project is from La Ferme Canal at offtake F26. An existing delivery main in AC pipe belonging to the Irrigation Authority conveys water from the said offtake and delivers it near to planters' field. New submain pipe in PVC OD 90 mm underground taps water from the AC main and eventually deliver same to infield laterals.

The Contract was awarded to Blychem Ltd for the sum of Rs 3.6 m and supervised by the ex-MSA. Works were completed in August 2011.

### **2. IRRIGATION PROJECT IN BLOCK 8B-1**

The Block 8B-1 is part of the gazetted Northern Plains Irrigation Project (NPIP-Stage 1) of the Irrigation Authority wherein the farmers regrouped themselves and have had their lands prepared and irrigated under FORIP.

As the lands form part of the NPIP, the Irrigation Authority has provided the ex-MSA with a tapping point on main M1B3 releasing a flow of 45 l/s over 8 hours, from 10 pm to 6 am the next day. The ex-MSA designed an automated solid set system accordingly. The project was put under operation in March 2011.

## **OTHER EVENTS**

### **IMPLEMENTATION OF AN ACCOUNTING, BILLING AND PAYROLL SYSTEM**

An Accounting, Billing and Payroll System was implemented at the Irrigation Authority by Software Concepts Ltd under Contract No IA/Acct System/10 in 2011. This contract also covers a period of 5 years maintenance for the sum total of MUR 3,083,742.00 inclusive of 15% VAT. Collection of irrigation dues from planters can now be monitored and accurate data retrieved within a reasonable period of time for the measurement of performance in terms of recovery of irrigation dues.

### **MANAGEMENT CONTRACTS WITH WATER USERS COOPERATIVE SOCIETIES**

Since year 2010, there has been irrigation management transfer through Management Contracts with three Water Users Cooperative Societies (WUCS) in view of transferring the day to day operation of Pte aux Piments (Center Pivot/Drip), Solitude (I) and Solitude (II) Irrigation Projects to these WUCS after providing them with adequate training.

### **CENTRE PIVOT IRRIGATION SYSTEM**

Several maintenance and repair works due to wear and tear were effected on the 26 centre pivots under the control of IA. Cases of vandalism and theft also occurred on the power cables feeding the pivots. Some of the major interventions on the centre pivots undertaken by the IA in Irrigation Projects at Pointe aux Piments, Block 8A1 & 8A2 and Block 2 amount to Rs 3 million for period 2011-2013.

### **REPAIR WORKS/REPLACEMENT OF PUMPS**

Several projects use pumps (submersible or surface) for providing the right operating pressure and conveyance of water to the fields. These pumpsets have required replacement, maintenance/repairs whenever breakdowns occur to the tune of Rs 3.1 m inter alia, for Plaisance and BH 439 at Palma Irrigation Projects.

A new borehole was drilled in Year 2010 and a new pumpset installed at Cressonville irrigation project in Year 2011 to the tune of Rs 1.7 m.

### **OTHER MAJOR WORKS**

Other major works undertaken to ensure smooth operation of irrigation projects are listed below:

Purchase of dripper lines;

Rehabilitation of infield system at St Felix the in Year 2013;

Desilting of weirs at Plaisance (2012), St Felix (2013) and Riviere du Rempart (2013) Irrigation Projects;

Purchase of two 4WD vans in Year 2012 to renew IA's fleet of vehicles used for operation of irrigation projects; and

Procurement of 200 Nos Bauer Pipes and fittings for Block B2L9 in 2013, financed by MCIA.

## OPERATING SCHEMES OF THE IRRIGATION AUTHORITY IN YEAR 2013

Irrigation projects	Area (ha)	No. of planters	Year of Operation	Crops Grown
1. Northern Plains Irrigation Project - Stage I	750	1439	1979	Sugarcane, Tobacco Vegetables and Foodcrops
1.1 NPIP Stage 1 Conv to Drip B3L2	64	141	2000	Sugar cane & vegetables
1.2 NPIP Stage 1 Conv to Drip B3 L4	97	243	2003	Sugar cane & vegetables
1.3 NPIP Stage 1 Conv to Drip B2L9 (not implemented) ▲	173	292	▲	Sugar cane & vegetables
2. NPIP Phase 2 – Block III	162	220	2004	Sugarcane and Foodcrops
3. NPIP Phase 2 – Block II	362	400	2004	Sugarcane and Foodcrops
4. NPIP Phase 2 – Blocks 8A1/8A2	194	428	2005	Sugarcane and Foodcrops
5. Solitude 1 Drip Irrigation Project	90	207	1993	Vegetables, sugar cane and Foodcrops
6. Solitude 2 Drip Irrigation Project	55	106	2000	Sugarcane, Foodcrops
7. Pointe aux Piments Centre Pivot Irrigation project	38	95	2001	Sugarcane and Foodcrops
8. Souvenir Drip Irrigation Pilot Project	160	135	1988	Sugarcane, Vegetables and Foodcrops
9. Rivière du Rempart Small Scale Irrigation Project	173	380	1996	Sugarcane and Foodcrops
10. Arsenal Litchi Small Scale Irrigation Project	11	24	1990	Litchi, Vegetables and Foodcrops
11. La Ferme Drip (AREU)	5	1	2001	Vegetables
12. Palma Small Scale Irrigation Project	63	95	1987	Sugarcane, Vegetables and Foodcrops
13. Cressonville Small Scale Irrigation Project	9	29	1996	Vegetables, Foodcrops & Litchi
14. Plaisance Small Scale Irrigation Project	66	132	1982	Onion, Vegetables and Foodcrops
15. Belle Mare Small Scale Irrigation Project	202	525	1987	Onion and Vegetables
16. Trou d'Eau Douce Small Scale Irrigation Project	15	78	1983	Onion and Vegetables
17. St Felix LAMU Irrigation Project	92	150	1997	Sugarcane and Foodcrops
18. Bel Ombre Small Scale Irrigation Project	19	68	1989	Vegetables and Foodcrops
<b>TOTAL</b>	<b>2800</b>	<b>5188</b>		

▲ Conversion to drip of Block B2L9 not implemented by Employer, MCIA (ex MSA), due to contractual problems

### Operating Schemes of the Corporate Sector with water supplied in Bulk by the Irrigation Authority

S.N	Irrigation Projects	Area (ha)	No. of planters	Year of Operation	Crops grow
1.	Belle Vue S.E	658	1	1979	Sugar cane & vegetables
2.	NPIP Phase 2 – Block III (Mon Choisy)	200	1	2004	Sugar cane
3.	NPIP Phase 2 – Block I	230	3	2005	Sugar cane & Food crops
4.	NPIP Phase 2 – Block VII (Labourdonnais)	25	1	2007	Sugar cane & Food crops
	<b>TOTAL</b>	<b>1113</b>	<b>6</b>		

## NATIONAL SURVEY OF IRRIGATED LAND

The Irrigation Authority carries out an irrigation survey at national level so as to monitor the techniques of irrigation being implemented and the area under irrigation at national level by different stakeholders. Data for small planters are collected by the Irrigation Authority whereas the Mauritius Chamber of Agriculture provides data for large and corporate/miller planters. The area under different irrigation techniques for the Irrigation Authority and the private Sector for period 2009 to 2013 are detailed in table below.

### Irrigation Techniques used by the Irrigation Authority and the Private Sector

YEAR		HP/Guns sprinklers	Drag Line	Centre Pivot	Drip	Surface	TOTAL (ha)
2009	IA	792	563	959	477	0	2791
	Private Sector	5401	4161	6942	1373	875	18752
2010	IA	711	563	959	558	0	2791
	Private Sector	4418	3270	7102	1552	714	17056
2011	IA	711	563	959	558	0	2791
	Private Sector	4525	3265	6841	1574	889	17094
2012	IA	792	563	954	461	0	2770
	Private Sector	3509	3924	6869	1246	1141	16689
2013	IA & Private Sector	16619			1684	867	19170

(figures show areas in ha)

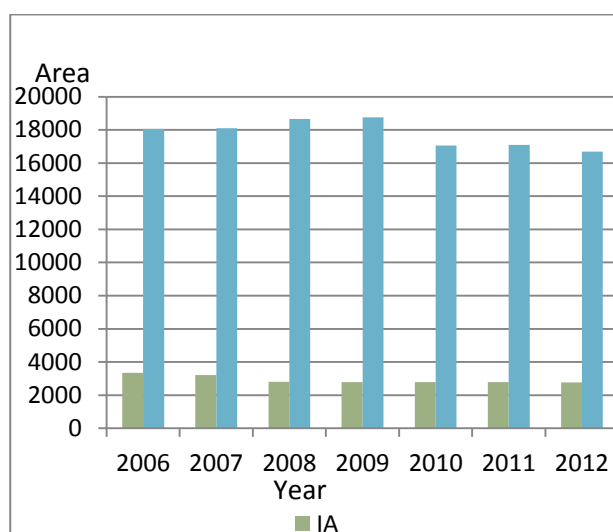


Figure 2 : Irrigated Areas under the responsibility of the Irrigation Authority and the Private Sector

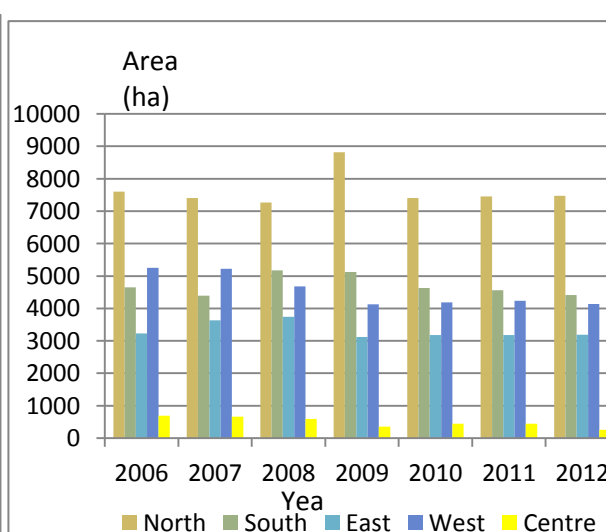


Figure 1 : Area under Irrigation Regionwise



## Appendix 1

### GOVERNMENT GAZETTE NOTICES CONCERNING IRRIGATION

Under the IA Act No. 39 of 1978, various matters have to be published in the Government Gazette from time to time.

Under Section 14 of the Act “Where the Minister is satisfied that it is necessary or expedient in the interest of development, he may, by Order published in the Gazette, declare the area to be an irrigation area.”

#### Declarations under Section 14 have been:

- |     |                              |   |   |
|-----|------------------------------|---|---|
| 1.  | NPIP Stage I                 | - | Govt. Notice No. 45 of 1979 dated 09.03.79    |
| 2.  | NPIP Stage I (Amended)       | - | Govt. Notice No. 141 of 1979 dated 25.06.79   |
| 3.  | NPIP Stage I (Extension)     | - | Govt. Notice No. 149 of 1981 dated 22.06.81   |
| 4.  | NPIP Stage II                | - | Govt. Notice No. 229 of 1981 dated 05.09.81   |
| 5.  | Plaisance (North) SSIP       | - | Govt. Notice No. 309 of 1981 dated 07.11.81   |
| 6.  | Trou D'Eau Douce SSIP        | - | Govt. Notice No. 211 of 1982 dated 04.09.82   |
| 7.  | Pointe aux Caves             | - | Govt. Notice No. 44 of 1983 dated 14.03.83    |
| 8.  | Belle Mare                   | - | Govt. Notice No. 51 of 1984 dated 21.03.84    |
| 9.  | Palma                        | - | Govt. Notice No. 55 of 1986 dated 28.06.86    |
| 10. | NPIP Phase II – Block 1      | - | General Notice No. 135 of 2006 dated 04.02.06 |
| 11. | NPIP Phase II – Block 5      | - | General Notice No. 138 of 2006 dated 04.02.06 |
| 12. | NPIP Phase II – Block 6      | - | General Notice No. 139 of 2006 dated 04.02.06 |
| 13. | NPIP Phase II – Block 4      | - | General Notice No. 137 of 2005 dated 04.02.06 |
| 14. | NPIP Phase II – Block 3      | - | General Notice No. 136 of 2006 dated 04.02.06 |
| 15. | NPIP Phase II – Block 2      | - | General Notice No. 417 of 2006 dated 25.03.06 |
| 16. | NPIP Phase II – Block 8B     | - | General Notice No. 418 of 2006 dated 25.03.06 |
| 17. | NPIP Phase II – Block 2 & 8B | - | Govt. Notice No. 33 of 2006 dated 01.04.06    |
| 18. | NPIP Phase II – Block 8A     | - | Govt. Notice No. 53 of 2006 dated 03.06.06    |

### **Declarations under Sections 14 and 21:**

Victoria	-	Govt. Notice No. 15 of 2001 dated 02.02.01
NPIP Phase II – Block 2 & 3	-	Govt. Notice No. 9 of 2003 dated 25.01.03
NPIP-Phase II - Block 7	-	Govt. Notice No. 214 of 2008 dated 18.10.08

### **Deproclaimed:**

NPIP-Phase II – Block 7	-	Govt. Notice No. 143 of 2009 dated 14.11.09
NPIP-Phase II – Block 4, 5 & 6	-	Govt. Notice No. 2688 of 2009 dated 14.11.09
NPIP-Phase II-Block 8B	-	Govt. Notice No. 2689 of 2009 dated 14.11.09

### **Notice under Section 15:**

Consultancy Services in Connection with Survey Works for the Description of Project Boundaries for St Felix SSIP	-	General Notice No. 1439 of 2013 dated 08.06.13
--	---	--

### **Declaration under Section 15 (2) (3) & (4):**

“Consultancy Services in Connection With Survey Works for the Description of Project Boundaries for the Northern Plains Irrigation Project – Phase II”	-	General Notice No. 873 of 2005 dated 09.05.05
--	---	---

Under Section 16 (2) of the Act “The Minister shall by notice published in the Gazette give notice of the preparation of an irrigation project and the place at which it shall be available for inspection.”

### **Declarations Under Section 16 (2):**

1. NPIP Stage I - General Notice No. 442 of 1979 dated 19.03.79
2. Arsenal Litchi Project - General Notice No. 1480 of 1984 dated 06.11.84

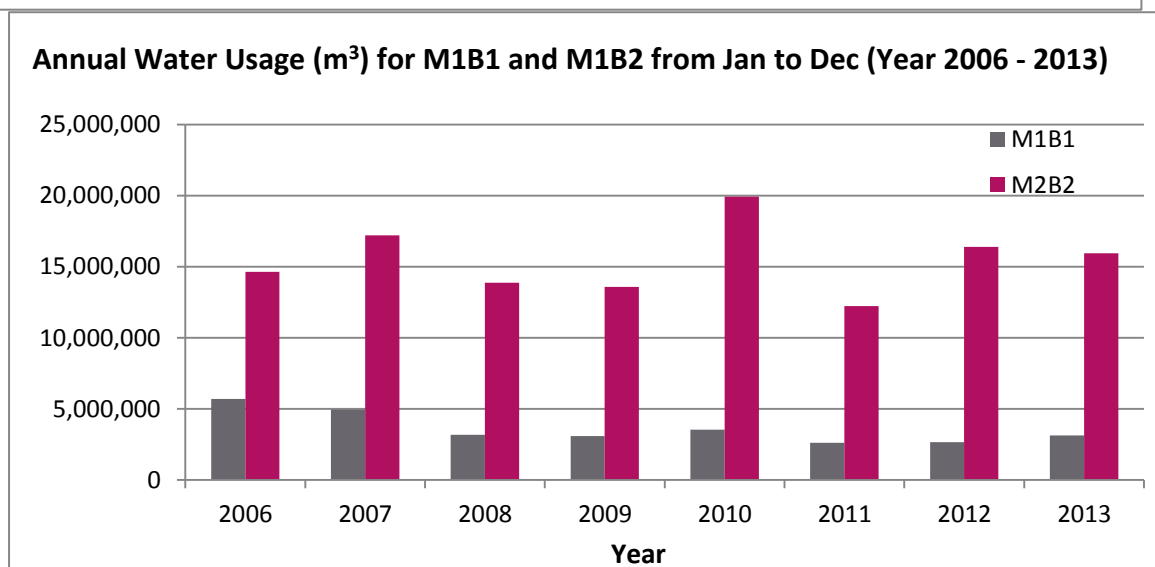
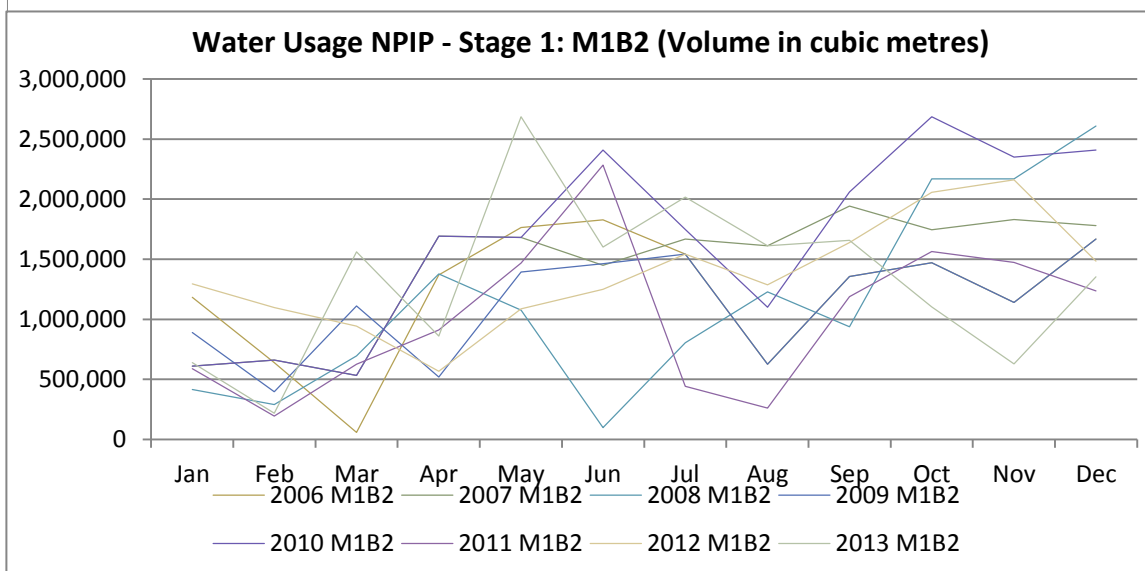
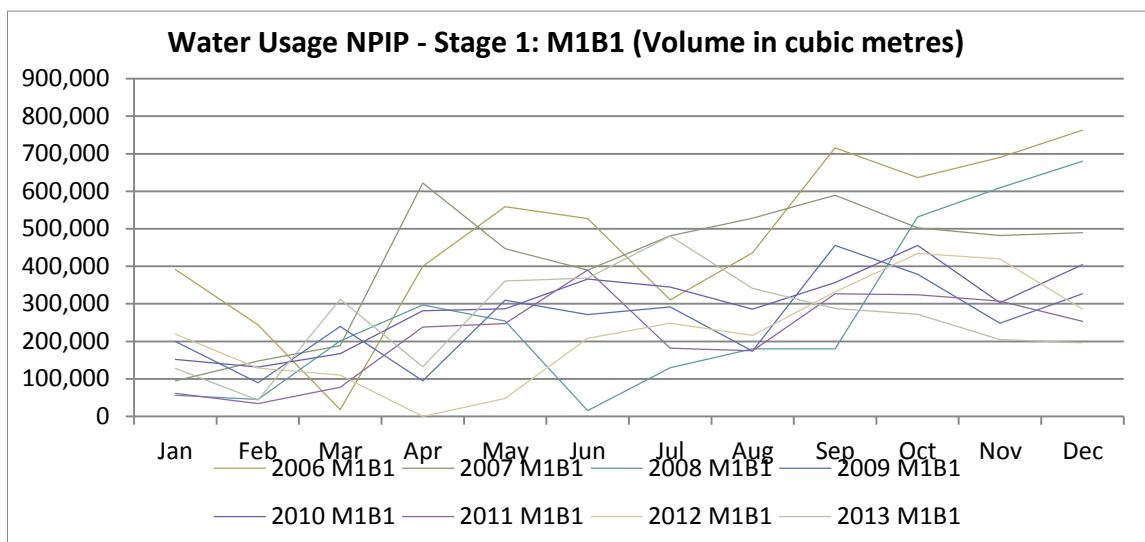
### **The following notices were published in the Government Gazette pursuant to IA Act:**

1. Plaisance (North) SSIP - General Notice No. 194 of 1982 dated 20.02.82
2. Trou D'Eau Douce SSIP - General Notice No. 37 of 1983 dated 15.01.83

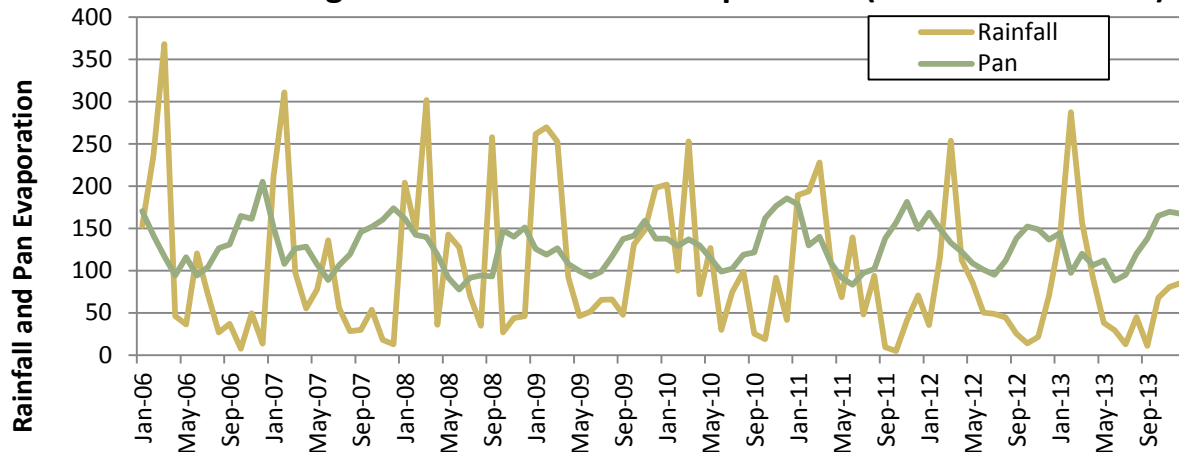
### **Notices published under Section 19 (2) of IA Act:**

Under Section 19 (2) of the Act “the rate of irrigation dues shall be determined annually by the Minister after consultation with the Board and shall be notified in the Gazette.”

1. NPIP Irrigation Dues 1979/80 - General Notice No. 1274 of 1979 dated 20.09.79
2. NPIP Irrigation Dues 1980/81 - General Notice No. 552 of 1981 dated 16.05.81
3. Plaisance (N) Dues 1981/82 - General Notice No. 341 of 1982 dated 27.03.82
4. NPIP Dues 1981/82 - General Notice No. 769 of 1982 dated 22.06.82
5. Irrigation Dues 1982/83 - General Notice No. 638 of 1983 dated 28.04.83
6. Irrigation Dues 1982/83 - General Notice No. 699 of 1983 dated 19.05.83
7. Irrigation Dues 1983/84 - General Notice No. 837 of 1984 dated 25.06.84
8. Irrigation Dues 1984/85 - General Notice No. 786 of 1985 dated 19.06.85
9. Irrigation Dues 1985/86 - General Notice No. 599 of 1986 dated 07.06.86
10. Irrigation Dues 1986/87 - General Notice No. 749 of 1987 dated 16.06.87
11. Irrigation Dues 1995/96 - General Notice No. 903 of 1996 dated 04.07.96
12. Irrigation Dues 1996/97 - General Notice No. 1235 of 1997 dated 15.05.97
13. Irrigation Dues 1997/98 - General Notice No. 469 of 1998 dated 28.03.98
14. Irrigation Dues 1999/2000 - (Irrigation Dues waived due to severe drought)
15. Irrigation Dues 2000/2001 - General Notice No. 2057 of 2001 dated 24.11.01
16. Irrigation Dues 2001/2002 - General Notice No. 1228 of 2002 dated 11.04.02
17. Irrigation Dues 2002/2003 - General Notice No. 744 of 2003 dated 04.04.03
18. Irrigation Dues 2003/2004 - General Notice No. 751 of 2004 dated 22.03.04
19. Irrigation Dues 2004/2005 - General Notice No. 1248 of 2005 dated 05.05.05
20. Irrigation Dues 2005/2006 - General Notice No. 142 of 2006 dated 29.03.06
21. Irrigation Dues 2006/2007 - General Notice No. 1143 of 2007 dated 29.05.07
22. Irrigation Dues 2007/2008 - General Notice No. 645 of 2008 dated 26.03.08
23. Irrigation Dues 2008/2009 - General Notice No. 244 and 408 of 2009 dated 28.02.09
24. Irrigation Dues 2009 - General Notice No. 162 of 2010 dated 20.01.10
25. Irrigation Dues 2010 - General Notice No. 1301 of 2011 dated 29.04.11
26. Irrigation Dues 2011 - General Notice No. 981 of 2012 dated 21.02.12
27. Irrigation Dues 2012 - General Notice No. 1249 of 2013 dated 02.04.13

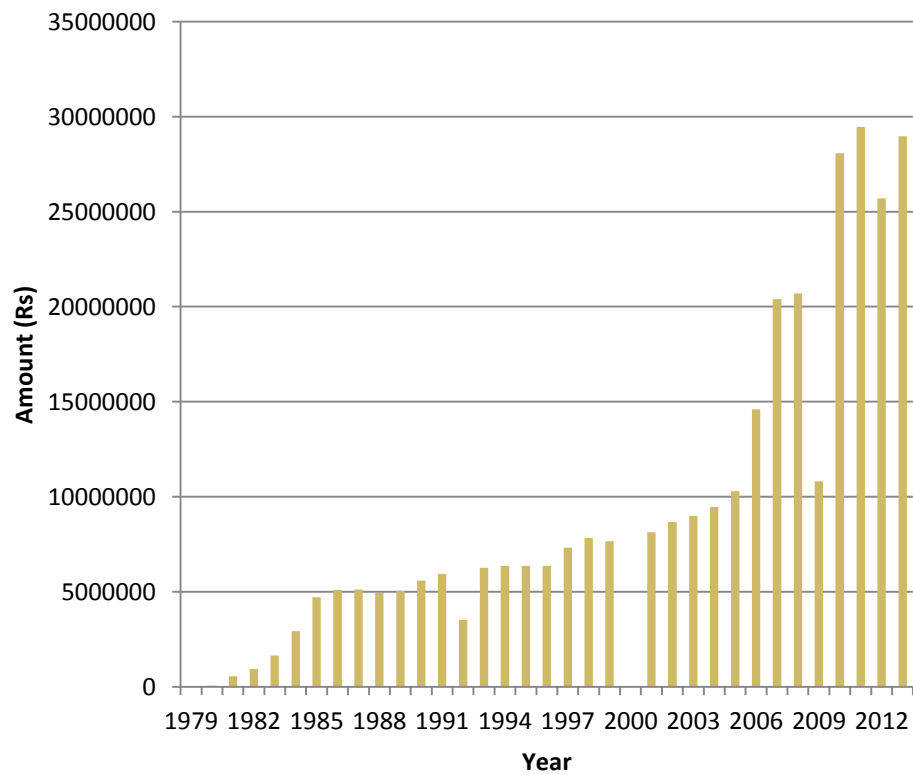


**NPIP - Stage 1: Rainfall and Pan Evaporation (Year 2006 to 2013)**



Years	Amount (Rs)
1979	
1980	59,876
1981	559,200
1982	933,344
1983	1,654,268
1984	2,923,922
1985	4,720,339
1986	5,101,435
1987	5,117,169
1988	4,934,895
1989	5,044,791
1990	5,581,635
1991	5,935,642
1992	3,516,092
1993	6,264,645
1994	6,362,062
1995	6,359,016
1996	6,365,788
1997	7,322,542
1998	7,823,958
1999	7,656,077
2000	
2001	8,125,832
2002	8,669,692
2003	8,994,962
2004	9,459,476
2005	10,284,192
2006	14,604,290
2007	20,390,014
2008	20,693,452
2009	10,805,587
2010	28,083,768
2011	29,454,816
2012	25,698,309
2013	28,976,078

**Trend in Revenue from Irrigation Dues**





The rates of irrigation dues, as recommended by the Irrigation Authority Board and approved by the Minister of Agro Industry & Food Security for the previous 10 years.

## IRRIGATION DUES (Rs/Arpent/Year)

S.N.	PROJECT	2004/05	2005/06	2006/07	2007/08	2008/09	2009	2010	2011	2012	2013
1	Northern Plains – Stage 1- (H/P Sprinkler)	1,750	2000	2500	2750	2,850	3,000	3150	3400	3500	3600
1.1	NPIP-I Drip at B3L2	2,000	2,250	2500	2750	2,850	3,000	3150	3400	3500	3600
1.2	NPIP-I Drip at B3L4	2,000	2,250	2500	2750	2,850	3,000	3150	3400	3500	3600
1.3	NPIP-I B2L9 Sprinkler▲	600++	2,000	2200	2500	2,600	2,750	2900	3200	3300	3400
2	NPIP Phase 2 Block 3		1,500^ 1,200^^	2500	2750	2,850	3,000	3150	3400	3300	3600
3	NPIP Phase 2 Block 2		1,800^ 1,400^^	2500	2750	2,850	3,000	3150	3400	3500	3600
4	NPIP Phase 2- Block 8A1 Block 8A2			800	1100 <sup>o</sup> 1800 <sup>oo</sup>	1,000	1,100	1250 2200	1500 3400	1550 3500	1600 3600
5	Solitude Project –Ph 1	2,000	2,250	2500	2750	2,850	3,000	3150	3400	3500	3600
6	Solitude Project - Ph 2	2,000	2,250	2500	2750	2,850	3,000	3150	3400	3500	3600
7	Pte Piments Centre Pivot	2,000	2,200	1200	2500	2,600	2,750	2900	3200	3300	3400
8	Souvenir Drip Pilot Project	2,000	2,250	2500	2750	2,850	3,000	3150	3400	3500	3600
9	Riv. Du Rempart SSIP	2,500	2,500	3000	3200	3,300	3,300	3300	3400	3500	3600
10	Arsenal Litchi Project	1,000	1,000	1200	1300	1,400	1,400	1400	-	-	-
11	La Ferme Drip (AREU)	2,000	2,000	1500	1500	1,600	1,800	2000	-	-	-
12	Palma East S.S.I.P	1,000	1,000	1200	1400	1,500	1,600	1700	1800	1850	1900
13	Cressonville S.S.I.P	2,200	2,200	2400	2600	2,700	2,800	2900	3000	3100	3200
14	Bulk Water to Belle Vue	700	2,951	3626	4080	2,858	2,480	2382	2322	1860	3472
14.0	Plaisance (N) S.S.I.P	1300	1,500	1800	2000	2,100	2,100	2100	2200	2250	2250
14.1	MOA Plaisance	2200	2,500	2800	3000	3,100	3,300	3400	3600	3700	3700
14.2	Plaisance Land Settlement							1700	1700	1700	-
15.0	Belle Mare S.S.I.P	1,700	1,900	2100	2300	2,400	2,500	2600	2700	2800	2900
16.	Trou D'Eau Douce SSIP	1000	1000	1200	1400	1,500	1,500	1,600	1,700	1750	1800
17	St Felix SSIP	1,600	1,800	2,000	2,200	2,300	2,400	2,500	2,600	2700	2800
18	Bel Ombre SSIP	1,300	1,500	1,700	1,900	2,000	2,100	2,200	2,300	2400	2500

SSIP Small Scale Irrigation Project

^ Applied for land receiving irrigation for more than 6 months

^^ Applied for land receiving irrigation for less than 6 months

o Applied to pivot

oo Applied to solid set

▲ Not implemented due to contractual problems

**IRRIGATION AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2011**

IRRIGATION AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

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BOARD'S REPORT	2
INDEPENDENT AUDITORS' REPORT	3-4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF OPERATIONS	6
STATEMENT OF CASH FLOWS	7
STATEMENT OF CHANGES IN GRANTS AND EQUITY	8
NOTES TO THE FINANCIAL STATEMENTS	9-22

**ACTING CHAIRMAN** : Mr Veersingh Boodhna

**ACTING GENERAL MANAGER** : Mr Rishi Raj Sharma Hauzaree

**REGISTERED OFFICE** : 5<sup>th</sup> Floor, Fon Sing Building  
12, Edith Cavell Street  
Port Louis  
Mauritius

**AUDITORS** : Crowe Horwath (Mur) Co.  
*Member Crowe Horwath International*  
2<sup>nd</sup> Floor, Ebène Esplanade  
24 Cybercity  
Ebène  
Mauritius

**BANKERS** : State Bank of Mauritius Ltd  
SBM Tower  
1, Queen Elizabeth II Avenue  
Port Louis  
Mauritius

The report together with the audited financial statements of the Irrigation Authority ("The Authority") for the year ended 31 December 2011 are presented to the Board.

#### INCORPORATION

The Authority is a para-statal body under the aegis of the Ministry of Agro – Industry & Food Security, and was set up under the Irrigation Authority Act 1978 in Mauritius.

#### PRINCIPAL ACTIVITY

The principal activity of the Authority is to implement and manage irrigation projects in every irrigation area and to do all other acts incidental thereto.

#### RESULTS

The results for the year are as shown on page 6.

#### BOARD MEMBERS

The present membership of the Board is set out on page 1.

#### BOARD'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Board to prepare financial statements for each financial year which present fairly the financial position, financial performance and the cash flows of the Authority. The Board is also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Authority;
- disclose with reasonable accuracy at any time the financial position of the Authority; and
- would enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRS) and with the requirements of the Statutory Bodies (Accounts and Audit) Act.

The Board confirms that they have complied with the above requirements in preparing the financial statements.

#### AUDITORS

The auditors, Crowe Horwath (Mur) Co., have indicated their willingness to continue in office.

  
.....  
Mr Rishi Raj Sharma Hauzaree  
Acting General Manager

  
.....  
Mr Veersingh Boodhna  
Acting Chairman

Date: 14 May 2015



## **Independent Auditors' Report To the Board of Irrigation Authority**

---

We have carried out a special purpose audit on the accompanying financial statements of **Irrigation Authority** (the "Authority"), which comprise of the statement of financial position as at 31 December 2011, the statement of operations, the statement of changes in grants and earnings and the statement of cash flows for the year then ended as set out on pages 5 to 8, and a summary of significant accounting policies and other explanatory information as set out on pages 9 to 22.

### **Management responsibilities for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Statutory Bodies (Accounts and Audit) Act, and for designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for keeping proper accounting records and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

## **Independent Auditors' Report (Continued)**

### **To the Board of Irrigation Authority**

---

#### **Basis for Qualified Opinion**

(i) Completeness of irrigation dues recognised as income

Irrigation dues amounting to Rs. 29,454,816 recognised in the statement of operations is a significant source of the revenue for the Authority. The Authority has determined that it is impracticable to establish control over the recognition of the entire irrigation dues within the accounting period in which invoices are raised. Accordingly, we have not been able to satisfy ourselves as regards the completeness of the irrigation dues recognised in the financial statements. There are no other alternative audit procedures we could apply to confirm the completeness of the irrigation dues.

(ii) Recoverability of the amounts receivable on irrigation dues

We have not been able to satisfy ourselves with regard to the recoverability of the amounts receivable on the irrigation dues shown as trade receivables amounting to Rs 120,202,176 due for more than one year. We are unable to evaluate as to whether any additional provisions are required to be made to the trade receivables at the reporting date for doubtful debts. There are no other alternative audit procedures we could apply to confirm whether any further provisions need to be made to the trade receivables.

#### **Qualified opinion**

In our opinion, except for the matters described under 'Basis for Qualified Opinion' and of the effects of any adjustments that might have been deemed necessary, the financial statements give a true and fair view of the financial position of the Authority as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

#### **In forming our opinion, we report as follows:**

- We have no relationship with, or any interests in, the Authority other than in our capacity as auditors;
- We have obtained all the information and explanations we have required; and
- In our opinion, except for the completeness of the revenue and trade receivables, proper accounting records have been kept by the Authority as far as appears from our examination of those records.

*Crowe Horwath (Mur) Co.*

**Crowe Horwath (Mur) Co.**  
Public Accountants

Date: 14 May 2015  
Ebene, Mauritius

*K.S. Sewraz*

**K.S. Sewraz, FCCA**  
Signing Partner  
Licensed by IFRC

**IRRIGATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

5

	Notes	2011 MUR	2010 MUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	693,037,750	709,438,106
Development expenditure	5	76,855,978	65,347,454
Intangible assets	6	676,139	-
<b>Total non-current assets</b>		<b>770,569,867</b>	<b>774,785,560</b>
<b>Current assets</b>			
Inventories	7	1,957,584	1,480,151
Trade and other receivables	8	59,641,892	55,545,444
Cash and cash equivalents	9	7,848,630	14,481,300
<b>Total current assets</b>		<b>69,448,106</b>	<b>71,509,895</b>
<b>Total assets</b>		<b>840,017,973</b>	<b>846,295,455</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Capital grants	10	735,382,485	743,508,919
Retained earnings		(571,324,160)	(550,833,773)
<b>Total equity</b>		<b>164,058,325</b>	<b>192,675,146</b>
<b>Non-current liability</b>			
Borrowings	11	294,375,138	234,450,137
<b>Current liabilities</b>			
Borrowings	11	-	53,676,873
Bank overdraft	9	-	4,692,136
Trade and other payables	12	381,584,510	360,801,163
<b>Total current liabilities</b>		<b>381,584,510</b>	<b>419,170,172</b>
<b>Total liabilities</b>		<b>675,959,648</b>	<b>653,620,309</b>
<b>Total equity and liabilities</b>		<b>840,017,973</b>	<b>846,295,455</b>

These financial statements have been approved for issue by the Board on 14 May 2015  
and signed on its behalf by:

**NAMES**

Mr Rishi Raj Sharma Hauzaree (Acting General Manager)  
Mr Veersingh Boodhna (Acting Chairman)

**SIGNATURE**

*[Handwritten signature]*  
.....  
.....

The notes on pages 9 to 22 form an integral part of these financial statements.

**IRRIGATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

6

		Year ended 31 December 2011	Year ended 31 December 2010
	Notes	MUR	MUR
<b>Income</b>			
Irrigation dues	3.11	29,454,816	28,083,768
Revenue grant	3.17	71,000,000	85,513,557
Total revenue		100,454,816	113,597,325
Other income	3.11	1,089,620	3,675,350
		101,544,436	117,272,675
<b>Expenses</b>			
Administrative expenses	13	(115,166,461)	(160,489,110)
Depreciation	4	(16,478,906)	(19,003,622)
Amortisation	6	(225,326)	(17,581)
<b>Operating deficit</b>		(30,326,257)	(62,237,638)
Finance income	14	402,192	413,769
Foreign exchange gain		1,751,872	718,205
Finance costs	15	(7,287,773)	(8,925,782)
<b>Deficit for the year</b>		(35,459,966)	(70,031,446)
Other comprehensive income, net of tax		-	-
<b>Total comprehensive loss for the year</b>		(35,459,966)	(70,031,446)

The notes on pages 9 to 22 form an integral part of these financial statements.

IRRIGATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011

7

		Year ended 31 December 2011 MUR	Year ended 31 December 2010 MUR
	Note		
<b>Cash flows from operating activities</b>			
Loss for the year		(35,459,966)	(70,031,446)
<b>Adjustments for:</b>			
Depreciation		16,478,906	19,003,622
Amortisation		225,326	17,581
Interest income		(402,192)	(413,769)
Gain on exchange		(1,751,872)	(1,129,373)
Interest paid		7,287,773	1,529,940
<b>Operating loss before working capital changes</b>		<b>(13,622,025)</b>	<b>(51,023,445)</b>
<i>Changes in working capital:</i>			
Increase in inventories		(477,433)	(165,050)
Increase in trade and other receivables		(4,096,448)	(23,554,922)
Increase in trade and other payables		20,783,347	33,447,392
<b>Cash generated from/ (absorbed by) operations</b>		<b>2,587,441</b>	<b>(41,296,025)</b>
Interest received		402,192	413,769
Interest paid		(7,287,773)	(1,566,932)
<b>Net cash used in operating activities</b>		<b>(4,298,140)</b>	<b>(42,449,188)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(78,550)	(3,543,965)
Purchase of intangible assets		(901,465)	-
Development expenditures		(11,508,524)	(1,232,560)
<b>Net cash used in investing activities</b>		<b>(12,488,539)</b>	<b>(4,776,525)</b>
<b>Cash flows from financing activities</b>			
Capital grants received		6,843,145	8,899,289
Loan received		8,000,000	36,442,000
<b>Net cash from financing activities</b>		<b>14,843,145</b>	<b>45,341,289</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,943,534)</b>	<b>(1,884,424)</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents, beginning of the year		9,792,164	11,676,588
Net decrease in cash and cash equivalents		(1,943,534)	(1,884,424)
<b>Cash and cash equivalents, end of the year</b>	9	<b>7,848,630</b>	<b>9,792,164</b>

The notes on pages 9 to 22 form an integral part of these financial statements.



IRRIGATION AUTHORITY  
STATEMENT OF CHANGES IN GRANTS AND EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2011

8

	Capital grants MUR	Retained earnings MUR	Total equity MUR
At 1 January 2010	749,847,245	(496,039,937)	253,807,308
Additions	8,899,284	-	8,899,284
Release from capital to reserves	(15,237,610)	15,237,610	-
Total comprehensive loss for the year	-	(70,031,446)	(70,031,446)
At 31 December 2010	743,508,919	(550,833,773)	192,675,146
At 1 January 2011	743,508,919	(550,833,773)	192,675,146
Release from capital to reserves	(14,969,579)	14,969,579	-
Additions	6,843,145	-	6,843,145
Total comprehensive loss for the year	-	(35,459,966)	(35,459,966)
Balance as at 31 December 2011	735,382,485	(571,324,160)	164,058,325

The notes on pages 9 to 22 form an integral part of these financial statements.

**1. GENERAL INFORMATION**

The Irrigation Authority (the "Authority") is a para-statal body under the aegis of the Ministry of Agro-Industry & Food Security, set up by the Irrigation Authority Act 1978 and having its registered office at 5<sup>th</sup> Floor, Fon Sing Building, 12<sup>th</sup> Edith Cavell Street, Port Louis.

The Irrigation Authority implements and manages irrigation projects in every irrigation areas and does all acts incidental thereto.

The Financial Statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**2. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE AUTHORITY**

At the date of authorisation of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but not yet effective, have not been adopted by the Authority.

The Board anticipates that all relevant pronouncements will be adopted in the Authority's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Authority's Financial Statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Authority's Financial Statements.

IFRS 13 Fair Value Measurement

IAS 32 Offsetting Financial Assets and Financial Liabilities ( Amendments to IAS 32)

IFRS 9 Financial Instruments

IAS 1 Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

IAS 24 Related Party Disclosures (Amendment)

IFRS 1 Government Loans (Amendments to IFRS 1)

IFRS 7 Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 3.2 Financial instruments

##### *Recognition, initial measurement and de-recognition*

Financial assets and financial liabilities are recognised when the Authority becomes a party to a contractual provision of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, where appropriate.

##### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other those designated and effective as hedging instruments, are classified into loans and receivables.

All financial assets except those at fair value through profit and loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets that are recognised in the statement of operations is presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets which is fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they past due or when other objective evidence is received that a specific counterparty will default.

##### **Classification and subsequent measurement of financial liabilities**

The Authority's financial liabilities include borrowings and trade and other payables.

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

All interest-related charges on financial liabilities are included within 'finance costs'.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Foreign currencies

##### Functional and presentation currency

The Financial Statements are presented in Mauritian rupee (MUR or Rs), which is also the functional currency of the Authority.

##### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year end exchange rates are recognised in the statement of operations.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

#### 3.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method to write down the cost of assets, to their residual values over their estimated useful lives as follows:

Operational Irrigation Projects Developed	2%
Buildings	5%
Furniture and Equipment	10%
Electronic Equipment	25%
Motor Vehicles	20%
Irrigation Equipment	10%

The estimated useful lives are reviewed at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of operations. All repairs and maintenance are expensed during the financial year in which they are incurred.

#### 3.5 Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its useful life using the straight line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

#### 3.6 Development expenditure

Development expenditure on projects is recognised to the extent that such expenditure is expected to have future benefits. Upon completion of the projects, the full amount is transferred to property, plant and equipment and is depreciated accordingly. Otherwise, the full amount is written off in the statement of operations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Trade receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. At the end of each reporting period, the carrying amount of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of operations.

#### 3.8 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into MUR using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

#### 3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated of the selling price in the ordinary course of business less any applicable selling expenses. where necessary, provision is made for obsolete and slow moving inventories.

#### 3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of operations over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### 3.11 Revenue recognition

Revenue are recognised upon delivery of services and customer acceptance, net of tax, allowance and discounts.

Revenue is recognised for in the accounting periods in which the irrigation services are rendered .

Other income is recognised in the statement of operations on a receipt basis.

Interest income is recognised on an accrual basis, unless collectability is in doubt.

#### 3.12 Cash and cash equivalents

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

#### 3.13 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. Timing or amount of the outflow may still be uncertain.

All known risks at reporting date are reviewed in detail and provision is made where necessary.

#### 3.14 Employee benefits

##### (i) Pension and retirement scheme

The Authority contributes to the National Savings Fund and National Pension Scheme for its employees.

The retirement benefits in respect of employment legislation are recognised when disbursed.

##### (ii) National Pension Scheme

Contributions to the National Pension Scheme are expensed in the period in which they fall due.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.15 Impairment of assets

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

#### 3.16 Expense recognition

All expenses are accounted for on an accrual basis.

#### 3.17 Capital grants

Grants are received from the Government of Mauritius to finance development and capital expenditure are credited to Capital Grants Account. A portion of the grants is released to statement of operations in which the aggregate amount of :

- (i) Depreciation on assets acquired out of grants received from capital expenditure, and
- (ii) The amount of development expenditure amortised, if any.

Revenue grants received to finance operating expenses are credited to the statement of operations of the year to which they relate.

Retained earnings include all current and prior year's results.

#### 3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

#### 3.19 Significant management judgement in applying accounting policies

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### Significant management judgement

There was no significant management judgement during the year under review.

##### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Useful lives of depreciable assets

The Authority reviews the estimated useful lives of its depreciable assets at each reporting date. At 31 December 2011, the Authority considered that useful lives represent the expected utility of the assets of the Authority. The carrying amounts are analysed in notes 4 and 6.

##### Inventories

The Authority estimates that the net realisable value of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future change in types of spare parts and other materials or other market-driven changes that may reduce future selling prices.

**IRRIGATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

#### 4. PROPERTY, PLANT, AND EQUIPMENT

	Operational Irrigation Projects Developed	Land and Building	Furniture And Equipment	Electronic Equipment	Motor Vehicles	Irrigation Equipment	TOTAL
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
<b>COST</b>							
At 1 January 2011	869,614,813	6,912,778	12,924,775	643,458	11,863,533	97,608,021	999,567,378
Additions	-	-	68,546	10,004	-	-	78,550
At 31 December 2011	869,614,813	6,912,778	12,993,321	653,462	11,863,533	97,608,021	999,645,928
<b>ACCUMULATED DEPRECIATION</b>							
At 1 January 2011	169,783,148	2,723,682	11,459,775	385,339	9,405,368	96,371,960	290,129,272
Charge for the year	14,594,305	230,794	387,960	113,530	954,036	198,281	16,478,906
At 31 December 2011	184,377,453	2,954,476	11,847,735	498,869	10,359,404	96,570,241	306,608,178
<b>NET BOOK VALUES</b>							
At 31 December 2011	685,237,360	3,958,302	1,145,586	154,593	1,504,129	1,037,780	693,037,750
At 31 December 2010	699,831,665	4,189,096	1,465,000	258,119	2,458,165	1,236,061	709,438,106

5. DEVELOPMENT EXPENDITURE

	2011	2010
	MUR	MUR
At 1 January	65,347,454	182,449,400
Additions	11,508,524	1,232,560
Transfer from property, plant & equipment	-	(118,334,506)
At 31 December	76,855,978	65,347,454
NPIP Phase II	60,601,866	60,601,866
NPIP BLK II (Sotravic)	3,336,313	3,336,313
NPIP I(Supply of dripper lines)	266,340	-
REHM -BLK3	8,082,626	-
PAD CO	3,159,558	-
Contract(NPIP-PH II/GAZET/IPU)	424,215	424,215
Desilting works to Dam	542,687	542,687
Contract for Palma Borehole No BH 439	442,373	442,373
	76,855,978	65,347,454

6. INTANGIBLE ASSETS

	2011	2010
	MUR	MUR
Cost		
At 1 January	-	4,468,284
Preliminary expenses	570,652	-
Computer software	330,813	-
At 31 December	901,465	4,468,284
Accumulated Amortisation		
At 1 January	-	4,450,703
Amortisation for the year	225,326	17,581
At 31 December	225,326	4,468,284
Net Book Value		
At 31 December	676,139	-

7. INVENTORIES

	2011	2010
	MUR	MUR
Spare parts	1,590,511	1,213,909
Stationery	164,698	193,131
Gas Oil	202,375	73,111
	1,957,584	1,480,151

8. TRADE AND OTHER RECEIVABLES

	2011	2010
	MUR	MUR
Trade receivables	56,446,430	55,077,682
Other receivables	3,195,462	467,762
	59,641,892	55,545,444

(i) No interest is charged on trade receivables for overdue balances.

(ii) Analysis of trade receivables at 31 December 2011:

	2011	2010
	MUR	MUR
Not past due	56,446,430	55,077,682
Past due but not impaired	-	-
Total trade receivables	56,446,430	55,077,682

9. CASH AND CASH EQUIVALENTS

	2011	2010
	MUR	MUR
Cash in hand and at bank	7,848,630	14,484,300
Bank overdraft	-	(4,692,136)
	7,848,630	9,792,164

10. CAPITAL GRANTS

	2011 MUR	2010 MUR
European Union - M1 Pipeline	140,899,748	140,899,748
NPIP Stage II Design	1,707,220	1,707,220
RDU Projects Design	300,000	300,000
Pilot & Plaisance (N) Project's Assets	11,100,790	11,100,790
USAID for Small Scale Project	2,000,000	2,000,000
Souvenir Drip Project	32,271,281	32,271,281
Australian Government	3,137,941	3,137,941
Western Coast Drip Irrigation (Magenta Project)	127,619,356	127,619,356
Other Grants, Cressonville and Richelieu	12,283,743	12,283,743
NPIP Stage 1 & Extension (including road surfacing)	336,022,791	329,179,646
Belle Mare Projects	13,522,843	13,522,843
Riviere du Rempart	50,093,665	50,093,665
Solitude	46,869,121	46,869,121
St Felix	41,869,081	41,869,081
Bel Ombre Project	2,158,152	2,158,152
Calebasses	886,424	886,424
Pointe aux Piments	10,960,895	10,960,895
AMS Projets	58,676,327	58,676,327
Drilling rig	10,149,829	10,149,829
Improvement/rehabilitation under rural development program	799,479	799,479
Western Coast tapping borehole to filtration	266,572	266,572
Trou D'Eau Douce	843,629	843,629
Massilia canal	26,115,964	26,115,964
Grant IFAD	89,373,273	89,373,273
Grant Ifad-consultancy services	1,585,584	1,585,584
Grant for dripper lines	2,816,236	2,816,236
Grant VEH/ACC/2005/O/R	2,646,800	2,646,800
	<u>1,026,976,744</u>	<u>1,020,133,599</u>
	2011 MUR	2010 MUR
Amortisation		
At 1 January	276,624,680	261,387,070
Release to statement of operations	14,969,579	15,237,610
At 31 December	<u>291,594,259</u>	<u>276,624,680</u>
Net Capital Grants	<u>735,382,485</u>	<u>743,508,919</u>

10. CAPITAL GRANTS (CONTINUED)

	2011 MUR	2010 MUR
<b>Summary of Grants</b>		
At 1 January	743,508,919	749,847,245
Additions	6,843,145	8,899,284
Release to statement of operations	(14,969,579)	(15,237,610)
At 31 December	<u>735,382,485</u>	<u>743,508,919</u>

11. BORROWINGS

Non - current	2011 MUR	2010 MUR
Commonwealth Development Corporation(CDC) (note (a) below)	34,853,883	17,748,804
Government loans (note (b) below)	172,327,840	172,327,840
Soft loan Magenta	20,517,058	-
Agence Française De Development (AFD) (note (c ) below)	15,081,781	-
African Development Bank (note (d) below)	7,152,576	7,931,493
Ministry of Finance & Economic Development - BLOCK 2 (note (e) below)	8,000,000	-
Ministry of Finance & Economic Development (note (f) below)	36,442,000	36,442,000
<b>Total non-current</b>	<u>294,375,138</u>	<u>234,450,137</u>
<b>Current</b>		
Commonwealth Development Corporation(CDC) (note (a) below)	-	17,105,079
Government loans (note (b) below)	-	16,054,736
Agence Française De Development (AFD) (note (c ) below)	-	20,517,058
<b>Total current</b>	<u>-</u>	<u>53,676,873</u>
<b>Total borrowings</b>	<u>294,375,138</u>	<u>288,127,010</u>

(a) Commonwealth Development Corporation (CDC)

The rate of interest on CDC loans is 6.5% per annum.

(b) Government Loans

The rate of interest on Government loan is 2% per annum.

(c) Agence Francaise de Development (AFD)

AFD loan represents a foreign currency loan of Euro 387,169 for the Palma East Project. The rate of interest on this loan is 4.5% per annum.

(d) African Development Bank (ADB)

The rate of interest on the African Development Bank loan is 4.1%.

(e) Ministry of Finance & Economic Development - BLOCK 2

The rate of interest is variable based on a prevailing repo-rate of 5.25% on the date of loan approval. The loan is repayable over 7 years in 14 semi-annual instalments. A penalty of additional 2% is chargeable on arrears.

(f) Loan from Ministry of Finance & Economic Development

The rate of interest on the Government of Mauritius - Ministry of Finance and Economic Development loan is based on prevailing repo rate of 5.75% payable over 10 years in 20 equal semi-annual instalment and 1 year grace period, contracted for the payment of a legal claim penalty fee.

12. TRADE AND OTHER PAYABLES

	2011 MUR	2010 MUR
Other payables	350,975,242	331,831,255
Accuals	30,609,268	28,969,908
	<u>381,584,510</u>	<u>360,801,163</u>

- (i) The average credit period for local and foreign payables ranges from 15 to more than 90 days. Interest is accrued on part of trade payables for overdue balances. The Authority has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- (ii) The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

13. ADMINISTRATIVE EXPENSES

	2011 MUR	2010 MUR
Salaries, wages and staff related costs	65,195,643	83,115,298
Motor vehicles running expenses	1,725,147	3,118,231
Repairs & maintenance of equipment, furniture and office	359,937	2,010,319
Insurance	325,144	1,264,518
Fees and subscriptions	74,881	60,751
Utilities	2,570,970	2,366,002
Advertising expenses	137,695	217,039
Office rent, rates and taxes	2,921,462	5,117,104
Printing, postages and stationery	504,623	583,176
Donations & charity	2,100	4,500
Management & administration fees	408,424	243,338
Security expenses	1,830,127	1,546,282
Legal and professional fees	287,400	909,411
Passage benefits	2,577,047	-
Protective amenities	357,328	-
Stamp duty	-	31,070
Travelling expenses	5,515,330	66,540
Provision for bad debts	8,030,770	1,404,726
Water charges	14,363,980	21,691,484
General expenses	815,807	230,781
Repairs & maintenance	7,033,616	-
Training & workshops	129,030	66,540
Fine & penalty	-	36,442,000
At 31 December	<u>115,166,461</u>	<u>160,489,110</u>



14. FINANCE INCOME

	2011	2010
	MUR	MUR
Interest on bank savings accounts	149,026	59,094
Interest on staff car loans	253,166	354,675
	<u>402,192</u>	<u>413,769</u>

15. FINANCE COSTS

	2011	2010
	MUR	MUR
Government Loans	6,541,929	3,856,898
Commonwealth Development Corporation (CDC)	1,789,870	1,200,816
Agence Française de Développement (AFD)	(3,100,939)	2,331,972
Ministry of Finance & Economic Development	2,056,913	1,529,940
Other finance cost	-	6,156
At 31 December	<u>7,287,773</u>	<u>8,925,782</u>

16. RELATED PARTY TRANSACTIONS

Nature	Nature of Transaction	2011	2010
		MUR	MUR
Government of Mauritius	Loans	<u>294,375,138</u>	<u>229,286,897</u>

The transactions were carried out at arm's length.

## 17. FINANCIAL INSTRUMENT RISK

### Risk Management objectives and policies

The Authority's financial assets and financial liabilities by category are summarised below.

	2011 MUR	2010 MUR
<b>Financial assets</b>		
Trade and other receivables	59,325,130	55,545,444
Cash and cash equivalents	7,848,630	14,484,300
<b>Total financial assets</b>	<b>67,173,760</b>	<b>70,029,744</b>
<b>Financial liabilities</b>		
Trade and other payables	381,584,510	360,801,163
Borrowings	294,375,138	288,127,010
Bank overdraft	-	4,692,136
<b>Total financial liabilities</b>	<b>675,959,648</b>	<b>653,620,309</b>

The Authority's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

The Authority's risks are managed at the level of the Board. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls. The implementation of the risk management systems and the management of risks within the Authority on a day-to-day basis are the responsibility of the General Manager.

### 17.1 Market risk

#### Foreign exchange risk

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

The currency profile of the Authority's financial assets and liabilities is as follows:-

	Financial assets 2011 MUR	Financial liabilities 2011 MUR	Financial assets 2010 MUR	Financial liabilities 2010 MUR
Euro	-	46,082,519	-	35,293,458
MUR	67,173,760	629,877,129	69,723,382	618,326,851
<b>Total</b>	<b>67,173,760</b>	<b>675,959,648</b>	<b>69,723,382</b>	<b>653,620,309</b>

#### Foreign currency sensitivity analysis

The Euro/MUR exchange rate for the year ended 31 December 2011 were as shown below:

	Dec 2011 MUR	Dec 2010 MUR
EURO/MUR	38.95	41.47

The information below illustrates the sensitivity of profit and equity in regards to the Authority's financial instruments and the EURO/MUR exchange rate, "all other things being equal".

It assumes a 5% percentage change in the Euro/MUR exchange rate for the year ended 31 December 2011. The sensitivity analysis is based on the Authority's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened by 5%, deficit would have decreased by some (MUR2,304,126) at 31 December 2011 (Dec 2010: (MUR1,857,550)). If the MUR had weakened by the same percentage, deficit would have increased by some MUR2,304,126 (Dec 2010: MUR1,680,641).

#### Interest rate risk

The Authority's policy is to minimise interest rate risk exposures on financial liabilities. The Authority is exposed to changes in market interest rates on its loans. The loans carry fixed interest rate and are exposed to changes in repo rate.

The exposure to interest rate on cash and bank balances is not considered significant.

## 17 FINANCIAL INSTRUMENT RISK (CONTINUED)

### 17.2 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2011	2010
	MUR	MUR
Financial assets		
Trade and other receivables	59,325,130	55,545,444
Cash and cash equivalents	7,848,630	14,484,300
	<u>67,173,760</u>	<u>70,029,744</u>

Credit risk refers to the risk that the counterparty fails to discharge an obligation of the Authority. The Authority has policies in place to deal with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Authority transacts with entities having good credit rating. The Authority continuously monitors defaults of customers and incorporates this information into its credit risk controls. The Authority's policy is to deal only with creditworthy counterparties.

Trade receivables consist of a large number of customers project-wise and an ongoing credit evaluation is performed on the financial condition of these customers.

The credit risk for cash and cash equivalents is considered negligible, since the Authority transacts with a reputable bank.

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk.

### 17.3 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Ultimate responsibility for liquidity risk management rests with the Board who also monitors the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk by ensuring timely recovery of receivables by securing credit facilities from bank, and also obtaining financing from related parties.

The following are the contractual maturities of financial liabilities, including interest payments:

31-Dec-11	Carrying amount	Less than one year	1 to 5 years
	MUR	MUR	MUR
Liabilities			
Borrowings	294,375,138	-	294,375,138
Trade and other payables	381,584,510	381,584,510	-
	<u>675,959,648</u>	<u>381,584,510</u>	<u>294,375,138</u>
31-Dec-10	Carrying amount	Less than one year	1 to 5 years
	MUR	MUR	MUR
Liabilities			
Borrowings	288,127,010	53,676,873	234,450,137
Trade and other payables	360,801,163	360,801,163	-
Bank overdraft	4,692,136	4,692,136	-
	<u>653,620,309</u>	<u>419,170,172</u>	<u>234,450,137</u>

## 18. CAPITAL RISK MANAGEMENT

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern.

The capital structure of the Authority consists of debts, cash and cash equivalents and capital grants.

### Gearing ratio

The Authority's Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with the class of capital. The Authority monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

18. CAPITAL RISK MANAGEMENT (CONTINUED)

Gearing ratio (Continued)

	2011	2010
	MUR	MUR
Debt (i)	294,375,138	288,127,010
Less: cash and cash equivalents	(7,848,630)	(9,792,164)
Net debt	286,526,508	278,334,846
Equity (ii)	164,058,325	192,675,146
Total capital	450,584,833	471,009,992
Gearing ratio	0.64	0.59

(i) Debt is defined as long-term borrowings, short-term borrowings and bank overdraft.

(ii) Equity includes both grants and reserves.

19. FAIR VALUE ESTIMATION

The Authority's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

20. EVENTS AFTER THE REPORTING PERIOD

No events were noted after the reporting date that would require disclosure or adjustment to the financial statements for the year ended 31 December 2011.

# **IRRIGATION AUTHORITY**

## **FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED**

**31 DECEMBER 2012**

IRRIGATION AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**CHAIRPERSON** : MR KISSOONDUTH SARJU

**AG. GENERAL MANAGER** : MR RISHI RAJ SHARMA HAUZAREE

**REGISTERED OFFICE** : 5<sup>th</sup> Floor, Fon Sing Building  
12, Edith Cavell Street  
Port Louis  
Mauritius

**AUDITORS** : **Crowe Horwath (Mur) Co.**  
*Member Crowe Horwath International*  
2<sup>nd</sup> Floor, Ebene Esplanade  
24 Cybercity  
Ebene  
Mauritius

**BANKERS** : **State Bank of Mauritius Ltd**  
SBM Tower  
1, Queen Elizabeth II Avenue  
Port Louis  
Mauritius

The report together with the audited financial statements of the Irrigation Authority ("The Authority") for the year ended 31 December 2012 are presented to the Board.

#### INCORPORATION

The Authority is a para-statal body under the aegis of the Ministry of Agro – Industry & Food Security, and was set up under the Irrigation Authority Act 1978 in Mauritius.

#### PRINCIPAL ACTIVITY

The principal activity of the Authority is to implement and manage irrigation projects in every irrigation area and to do all other acts incidental thereto.

#### RESULTS

The results for the year are as shown on page 8.

#### BOARD MEMBERS

The present membership of the Board is set out on page 1.

#### BOARD'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Statutory Bodies (Accounts and Audit) Act 2004 requires the Board to have its financial statements prepared for each financial year which present fairly the financial position, financial performance and the cash flows of the Authority. The Board is also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Authority;
- disclose with reasonable accuracy at any time the financial position of the Authority; and
- would enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRS) and with the requirements of the Statutory Bodies (Accounts and Audit) Act.

The Board confirms that they have complied with the above requirements in preparing the financial statements.

#### AUDITORS

The auditors, Crowe Horwath (Mur) Co., have indicated their willingness to continue in office.

.....  
MR KISSOONDUTH SARJU  
CHAIRPERSON

.....  
MR RISHI RAJ SHARMA HAUZAREE  
AG. GENERAL MANAGER

Date: 20.7.15

FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PURSUANT TO  
SECTIONS 6(2)(F) AND 75 OF THE FINANCIAL REPORTING ACT

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We, the Board of Irrigation Authority ("the Authority"), confirm to the best of our knowledge that:

The Authority has complied but not disclosed information as required by the relevant sections of the Code of Corporate Governance for reasons as included in Appendix 1.

  
.....  
MR KISHORENDUTH SARJU  
CHAIRPERSON

  
.....  
MR RISHI RAJ SHARMA HAUZAREE  
AG. GENERAL MANAGER

Date: 20.7.15



**Crowe Horwath (Mur) Co.**  
Member Crowe Horwath International

2nd Floor, Ebene Esplanade  
24 Cybercity  
Ebene, Mauritius  
Telephone : (230) 467 8684 / 466 2992  
Telefax : (230) 467 7478  
[www.crowehorwath.mu](http://www.crowehorwath.mu)

## **Independent Auditors' Report To the Board of Irrigation Authority**

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We have carried out a special purpose audit on the accompanying financial statements of **Irrigation Authority** (the "Authority"), which comprise of the statement of financial position as at 31 December 2012, and the statement of operations, the statement of changes in grants and earnings and the statement of cash flows for the year then ended as set out on pages 7 to 10, and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 24.

### **Management responsibilities for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Statutory Bodies (Accounts and Audit) Act, and for designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for keeping proper accounting records and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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



**Independent Auditors' Report (Continued)**  
**To the Board of Irrigation Authority**

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**Basis for Qualified Opinion**

**(i) Existence and valuation of property, plant and equipment**

We have not performed a physical verification of the property, plant and equipment aggregating Rs 1,073,239,830 as disclosed in note 4 to the financial statements. We have also not received any information on assessment made by management as regards any impairment loss provision required to be made to those assets for our evaluation with the exception of land and building which has not been revalued. In the absence of the physical verification of the assets and for any revaluations and provisions for impairment losses necessary, we are unable to determine the existence of the said assets and whether provisions need to be made for revaluation and impairment losses. There are no other alternative procedures we could apply to check the existence and valuation of same.

**(ii) Completeness of irrigation dues recognised as income**

Irrigation dues amounting to Rs. 26,081,670 recognised in the statement of operations is a significant source of the revenue for the Authority. The Authority has determined that it is impracticable to establish control over the recognition of the entire irrigation dues within the accounting period in which invoices are raised. Accordingly, we have not been able to satisfy ourselves as regards the completeness of the irrigation dues recognised in the financial statements. There are no other alternative audit procedures we could apply to confirm the completeness of the irrigation dues.

**(iii) Recoverability of the amounts receivable on irrigation dues**

We have not been able to satisfy ourselves with regard to the recoverability of the amounts receivable on the irrigation dues shown as trade receivables amounting to Rs 55,559,461 due for more than one year. We are unable to evaluate as to whether any additional provisions are required to be made to the trade receivables at the reporting date for doubtful debts. There are no other alternative audit procedures we could apply to confirm whether any further provisions need to be made to the trade receivables.



**Independent Auditors' Report (Continued)**  
**To the Board of Irrigation Authority**

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**Qualified opinion**

In our opinion, except for the matters described under 'Basis for Qualified Opinion' and of the effects of any adjustments that might have been deemed necessary, the financial statements give a true and fair view of the financial position of the Authority as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

- We have no relationship with, or any interests in, the Authority other than in our capacity as auditors;
- We have obtained all the information and explanations we have required; and
- In our opinion, except for the completeness of the revenue and trade receivables, proper accounting records have been kept by the Authority as far as it appears from our examination of those records.

*Financial Reporting Act 2004*

The Authority is responsible for the preparation of the Corporate Governance Report and making all necessary disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the "Codes"). Our responsibility is to report on those disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Codes, with the exception of information not disclosed as required by the sections of the Codes as per the reasons included in Appendix I to the statement of compliance with the Codes by the Board of the Authority.

*Crowe Horwath (Mur) Co.*

**Crowe Horwath (Mur) Co.**  
 Public Accountants

Date: 20 July 2015  
 Ebene, Mauritius

*K.S. Sewraz*

**K.S. Sewraz, FCCA**  
 Signing Partner  
 Licensed by FRC



**IRRIGATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

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	Notes	2012 MUR	2011 MUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	745,920,948	693,037,750
Development expenditure	5	17,870,020	76,855,978
Intangible assets	6	749,676	676,139
<b>Total non-current assets</b>		<b>764,540,644</b>	<b>770,569,867</b>
<b>Current assets</b>			
Inventories	7	1,548,383	1,957,584
Trade and other receivables	8	58,434,365	59,641,892
Cash and cash equivalents	9	10,694,684	7,848,630
<b>Total current assets</b>		<b>70,677,432</b>	<b>69,448,106</b>
<b>Total assets</b>		<b>835,218,076</b>	<b>840,017,973</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Capital grants	10	740,075,282	735,382,485
Retained earnings		(622,577,206)	(571,324,160)
<b>Total equity</b>		<b>117,498,076</b>	<b>164,058,325</b>
<b>Non-current liability</b>			
Borrowings	11	295,175,028	294,375,138
<b>Current liabilities</b>			
Trade and other payables	12	422,544,972	381,584,510
<b>Total current liabilities</b>		<b>422,544,972</b>	<b>381,584,510</b>
<b>Total liabilities</b>		<b>717,720,000</b>	<b>675,959,648</b>
<b>Total equity and liabilities</b>		<b>835,218,076</b>	<b>840,017,973</b>



These financial statements have been approved for issue by the Board on **20.7.15**.....  
and signed on its behalf by:

**NAMES**

**MR KISSOONDUTH SARJU**  
(CHAIRPERSON)

**MR RISHI RAJ SHARMA HAUZAREE**  
(AG. GENERAL MANAGER)

**SIGNATURE**

.....  
  
.....  


The notes on pages 11 to 24 form an integral part of these financial statements.

**IRRIGATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

8

		Year ended 31 December 2012	Year ended 31 December 2011
	Notes	MUR	MUR
<b>Income</b>			
Irrigation dues	3.11	26,081,670	29,454,816
Revenue grant	3.17	75,200,000	71,000,000
Total revenue		101,281,670	100,454,816
Other income	3.11	1,428,265	1,089,620
		102,709,935	101,544,436
<b>Expenses</b>			
Administrative expenses	13	(140,886,417)	(115,166,461)
Depreciation	4	(20,710,713)	(16,478,906)
Amortisation	6	(325,002)	(225,326)
Operating deficit		(59,212,197)	(30,326,257)
Finance income	14	134,584	402,192
Foreign exchange loss/gain		(799,891)	1,751,872
Finance costs	15	(9,134,230)	(7,287,773)
Deficit for the year		(69,011,734)	(35,459,966)
Other comprehensive income, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(69,011,734)</b>	<b>(35,459,966)</b>

The notes on pages 11 to 24 form an integral part of these financial statements.

**IRRIGATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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		Year ended 31 December 2012	Year ended 31 December 2011
	Note	MUR	MUR
<b>Cash flows from operating activities</b>			
Loss for the year		(69,011,734)	(35,459,966)
<b>Adjustments for:</b>			
Depreciation		20,710,713	16,478,906
Amortisation		325,001	225,326
Interest income		(134,584)	(402,192)
Loss/Gain on exchange		799,891	(1,751,872)
Interest paid		9,134,231	7,287,773
Development expenditure written-off		1,233,243	-
<b>Operating loss before working capital changes</b>		<b>(36,943,239)</b>	<b>(13,622,025)</b>
<b>Changes in working capital:</b>			
Decrease/(increase) in inventories		409,201	(477,433)
Decrease/(increase) in trade and other receivables		1,207,527	(4,096,448)
Increase in trade and other payables		40,960,461	20,783,347
<b>Cash generated from operations</b>		<b>5,633,950</b>	<b>2,587,441</b>
Interest received		134,584	402,192
Interest paid		(9,134,231)	(7,287,773)
<b>Net cash used in operating activities</b>		<b>(3,365,697)</b>	<b>(4,298,140)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,573,106)	(78,550)
Purchase of intangible assets		(398,539)	(901,465)
Development expenditures		(14,268,089)	(11,508,524)
<b>Net cash used in investing activities</b>		<b>(16,239,734)</b>	<b>(12,488,539)</b>
<b>Cash flows from financing activities</b>			
Capital grants received		22,451,485	6,843,145
Loan received		-	8,000,000
<b>Net cash generated from financing activities</b>		<b>22,451,485</b>	<b>14,843,145</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2,846,054</b>	<b>(1,943,534)</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents, beginning of the year		7,848,630	9,792,164
Net increase / (decrease) in cash and cash equivalents		2,846,054	(1,943,534)
<b>Cash and cash equivalents, end of the year</b>	9	<b>10,694,684</b>	<b>7,848,630</b>

The notes on pages 11 to 24 form an integral part of these financial statements.

IRRIGATION AUTHORITY  
STATEMENT OF CHANGES IN GRANTS AND EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012

10

	Capital grants MUR	Retained earnings MUR	Total equity MUR
At 1 January 2011	743,508,919	(550,833,773)	192,675,146
Additions	6,843,145	-	6,843,145
Release from capital to reserves	(14,969,579)	14,969,579	-
Total comprehensive loss for the year	-	(35,459,966)	(35,459,966)
At 31 December 2011	735,382,485	(571,324,160)	164,058,325
At 1 January 2012	735,382,485	(571,324,160)	164,058,325
Release from capital to reserves	(17,758,688)	17,758,688	-
Additions	22,451,485	-	22,451,485
Total comprehensive loss for the year	-	(69,011,734)	(69,011,734)
Balance as at 31 December 2012	740,075,282	(622,577,206)	117,498,076

The notes on pages 11 to 24 form an integral part of these financial statements.

**1. GENERAL INFORMATION**

The Irrigation Authority (the "Authority") is a para-statal body under the aegis of the Ministry of Agro-Industry & Food Security, set up by the Irrigation Authority Act 1978 and having its registered office at 5<sup>th</sup> Floor, Fon Sing Building, 12<sup>th</sup> Edith Cavell Street, Port Louis.

The Irrigation Authority implements and manages irrigation projects in every irrigation areas and does all acts incidental thereto.

The Financial Statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**2. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE AUTHORITY**

At the date of authorisation of these Financial Statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but not yet effective, have not been adopted by the Authority.

The Board anticipates that all relevant pronouncements will be adopted in the Authority's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Authority's Financial Statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Authority's Financial Statements.

IAS 1 Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

IAS 19 (amendment) Employee benefits (effective 1 January 2013)

IAS 24 Related Party Disclosures (Amendment)

IAS 27 Consolidated and separate financial statements (effective 1 January 2013 and 2014 respectively)

IAS 28 Investment in associates and joint ventures (effective 1 January 2013)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

IAS 34 (amendment) Interim Financial Reporting (effective 1 January 2013)

IFRS 1 Government Loans (Amendments to IFRS 1)

IFRS 7 Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements (effective 1 January 2013 and 2014 respectively)

IFRS 11 Joint arrangements (effective 1 January 2013)

IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)

IFRS 13 Fair Value Measurement

The Directors anticipate that the standards and interpretations not yet adopted will have no material impact on the financial statements of the Company in future years.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Overall considerations

The Financial Statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 3.2 Financial instruments

##### *Recognition, initial measurement and de-recognition*

Financial assets and financial liabilities are recognised when the Authority becomes a party to a contractual provision of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, where appropriate.

##### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other those designated and effective as hedging instruments, are classified into loans and receivables.

All financial assets except those at fair value through profit and loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets that are recognised in the statement of operations is presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets which is fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they past due or when other objective evidence is received that a specific counterparty will default.

##### **Classification and subsequent measurement of financial liabilities**

The Authority's financial liabilities include borrowings and trade and other payables.

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

All interest-related charges on financial liabilities are included within 'finance costs'.



### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Foreign currencies

##### Functional and presentation currency

The Financial Statements are presented in Mauritian rupees (MUR or Rs), which is also the functional currency of the Authority.

##### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year end exchange rates are recognised in the statement of operations.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

#### 3.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method to write down the cost of assets, to their residual values over their estimated useful lives as follows:

Operational Irrigation Projects Developed	2%
Buildings	5%
Furniture and Equipment	10%
Electronic Equipment	25%
Motor Vehicles	20%
Irrigation Equipment	10%

The estimated useful lives are reviewed at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of operations. All repairs and maintenance are expensed during the financial year in which they are incurred.

#### 3.5 Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its useful life using the straight line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

#### 3.6 Development expenditure

Development expenditure on projects is recognised to the extent that such expenditure is expected to have future benefits. Upon completion of the projects, the full amount is transferred to property, plant and equipment and is depreciated accordingly. Otherwise, the full amount is written off in the statement of operations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Trade Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. At the end of each reporting date, the carrying amount of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of operations.

#### 3.8 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into MUR using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

#### 3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated of the selling price in the ordinary course of business less any applicable selling expenses. Where necessary, provision is made for obsolete and slow moving inventories.

#### 3.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of operations over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### 3.11 Revenue recognition

Revenue is recognised upon delivery of services and customer acceptance, net of tax, allowance and discounts.

Revenue is recognised for in the accounting periods in which the irrigation services are rendered .

Other income is recognised in the statement of operations on a receipt basis.

Interest income is recognised on an accrual basis, unless collectability is in doubt.

#### 3.12 Cash and cash equivalents

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

#### 3.13 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. Timing or amount of the outflow may still be uncertain.

All known risks at reporting date are reviewed in detail and provision is made where necessary.

#### 3.14 Employee benefits

##### (i) Pension and retirement scheme

The Authority contributes to the National Savings Fund and National Pension Scheme for its employees.

The retirement benefits in respect of employment legislation are recognised when disbursed.

##### (ii) National Pension Scheme

Contributions to the National Pension Scheme are expensed in the period in which they fall due.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.15 Impairment of assets

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

#### 3.16 Expense recognition

All expenses are accounted for on an accrual basis.

#### 3.17 Capital grants

Grants are received from the Government of Mauritius to finance development and capital expenditure are credited to Capital Grants Account. A portion of the grants is released to statement of operations in which the aggregate amount of :

- (i) Depreciation on assets acquired out of grants received from capital expenditure, and
- (ii) The amount of development expenditure amortised, if any.

Revenue grants received to finance operating expenses are credited to the statement of operations of the year to which they relate.

Retained earnings include all current and prior year's results.

#### 3.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

#### 3.19 Significant management judgement in applying accounting policies

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### Significant management judgement

There was no significant management judgement during the year under review.

##### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Useful lives of depreciable assets

The Authority reviews the estimated useful lives of its depreciable assets at each reporting date. At 31 December 2011, the Authority considered that useful lives represent the expected utility of the assets of the Authority. The carrying amounts are analysed in notes 4 and 6.

##### Inventories

The Authority estimates that the net realisable value of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future change in types of spare parts and other materials or other market-driven changes that may reduce future selling prices.

##### Comparative figures

The Comparative figures in the financial statements relate to the year ended 31 December 2011.

IRRIGATION AUTHORITY

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

4. PROPERTY, PLANT, AND EQUIPMENT

	Operational						
	Operational Irrigation Projects Developed	Land and Building	Furniture And Equipment	Electronic Equipment	Motor Vehicles	Irrigation Equipment	TOTAL
	MUR	MUR	MUR	MUR	MUR	MUR	MUR
At 1 January 2012	869,614,813	6,912,778	12,993,321	653,462	11,863,533	97,608,024	999,645,931
Additions	72,020,804	-	117,815	5,979	1,449,312	-	73,593,910
At 31 December 2012	941,635,617	6,912,778	13,111,136	659,441	13,312,845	97,608,024	1,073,239,841
<u>ACCUMULATED</u>							
<u>DEPRECIATION</u>							
At 1 January 2012	184,377,453	2,954,476	11,847,735	498,870	10,359,404	96,570,242	306,608,180
Charge for the year	18,832,712	230,794	359,883	108,320	980,723	198,281	20,710,713
At 31 December 2012	203,210,165	3,185,270	12,207,618	607,190	11,340,127	96,768,523	327,318,893
<u>NET BOOK VALUES</u>							
At 31 December 2012	738,425,452	3,727,508	903,518	52,251	1,972,718	839,501	745,920,948
At 31 December 2011	685,237,360	3,958,302	1,145,586	154,592	1,504,129	1,037,782	693,037,751

5. DEVELOPMENT EXPENDITURE

	2012	2011
	MUR	MUR
At 1 January	76,855,978	65,347,454
Additions	14,268,089	11,508,524
Transfer to property, plant & equipment	(72,020,804)	-
Amount written-off	(1,233,243)	-
At 31 December	<u>17,870,020</u>	<u>76,855,978</u>
NPIP Phase II	-	60,601,866
NPIP BLK II (Sotravic)	-	3,336,313
NPIP 1(Supply of dripper lines)	-	266,340
REHM -BLK3	-	8,082,626
PAD CO	17,427,647	3,159,558
Contract(NPIP-PH II/GAZET/IPU)	-	424,215
Desilting works to Dam	-	542,687
Contract for Palma Borehole No BH 439	442,373	442,373
	<u>17,870,020</u>	<u>76,855,978</u>

6. INTANGIBLE ASSETS

	2012	2011
	MUR	MUR
Cost		
At 1 January	-	-
Preliminary expenses	-	570,652
Computer software	1,300,004	330,813
At 31 December	<u>1,300,004</u>	<u>901,465</u>
Accumulated Amortisation		
At 1 January	225,326	-
Amortisation for the year	325,002	225,326
At 31 December	<u>550,328</u>	<u>225,326</u>
Net Book Value		
At 31 December	<u>749,676</u>	<u>676,139</u>

7. INVENTORIES

	2012	2011
	MUR	MUR
Spare parts	1,336,361	1,590,511
Stationery	212,022	164,698
Gas Oil	-	202,375
	<u>1,548,383</u>	<u>1,957,584</u>

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	MUR	MUR
Trade receivables	55,559,461	56,446,430
Other receivables	2,874,904	3,195,462
	<u>58,434,365</u>	<u>59,641,892</u>

(i) No interest is charged on trade receivables for overdue balances.

(ii) Analysis of trade receivables at 31 December 2012:

Not past due	55,559,461	56,446,430
Past due but not impaired	-	-
Total trade receivables	<u>55,559,461</u>	<u>56,446,430</u>

9. CASH AND CASH EQUIVALENTS

	2012	2011
	MUR	MUR
Cash in hand and at bank	10,694,684	7,848,630
	<u>10,694,684</u>	<u>7,848,630</u>

10. CAPITAL GRANTS

	2012 MUR	2011 MUR
European Union - M1 Pipeline	140,899,748	140,899,748
NPIP Stage II Design	1,707,220	1,707,220
RDU Projects Design	300,000	300,000
Pilot & Plaisance (N) Project's Assets	11,100,790	11,100,790
USAID for Small Scale Project	2,000,000	2,000,000
Souvenir Drip Project	32,271,281	32,271,281
Australian Government	3,137,941	3,137,941
Western Coast Drip Irrigation (Magenta Project)	127,619,356	127,619,356
Other Grants, Cressonville and Richelieu	12,283,743	12,283,743
NPIP Stage 1 & Extension (including road surfacing)	343,607,591	336,022,791
Belle Mare Projects	13,522,843	13,522,843
Riviere du Rempart	50,093,665	50,093,665
Solitude	46,869,121	46,869,121
St Felix	41,869,081	41,869,081
Bel Ombre Project	2,158,152	2,158,152
Calebasses	886,424	886,424
Pointe aux Piments	10,960,895	10,960,895
AMS Projets	58,676,327	58,676,327
Drilling rig	10,149,829	10,149,829
Improvement/rehabilitation under rural development program	799,479	799,479
Western Coast tapping borehole to filtration	266,572	266,572
Trou D'Eau Douce	843,629	843,629
Massilia canal	26,115,964	26,115,964
Grant IFAD	89,373,273	89,373,273
Grant Ifad-consultancy services	1,585,584	1,585,584
Grant for dripper lines	3,069,259	2,816,236
Grant VEH/ACC/2005/0/R	2,646,800	2,646,800
Grant Hydraulic Valve	12,646,686	-
Grant Palma	1,506,976	-
Grant Plaisance	460,000	-
	<u>1,049,428,229</u>	<u>1,026,976,744</u>
	2012 MUR	2011 MUR
Amortisation		
At 1 January	291,594,259	276,624,680
Release to statement of operations	17,758,688	14,969,579
At 31 December	<u>309,352,947</u>	<u>291,594,259</u>
Net Capital Grants	<u>740,075,282</u>	<u>735,382,485</u>



10. CAPITAL GRANTS (CONTINUED)

	2012 MUR	2011 MUR
<b>Summary of Grants</b>		
At 1 January	735,382,485	743,508,919
Additions	22,451,485	6,843,145
Release to statement of operations	(17,758,688)	(14,969,579)
At 31 December	<u>740,075,282</u>	<u>735,382,485</u>

11. BORROWINGS

Non - current	2012 MUR	2011 MUR
Commonwealth Development Corporation(CDC) (note (a) below)	34,853,883	34,853,883
Government loans (note (b) below)	172,327,840	172,327,840
Soft loan Magenta	20,517,058	20,517,058
Agence Francaise De Development (AFD) (note (c) below)	15,881,672	15,081,781
African Development Bank (note (d) below)	7,152,576	7,152,576
Ministry of Finance & Economic Development - BLOCK 2 (note (e) below)	8,000,000	8,000,000
Ministry of Finance & Economic Development (note (f) below)	36,442,000	36,442,000
<b>Total non-current</b>	<u>295,175,029</u>	<u>294,375,138</u>
<b>Current</b>		
Commonwealth Development Corporation(CDC) (note (a) below)	-	-
Government loans (note (b) below)	-	-
Agence Francaise De Development (AFD) (note (c) below)	-	-
<b>Total current</b>	<u>-</u>	<u>-</u>
<b>Total borrowings</b>	<u>295,175,029</u>	<u>294,375,138</u>

(a) Commonwealth Development Corporation (CDC)

The rate of interest on CDC loans is 6.5% per annum.

(b) Government Loans

The rate of interest on Government loan is 2% per annum.

(c) Agence Francaise de Development (AFD)

AFD loan represents a foreign currency loan of Euro 387,169 for the Palma East Project. The rate of interest on this loan is 4.5% per annum.

(d) African Development Bank (ADB)

The rate of interest on the African Development Bank loan is 4.1%.

(e) Ministry of Finance & Economic Development - BLOCK 2

The rate of interest is variable based on a prevailing repo-rate of 5.25% on the date of loan approval. The loan is repayable over 7 years in 14 semi-annual instalments. A penalty of additional 2% is chargeable on arrears.

(f) Loan from Ministry of Finance & Economic Development

The rate of interest on the Government of Mauritius - Ministry of Finance and Economic Development loan is based on prevailing repo rate of 5.75% payable over 10 years in 20 equal semi-annual instalment and 1 year grace period, contracted for the payment of a legal claim penalty fee.



12. TRADE AND OTHER PAYABLES

	2012 MUR	2011 MUR
Other payables	390,841,878	350,975,242
Accuals	31,703,094	30,609,268
	<u>422,544,972</u>	<u>381,584,510</u>

- (i) The Average credit period for local and foreign payables ranges from 15 to more than 90 days. Interest is accrued on part of trade payables for overdue balances. The Authority has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- (ii) The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

13. ADMINISTRATIVE EXPENSES

	2012 MUR	2011 MUR
Salaries, wages and staff related costs	71,235,981	65,275,034
Motor vehicles running expenses	1,914,447	1,725,147
Repairs & maintenance of equipment, furniture and office	287,668	359,937
Insurance	477,970	325,144
Fees and subscriptions	56,929	74,881
Utilities	2,974,472	2,570,970
Advertising expenses	98,066	137,695
Office rent, rates and taxes	3,038,438	2,921,462
Printing, postages and stationery	521,387	504,623
Donations & charity	1,600	2,100
Management & administration fees	387,232	408,424
Security expenses	2,086,393	1,830,127
Legal and professional fees	150,000	257,400
Passage benefits	3,798,948	2,577,047
Protective amenities	188,613	357,328
Travelling expenses	5,908,374	5,515,330
Provision for bad debts	8,867,986	8,431,870
Water charges	30,117,452	14,363,980
General expenses	426,753	335,316
Repairs & maintenance	8,174,658	7,033,616
Training & workshops	550	129,030
Audit fees	172,500	-
At 31 December	<u>140,886,417</u>	<u>115,136,461</u>

14. FINANCE INCOME

	2012	2011
	MUR	MUR
Interest on bank savings accounts	134,584	149,026
Interest on staff car loans	-	253,166
	<u>134,584</u>	<u>402,192</u>

15. FINANCE COSTS

	2012	2011
	MUR	MUR
Government Loans	3,856,898	6,541,929
Commonwealth Development Corporation (CDC)	2,265,500	1,789,870
Agence Française de Development (AFD)	714,675	(3,100,939)
Ministry of Finance & Economic Development	2,297,157	2,056,913
At 31 December	<u>9,134,230</u>	<u>7,287,773</u>

16. RELATED PARTY TRANSACTIONS

Nature	Nature of Transaction	2012	2011
		MUR	MUR
Government of Mauritius	Loans	<u>295,175,028</u>	<u>294,375,138</u>

The transactions were carried out at arm's length.

## 17. FINANCIAL INSTRUMENT RISK

### Risk Management objectives and policies

The Authority's financial assets and financial liabilities by category are summarised below.

	2012 MUR	2011 MUR
<b>Financial assets</b>		
Trade and other receivables	58,434,365	59,325,130
Cash and cash equivalents	10,694,684	7,848,630
<b>Total financial assets</b>	<b>69,129,049</b>	<b>67,173,760</b>
<b>Financial liabilities</b>		
Trade and other payables	422,544,972	381,584,510
Borrowings	295,175,028	294,375,138
Bank overdraft	-	-
<b>Total financial liabilities</b>	<b>717,720,000</b>	<b>675,959,648</b>

The Authority's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

The Authority's risks are managed at the level of the Board. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls. The implementation of the risk management systems and the management of risks within the Authority on a day-to day basis are the responsibility of the General Manager.

### 17.1 Market risk

#### Foreign exchange risk

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

The currency profile of the Authority's financial assets and liabilities is as follows:-

	Financial assets 2012 MUR	Financial liabilities 2012 MUR	Financial assets 2011 MUR	Financial liabilities 2011 MUR
Euro	-	23,034,247	-	46,082,519
MUR	69,129,049	694,685,753	67,173,760	629,877,129
<b>Total</b>	<b>69,129,049</b>	<b>717,720,000</b>	<b>67,173,760</b>	<b>675,959,648</b>

#### Foreign currency sensitivity analysis

The Euro/MUR exchange rate for the year ended 31 December 2012 and 2011 were as shown below:

	Dec 2012 MUR	Dec 2011 MUR
EURO/MUR	39.42	38.95

The information below illustrates the sensitivity of profit and equity in regards to the Authority's financial instruments and the EURO/MUR exchange rate, "all other things being equal".

It assumes a 5% percentage change in the Euro/MUR exchange rate for the year ended 31 December 2012. The sensitivity analysis is based on the Authority's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened by 5%, deficit would have decreased by some (MUR1,125,017) at 31 December 2012 (Dec 2012: MUR2,304,126). If the MUR had weakened by the same percentage, deficit would have increased by some MUR1,125,017 (Dec 2012: MUR2,304,126).

#### Interest rate risk

The Authority's policy is to minimise interest rate risk exposures on financial liabilities. The Authority is exposed to changes in market interest rates on its loans. The loans carry fixed interest rate and are exposed to changes in repo rate.

The exposure to interest rate on cash and bank balances is not considered significant.

17 FINANCIAL INSTRUMENT RISK (CONTINUED)

17.2 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2012	2011
	MUR	MUR
Financial assets		
Trade and other receivables	58,434,365	59,325,130
Cash and cash equivalents	10,694,684	7,848,630
	<u>69,129,049</u>	<u>67,173,760</u>

Credit risk refers to the risk that the counterparty fails to discharge an obligation of the Authority. The Authority has policies in place to deal with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Authority transacts with entities having good credit rating. The Authority continuously monitors defaults of customers and incorporates this information into its credit risk controls. The Authority's policy is to deal only with creditworthy counterparties.

Trade receivables consist of a large number of customers project-wise and an ongoing credit evaluation is performed on the financial condition of these customers.

The credit risk for cash and cash equivalents is considered negligible, since the Authority transacts with a reputable bank.

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk.

17.3 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Ultimate responsibility for liquidity risk management rests with the Board who also monitors the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk by ensuring timely recovery of receivables by securing credit facilities from bank, and also obtaining financing from related parties.

The following are the contractual maturities of financial liabilities, including interest payments:

31-Dec-12	Carrying amount	Less than one year	1 to 5 years
	MUR	MUR	MUR
Liabilities			
Borrowings	295,175,028	-	294,375,138
Trade and other payables	422,544,972	381,584,510	-
	<u>717,720,000</u>	<u>381,584,510</u>	<u>294,375,138</u>
31-Dec-11	Carrying amount	Less than one year	1 to 5 years
	MUR	MUR	MUR
Liabilities			
Borrowings	294,375,138	-	294,375,138
Trade and other payables	381,584,510	381,584,510	-
	<u>675,959,648</u>	<u>381,584,510</u>	<u>294,375,138</u>

18. CAPITAL RISK MANAGEMENT

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern.

The capital structure of the Authority consists of debts, cash and cash equivalents and capital grants.

Gearing ratio

The Authority's Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with the class of capital. The Authority monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

18. CAPITAL RISK MANAGEMENT (CONTINUED)

Gearing ratio (Continued)

	2012	2011
	MUR	MUR
Debt (i)	295,175,098	294,375,138
Less: cash and cash equivalents	(10,694,684)	(7,848,630)
Net debt	284,480,414	286,526,508
Equity (ii)	164,058,325	164,058,325
Total capital	448,538,739	450,584,833
Gearing ratio	0.63	0.64

(i) Debt is defined as long-term borrowings, short-term borrowings and bank overdraft.

(ii) Equity includes both grants and reserves.

19. FAIR VALUE ESTIMATION

The Authority's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

20. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2012.

**IRRIGATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)**

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance (Yes(Y)/No(N))</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to Code of Corporate Governance</i>
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<b>Section 2</b>	<b>Role and Function of the Board</b>		
2.1	Structure of the Board	Y	
2.2	Composition of the Board	Y	
2.3	Role of the Board	Y	
2.4	Conflicts of Interest	N	IA has prepared a Code of Conduct
2.5	Role and function of the Chairperson	N	IA follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
2.6	Role and Function of the CEO	N	IA follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
2.7	Role of the Executive, Non Executive and Independent Executive Director	N	Not Applicable to IA
2.8	Remuneration of Directors	Y	Salaries are as per PRB
2.9	Director Selection, Training and Development	Y	
2.10	Board and Director Appraisal	N	IA follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
<b>Section 3</b>	<b>Board Committees</b>		
3.1	Accountability and Responsibility for performance	Y	
3.2	Terms and Reference of Board Committees	Y	
3.3	Transparency and Disclosures from Board Committees to Board	N	IA follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
3.4	Composition of the Board Committees	Y	
3.5	Audit Committees and Corporate Governance Committee	N	There is an Audit Committee which sits as required
3.6	Other Committee <Finance, Staff and Land Management Committees>	Y	

**IRRIGATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)**

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance (Yes(Y)/No(N))</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to Code of Corporate Governance</i>
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<b>Section 3</b>	<b>Board Committees (Continued)</b>		
3.7	Independence of Board Committees	N	IA follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
3.8	Secretary of Committees	N	The Head of Administrative Dept is the Secretary to Board Committees
3.9.1	The Audit Committee	N	There is an Audit Committee which sits as required
3.9.2	The Corporate Governance Committee	N	Works undertaken by the Administration Department
3.9.3	Board Risk Committee	N	
3.9.4	The Remuneration Committee	N	Salaries are as per PRB
3.9.5	The Nomination Committee	N	
<b>Section 4</b>	<b>Role and Function of the Company Secretary</b>	N	The Head of Administrative Dept is the Secretary to Board Committees and follows Code of Corporate Government
<b>Section 5</b>	<b>Risk Management, Internal Control and Internal Audit</b>		
5.1	Risk Management	N	Forms part of the Annual Report
5.2	Internal Control	N	IA has an internal Control which submits reports as required
5.3	Internal Audit	N	The Internal Auditor of IA has left. Post will be filled
5.4	Reporting and Disclosures	N	
<b>Section 6</b>	<b>Accounting and Auditing</b>		
6.1	Accounting	Y	
6.2	Audit	Y	
6.3	Non-Audit Services	Y	



**IRRIGATION AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)**

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance (Yes(Y)/No(N))</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to Code of Corporate Governance</i>
<b>Section 7</b>	<b><i>Integrated Sustainability Reporting</i></b>		
7.1	Social and Economic Responsibilities of Companies	N	IA provides irrigation service to some 5,000 small planters/families
7.2	Policies in respect of Ethics, Environment, Health and Safety	N	IA has prepared a Code of Conduct
7.3	Ethics	N	IA has prepared a Code of Conduct
7.4	Environment	N	IA has prepared a Code of Conduct
7.5	Health and Safety	N	IA follows the OSHA Act
7.6	Social Issues	N	IA is a non-profit organisation and provides irrigation service to some 5,000 small planters/families
<b>Section 8</b>	<b><i>Communication and Disclosures</i></b>		
8.1	Board should address the Shareholders and Stakeholders on Matters of material Interest	N	The Annual Report has a Chapter on <u>Main Events</u> which summarises interests to the planters communities
8.2	Annual Report	Y	
8.3	Directors' Responsibilities	Y	
8.4	Corporate Governance Report	Y	
8.5	Funding	N	The Annual Report has a Chapter on <u>Main Events</u> which summarises the funds used
<b>Section 9</b>	<b><i>Relationship with Shareholders</i></b>	N	IA has regular Steering Meetings with the Planters Communities and Water Users Cooperative Societies

**IRRIGATION AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2013**

**IRRIGATION AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**CHAIRPERSON** : MR KISSOONDUTH SARJU

**BOARD MEMBER** : MR VEERSINGH BOODHNA

**AG. GENERAL MANAGER** : MR RISHI RAJ SHARMA HAUZAREE

**REGISTERED OFFICE** : 5<sup>th</sup> Floor, Fon Sing Building  
12, Edith Cavell Street  
Port Louis  
Mauritius

**AUDITORS** : **Crowe Horwath (Mur) Co.**  
*Member Crowe Horwath International*  
2<sup>nd</sup> Floor, Ebene Esplanade  
24 Bank Street, Cybercity  
Ebene 72201  
Mauritius

**BANKER** : **State Bank of Mauritius Ltd**  
SBM Tower  
1, Queen Elizabeth II Avenue  
Port Louis  
Mauritius

The report together with the audited financial statements of the IRRIGATION AUTHORITY (the "Authority") for the year ended 31 December 2013 are presented to the Board.

#### INCORPORATION

The Authority is a para-statal body under the aegis of the Ministry of Agro – Industry & Food Security, and was set up under the Irrigation Authority Act 1978 in Mauritius.

#### PRINCIPAL ACTIVITY

The principal activity of the Authority is to implement and manage irrigation projects in every irrigation area and to do all other acts incidental thereto.

#### RESULTS

The results for the year are as shown on page 8.

#### BOARD MEMBERS

The present membership of the Board is set out on page 1.

#### BOARD'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Statutory Bodies (Accounts and Audit) Act 2004 requires the Board to have its financial statements prepared for each financial year which present fairly the financial position, financial performance and the cash flows of the Authority. The Board is also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Authority;
- disclose with reasonable accuracy at any time the financial position of the Authority; and
- would enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRS) and with the requirements of the Statutory Bodies (Accounts and Audit) Act.


The Board confirms that they have complied with the above requirements in preparing the financial statements.

Moreover, the new Board members having no personal knowledge of the contents of the Annual Report and its financial statements give a qualified approval as their knowledge of the contents of the report is derived solely from the relevant records and that approval is being given for the purpose of allowing the auditor to audit the financial statements of the statutory body under the Statutory Bodies (Accounts and Audit) Act.

#### AUDITORS

The auditors, Crowe Horwath (Mur) Co., have indicated their willingness to continue in office.

  
.....  
MR KISBOONDUTH SARJU  
CHAIRPERSON

  
.....  
MR VEERSINGH BOODHNA  
REPRESENTATIVE OF THE MINISTRY OF  
AGRO-INDUSTRY & FOOD SECURITY

Date: 21/10/15

FOR THE YEAR ENDED 31 DECEMBER 2013

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PURSUANT TO  
SECTIONS 6(2)(F) AND 75 OF THE FINANCIAL REPORTING ACT**

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We, the Board of IRRIGATION AUTHORITY (the "Authority"), confirm to the best of our knowledge that:

The Authority has complied but not disclosed information as required by the relevant sections of the Code of Corporate Governance for reasons as included in Appendix 1.

  
.....  
**MR KISSOONDUTH SARJU**  
CHAIRPERSON

  
.....  
**MR VEERSINGH BOODHNA**  
REPRESENTATIVE OF THE MINISTRY OF  
AGRO-INDUSTRY & FOOD SECURITY

Date: 21/10/15



**Crowe Horwath (Mur) Co.**  
Member Crowe Horwath International

2nd Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201, Mauritius  
Telephone : (230) 467 8684 / 466 2992  
Telefax : (230) 467 7478  
[www.crowehorwath.mu](http://www.crowehorwath.mu)

## **Independent Auditors' Report To the Board of IRRIGATION AUTHORITY**

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We have audited the accompanying financial statements of **IRRIGATION AUTHORITY** (the "Authority"), which comprise of the statement of financial position as at 31 December 2013, and the statement of operations, the statement of changes in grants and equity and the statement of cash flows for the year then ended as set out on pages 7 to 10, and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 24.

### **Management responsibilities for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Statutory Bodies (Accounts and Audit) Act, and for designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for keeping proper accounting records and selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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





**Independent Auditors' Report (Continued)**  
**To the Board of IRRIGATION AUTHORITY**

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**Basis for Qualified Opinion**

**(i) Existence and valuation of property, plant and equipment**

We have not attended, as part of our audit procedures, the physical verification of the property, plant and equipment aggregating to Rs 1,073,837,998 as disclosed in note 5 to the financial statements. We have also not received any information on assessment made by management as regards any impairment loss provision required to be made to those assets for our evaluation with the exception of land and building which has not been revalued. In the absence of the physical verification of the assets and for any revaluations and provisions for impairment losses necessary, we are unable to determine the existence of the said assets and whether provisions need to be made for revaluation and impairment losses. There are no other alternative procedures we could apply to check the existence and valuation of same.

**(ii) Existence and valuation of inventory**

We have not attended, as part of our audit procedures, the physical count and verification of the inventories aggregating to Rs 3,627,011 as disclosed in note 8 to the financial statements. We have also not received any information of assessment made by management with respect to inventory amount to be written off, if any, which might not be fit for use by the organisation and/or which may have been scrapped. In the absence of any assessment made for any amount to be written off, the inventories may be overstated with slow moving and damaged items forming part of the inventories. There are no other alternative procedures we could apply to check the existence and measurement of same.

**(iii) Completeness of irrigation dues recognised as income**

Irrigation dues amounting to Rs. 28,785,006 recognised in the statement of operations is a significant source of the revenue for the Authority. The Authority has determined that it is impracticable to establish control over the recognition of the entire irrigation dues within the accounting period in which invoices are raised. The accounting year of the irrigation dues is not coterminous with its financial year. Accordingly, we have not been able to satisfy ourselves as regards the completeness and accuracy of the irrigation dues recognised in the financial statements. There are no other alternative audit procedures we could apply to confirm the completeness of the irrigation dues.

**(iv) Recoverability of the amounts receivable on irrigation dues**

We have not been able to satisfy ourselves with regard to the recoverability of the amounts receivable on the irrigation dues shown as trade receivables amounting to Rs 56,651,006 due for more than one year. We are unable to evaluate as to whether any additional provisions are required to be made to the trade receivables at the reporting date for doubtful debts. There are no other alternative audit procedures we could apply to confirm whether any further provisions need to be made to the trade receivables.



**Independent Auditors' Report (Continued)**  
**To the Board of IRRIGATION AUTHORITY**

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**Qualified opinion**

In our opinion, except for the matters described under 'Basis for Qualified Opinion' and of the effects of any adjustments that might have been deemed necessary, the financial statements give a true and fair view of the financial position of the Authority as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

- We have no relationship with, or any interests in, the Authority other than in our capacity as auditors;
- We have obtained all the information and explanations we have required; and
- In our opinion, except for the completeness of the revenue and trade receivables, proper accounting records have been kept by the Authority as far as it appears from our examination of those records.

*Financial Reporting Act 2004*

The Authority is responsible for the preparation of the Corporate Governance Report and making all necessary disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the "Codes"). Our responsibility is to report on those disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Codes, with the exception of information not disclosed as required by the sections of the Codes as per the reasons included in Appendix I to the statement of compliance with the Codes by the Board of the Authority.

*Crowe Horwath (Mur) Co.*

**Crowe Horwath (Mur) Co.**  
**Public Accountants**

Date: **21 OCT 2015**  
**Ebene, Mauritius**

**K.S. Sewraz, FCCA**  
**Signing Partner**  
**Licensed by FRC**

**IRRIGATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

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	Notes	2013 MUR	Restated 2012 MUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	726,156,177	745,920,948
Development expenditure	6	18,361,937	17,870,020
Intangible assets	7	424,676	749,676
<b>Total non-current assets</b>		<b>744,942,790</b>	<b>764,540,644</b>
<b>Current assets</b>			
Inventories	8	3,627,011	1,548,383
Trade and other receivables	9	57,727,058	58,434,365
Cash and cash equivalents	10	15,419,207	10,694,684
<b>Total current assets</b>		<b>76,773,276</b>	<b>70,677,432</b>
<b>Total assets</b>		<b>821,716,066</b>	<b>835,218,076</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Capital grants	11	728,735,943	740,075,282
Retained earnings		(662,689,370)	(622,577,206)
<b>Total capital and reserves</b>		<b>66,046,573</b>	<b>117,498,076</b>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Borrowings	12	79,295,883	79,295,883
<b>Current liabilities</b>			
Borrowings	12	215,754,860	215,879,146
Trade and other payables	13	460,618,750	422,544,972
<b>Total current liabilities</b>		<b>676,373,610</b>	<b>638,424,118</b>
<b>Total liabilities</b>		<b>755,669,493</b>	<b>717,720,001</b>
<b>Total equity and liabilities</b>		<b>821,716,066</b>	<b>835,218,076</b>

These financial statements have been approved for issue by the Board on ..... 14<sup>th</sup> Oct. 2015 .....  
and signed on its behalf by:

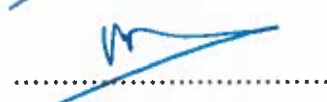
**NAMES**

**SIGNATURE**

**MR KISSOONDUTH SARJU**  
(CHAIRPERSON)

.....  


**MR VEERSINGH BOODHNA**  
(REPRESENTATIVE OF THE MINISTRY OF  
AGRO-INDUSTRY & FOOD SECURITY)

.....  


The notes on pages 11 to 24 form an integral part of these financial statements.

**IRRIGATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

8

		Year ended 31 December 2013	Year ended 31 December 2012
	Notes	MUR	MUR
<b>Income</b>			
Irrigation dues	4.11	28,785,086	26,081,670
Revenue grant	4.17	95,000,000	75,200,000
Total revenue		123,785,086	101,281,670
Other income	4.11	1,494,250	1,428,265
<b>Total income</b>		<b>125,279,336</b>	<b>102,709,935</b>
<b>Expenses</b>			
Administrative expenses	14	(155,298,150)	(140,886,417)
Depreciation	5	(20,362,928)	(20,710,713)
Amortisation	7	(325,001)	(325,001)
<b>Operating deficit</b>		<b>(50,706,743)</b>	<b>(59,212,196)</b>
Finance income	15	409,449	134,584
Foreign exchange gain/(loss)		124,281	(799,891)
Finance costs	16	(8,976,024)	(9,134,231)
<b>Deficit for the year</b>		<b>(59,149,037)</b>	<b>(69,011,734)</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<b>Total comprehensive loss for the year</b>		<b>(59,149,037)</b>	<b>(69,011,734)</b>

The notes on pages 11 to 24 form an integral part of these financial statements.

**IRRIGATION AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

9

		Year ended 31 December 2013	Year ended 31 December 2012
	Notes	MUR	MUR
<b>Cash flows from operating activities</b>			
Loss for the year		(59,149,037)	(69,011,734)
<b>Adjustments for:</b>			
Depreciation	5	20,362,928	20,710,713
Amortisation	7	325,001	325,001
Interest income	15	(409,449)	(134,584)
(Gain)/loss on exchange		(124,281)	799,891
Interest expense	16	8,976,024	9,134,231
Development expenditure written-off		-	1,233,243
<b>Operating loss before working capital changes</b>		<b>(30,018,814)</b>	<b>(36,943,239)</b>
<b>Changes in working capital:</b>			
(Increase) / decrease in inventories		(2,078,628)	409,201
Decrease in trade and other receivables		707,307	1,207,527
Increase in trade and other payables		38,073,779	40,960,461
<b>Cash generated from operations</b>		<b>6,683,644</b>	<b>5,633,950</b>
Interest received	15	409,449	134,584
Interest paid	16	(8,976,024)	(9,134,231)
<b>Net cash used in operating activities</b>		<b>(1,882,931)</b>	<b>(3,365,697)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(598,157)	(1,573,106)
Purchase of intangible assets		-	(398,539)
Development expenditures	6	(491,917)	(14,268,089)
<b>Net cash used in investing activities</b>		<b>(1,090,074)</b>	<b>(16,239,734)</b>
<b>Cash flows from financing activities</b>			
Capital grants received	11	7,697,528	22,451,485
<b>Net cash generated from financing activities</b>		<b>7,697,528</b>	<b>22,451,485</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,724,523</b>	<b>2,846,054</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		10,694,684	7,848,630
Net increase in cash and cash equivalents		4,724,523	2,846,054
<b>Cash and cash equivalents at the end of the year</b>	10	<b>15,419,207</b>	<b>10,694,684</b>

The notes on pages 11 to 24 form an integral part of these financial statements.

**IRRIGATION AUTHORITY**  
**STATEMENT OF CHANGES IN GRANTS AND EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

10

	<b>Capital grants</b>	<b>Retained earnings</b>	<b>Total capital &amp; reserves</b>
	<b>MUR</b>	<b>MUR</b>	<b>MUR</b>
At 1 January 2012	735,382,485	(571,324,160)	164,058,325
Release from capital to reserves	(17,758,688)	17,758,688	-
Additions	22,451,485	-	22,451,485
Total comprehensive loss for the year	-	(69,011,734)	(69,011,734)
At 31 December 2012	<u>740,075,282</u>	<u>(622,577,206)</u>	<u>117,498,076</u>
At 1 January 2013	740,075,282	(622,577,206)	117,498,076
Release from capital to reserves	(19,306,867)	19,306,867	-
Adjustments (Note 21)		(269,994)	(269,994)
Additions	7,967,528	-	7,967,528
Total comprehensive loss for the year	-	(59,149,037)	(59,149,037)
Balance as at 31 December 2013	<u>728,735,943</u>	<u>(662,689,370)</u>	<u>66,046,573</u>

The notes on pages 11 to 24 form an integral part of these financial statements.

## 1. GENERAL INFORMATION

The IRRIGATION AUTHORITY (the "Authority") is a para-statal body under the aegis of the Ministry of Agro-Industry & Food Security, set up by the Irrigation Authority Act 1978 and having its registered office at 5<sup>th</sup> Floor, Fon Sing Building, 12<sup>th</sup> Edith Cavell Street, Port Louis.

The IRRIGATION AUTHORITY implements and manages irrigation projects in every irrigation areas and does all acts incidental thereto.

The Financial Statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## 2. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE AUTHORITY

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of the IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories namely those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Authority's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch. The amendment does not result in any significant effect to the Authority's financial statements during the year.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The amendment does not result in any significant effect to the financial statements during the year.

The Board anticipate that the standards and interpretations not yet adopted will have no material impact on the financial statements of the Authority in future years.

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Authority has adopted all of the new and revised standards and interpretations issued by IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting year beginning on and after 1 January 2013. The accounting policies are consistent with those of the previous financial year, except for the following new and amended IFRS:

Amendments to IAS 1 - The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 have been applied retrospectively, and hence the presentation of items of the other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Overall considerations**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

##### **4.2 Financial instruments**

###### *Recognition, initial measurement and de-recognition*

Financial assets and financial liabilities are recognised when the Authority becomes a party to a contractual provision of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, where appropriate.

###### **Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into loans and receivables.

All financial assets except those at fair value through profit and loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets that are recognised in the statement of operations is presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

###### **Loans and receivables**

Loans and receivables are non-derivative financial assets which is fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and bank balances, trade and most of its receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they past due or when other objective evidence is received that a specific counterparty will default.

###### **Classification and subsequent measurement of financial liabilities**

The Authority's financial liabilities include borrowings and trade and other payables.

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

All interest-related charges on financial liabilities are included within 'finance costs'.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.3 Foreign currencies

###### Functional and presentation currency

The Financial Statements are presented in Mauritian rupees (MUR or Rs), which is also the functional currency of the Authority.

###### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year end exchange rates are recognised in the statement of operations.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

##### 4.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method to write down the cost of assets, to their residual values over their estimated useful lives as follows:

Operational Irrigation Projects Developed	2%
Buildings	5%
Furniture and Equipment	10%
Electronic Equipment	25%
Motor Vehicles	20%
Irrigation Equipment	10%

The estimated useful lives are reviewed at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of operations. All repairs and maintenance are expensed during the financial year in which they are incurred.

##### 4.5 Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its useful life using the straight line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

##### 4.6 Development expenditure

Development expenditure on projects is recognised to the extent that such expenditure is expected to have future benefits. Upon completion of the projects, the full amount is transferred to property, plant and equipment and is depreciated accordingly. Otherwise, the full amount is written off in the statement of operations.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.7 Trade Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. At the end of each reporting period, the carrying amount of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of operations.

##### 4.8 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into MUR using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

##### 4.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated of the selling price in the ordinary course of business less any applicable selling expenses where necessary, provision is made for obsolete and slow moving inventories.

##### 4.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of operations over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### 4.11 Revenue recognition

Revenue are recognised upon delivery of services and customer acceptance, net of tax, allowance and discounts.

Revenue is recognised for in the accounting periods in which the irrigation services are rendered .

Other income is recognised in the statement of operations on a receipt basis.

Interest income is recognised on an accrual basis, unless collectability is in doubt.

##### 4.12 Cash and cash equivalents

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

##### 4.13 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. Timing or amount of the outflow may still be uncertain.

All known risks at reporting date are reviewed in detail and provision is made where necessary.

##### 4.14 Employee benefits

###### (i) Pension and retirement scheme

The Authority contributes to the National Savings Fund and National Pension Scheme for its employees.

The retirement benefits in respect of employment legislation are recognised when disbursed.

###### (ii) National Pension Scheme

Contributions to the National Pension Scheme are expensed in the year in which they fall due.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 4.15 Impairment of assets

At each reporting date, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

##### 4.16 Expense recognition

All expenses are accounted for on an accrual basis.

##### 4.17 Capital grants

Grants are received from the Government of Mauritius to finance development and capital expenditure are credited to Capital Grants Account. A portion of the grants is released to statement of operations in which the aggregate amount of :

- (i) Depreciation on assets acquired out of grants received from capital expenditure, and
- (ii) The amount of development expenditure amortised, if any.

Revenue grants received to finance operating expenses are credited to the statement of operations of the year to which they relate.

Retained earnings include all current and prior year's results.

##### 4.18 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

##### 4.19 Significant management judgement in applying accounting policies

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

###### Significant management judgement

There was no significant management judgement during the year under review.

###### Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

###### Useful lives of depreciable assets

The Authority reviews the estimated useful lives of its depreciable assets at each reporting date. At 31 December 2013, the Authority considered that useful lives represent the expected utility of the assets of the Authority. The carrying amounts are analysed in notes 5 and 7.

###### Inventories

The Authority estimates that the net realisable value of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future change in types of spare parts and other materials or other market-driven changes that may reduce future selling prices.

###### Comparative figures

The comparative figures in the financial statements relate to the year ended 31 December 2012.

**IRRIGATION AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. PROPERTY, PLANT, AND EQUIPMENT**

	Operational Irrigation Projects Developed		Land and Building		Furniture And Equipment		Electronic Equipment		Motor Vehicles		Irrigation Equipment		TOTAL	
	MUR		MUR		MUR		MUR		MUR		MUR		MUR	
<b><u>COST</u></b>														
At 1 January 2013	941,635,617		6,912,778		13,111,136		659,441		13,312,845		97,608,024		1,073,239,841	
Additions	-		-		527,517		3,995		66,645		-		598,157	
At 31 December 2013	941,635,617		6,912,778		13,638,653		663,436		13,379,490		97,608,024		1,073,837,998	
<b><u>ACCUMULATED DEPRECIATION</u></b>														
At 1 January 2013	203,210,165		3,185,270		12,207,618		607,190		11,340,127		96,768,523		327,318,893	
Charge for the year	18,832,712		230,794		342,435		28,431		730,879		197,677		20,362,928	
At 31 December 2013	222,042,877		3,416,064		12,550,053		635,621		12,071,006		96,966,200		347,681,821	
<b><u>NET BOOK VALUES</u></b>														
At 31 December 2013	719,592,740		3,496,714		1,088,600		27,815		1,308,484		641,824		726,156,177	
At 31 December 2012	738,425,452		3,727,508		903,518		52,251		1,972,718		839,501		745,920,948	

6. DEVELOPMENT EXPENDITURE

	2013	2012
	MUR	MUR
PAD CO	17,919,564	17,427,647
Contract for Palma Borehole No BH 439	442,373	442,373
	<u>18,361,937</u>	<u>17,870,020</u>

7. INTANGIBLE ASSETS

	2013	2012
	MUR	MUR
Computer software		
Cost		
At 1 January	1,300,004	1,300,004
At 31 December	<u>1,300,004</u>	<u>1,300,004</u>
Accumulated Amortisation		
At 1 January	550,327	225,326
Amortisation for the year	325,001	325,001
At 31 December	<u>875,328</u>	<u>550,327</u>
Net Book Value		
At 31 December	<u>424,676</u>	<u>749,677</u>

8. INVENTORIES

	2013	2012
	MUR	MUR
Spare parts	3,380,971	1,336,361
Stationery	246,040	212,022
	<u>3,627,011</u>	<u>1,548,383</u>

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	MUR	MUR
Trade receivables	56,651,006	55,559,461
Other receivables	1,076,052	2,874,904
	<u>57,727,058</u>	<u>58,434,365</u>

(i) No interest is charged on trade receivables for overdue balances.

(ii) Analysis of trade receivables at 31 December 2013:

	2013	2012
Not past due	56,651,006	55,559,461
Past due but not impaired	-	-
Total trade receivables	<u>56,651,006</u>	<u>55,559,461</u>

10. CASH AND CASH EQUIVALENTS

	2013	2012
	MUR	MUR
Cash in hand and at bank	15,419,207	10,694,684
	<u>15,419,207</u>	<u>10,694,684</u>

11. CAPITAL GRANTS

	2013 MUR	2012 MUR
European Union - M1 Pipeline	140,899,748	140,899,748
NPIP Stage II Design	1,707,220	1,707,220
RDU Projects Design	300,000	300,000
Pilot & Plaisance (N) Project's Assets	11,100,790	11,100,790
USAID for Small Scale Project	2,000,000	2,000,000
Souvenir Drip Project	32,271,281	32,271,281
Australian Government	3,137,941	3,137,941
Western Coast Drip Irrigation (Magenta Project)	127,619,356	127,619,356
Other Grants, Cressonville and Richelieu	12,283,743	12,283,743
NPIP Stage 1 & Extension (including road surfacing)	352,503,627	343,607,591
Belle Mare Projects	13,522,843	13,522,843
Riviere du Rempart	50,093,665	50,093,665
Solitude	46,869,121	46,869,121
St Felix	44,618,352	41,869,081
Bel Ombre Project	2,158,152	2,158,152
Calebasses	886,424	886,424
Pointe aux Piments	10,960,895	10,960,895
AMS Projects	58,676,327	58,676,327
Drilling rig	10,149,829	10,149,829
Improvement/rehabilitation under rural development program	799,479	799,479
Western Coast tapping borehole to filtration	266,572	266,572
Trou D'Eau Douce	843,629	843,629
Massilia canal	26,115,964	26,115,964
Grant IFAD	89,373,275	89,373,273
Grant Ifad-consultancy services	1,585,584	1,585,584
Grant for dripper lines	3,069,259	3,069,259
Grant VEH/ACC/2005/0/R	2,646,800	2,646,800
Grant Hydraulic Valve	8,968,905	12,646,686
Grant Palma	1,506,976	1,506,976
Grant Plaisance	460,000	460,000
	<u>1,057,395,757</u>	<u>1,049,428,229</u>
	2013 MUR	2012 MUR
Amortisation		
At 1 January	309,352,947	291,594,259
Release to statement of operations	19,306,867	17,758,688
At 31 December	<u>328,659,814</u>	<u>309,352,947</u>
Net Capital Grants	<u>728,735,943</u>	<u>740,075,282</u>



11. CAPITAL GRANTS (CONTINUED)

	2013 MUR	2012 MUR
<b>Summary of Grants</b>		
At 1 January	740,075,282	735,382,485
Additions	7,967,528	22,451,485
Release to statement of operations	(19,306,867)	(17,758,688)
At 31 December	<u>728,735,943</u>	<u>740,075,282</u>

12. BORROWINGS

<i>Non - current borrowings</i>	2013 MUR	2012 MUR
Commonwealth Development Corporation(CDC) (note (a) below)	34,853,883	34,853,883
Ministry of Finance & Economic Development - BLOCK 2 (note (e) below)	8,000,000	8,000,000
Ministry of Finance & Economic Development (note (f) below)	36,442,000	36,442,000
<b>Total non-current borrowings</b>	<u>79,295,883</u>	<u>79,295,883</u>

(a) Commonwealth Development Corporation (CDC)

The rate of interest on CDC loans is 6.5% per annum. The loan should have been paid in 36 annual instalment up to the maturity date year 2020. (1st payment -1984)

(b) Government Loans

The rate if interest on Government loan is 2% per annum. The loan of Rs 8,000,000 is repayable within 7 years from date of disbursement (2011) ie year 2018. Regarding the loan of Rs 36,000,000 disbursed to IA in 2010, it is repayable within 10 years ie 2020.

(c) Agence Francaise de Development (AFD)

AFD loan represents a foreign currency loan of Euro 387,169 for the Palma East Project. The rate of interest on this loan is 4.5% per annum. The loan maturity date was 2010.

(d) African Development Bank (ADB)

The rate of interest on the African Development Bank loan is 4.1%.

(e) Ministry of Finance & Economic Development - BLOCK 2

The rate of interest is variable based on a prevailing repo-rate of 5.25% on the date of loan approval. The loan is repayable over 7 years in 14 semi-annual instalments. A penalty of additional 2% is chargeable on arrears. ie in the year 2018.

(f) Loan from Ministry of Finance & Economic Development

The rate of interest on the Government of Mauritius - Ministry of Finance and Economic Development loan is based on prevailing repo rate of 5.75% payable over 10 years in 20 equal semi-annual instalment and 1 year grace period, contracted for the payment of a legal claim penalty fee.

12 BORROWINGS (CONTINUED)

*Current borrowings*

	2013	2012
	MUR	MUR
Government loans (note (b) above)	172,327,840	172,327,840
Soft loan Magenta	20,517,058	20,517,058
Agence Francaise De Development (AFD) (note (c) above)	15,757,386	15,881,672
African Development Bank (note (d) above)	7,152,576	7,152,576
<b>Total current borrowings</b>	<b>215,754,860</b>	<b>215,879,146</b>

13. TRADE AND OTHER PAYABLES

	2013	2012
	MUR	MUR
Other payables	419,854,582	390,841,878
Accuals	40,764,168	31,703,093
	<b>460,618,750</b>	<b>422,544,971</b>

- (i) The average credit period for local and foreign payables ranges from 15 to more than 90 days. Interest is accrued on part of trade payables for overdue balances. The Authority has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- (ii) The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

14. ADMINISTRATIVE EXPENSES

	2013	2012
	MUR	MUR
Salaries, wages and staff related costs	83,729,871	71,235,981
Motor vehicles running expenses	2,133,976	1,914,447
Repairs & maintenance of equipment, furniture and office	351,273	287,668
Insurance	360,827	477,970
Fees and subscriptions	27,562	56,929
Utilities	3,100,477	2,974,472
Advertising expenses	93,156	98,066
Office rent, rates and taxes	3,177,800	3,038,438
Printing, postages and stationery	585,266	521,387
Donations & charity	13,500	1,600
Management & administration fees	519,213	387,232
Security expenses	2,193,146	2,086,393
Legal and professional fees	517,238	574,215
Passage benefits	8,682,277	3,798,948
Protective amenities	355,514	188,613
Travelling expenses	6,712,082	5,908,374
Provision for bad debts	9,974,601	8,867,986
Water charges	20,920,093	30,117,452
General expenses	621,449	426,753
Repairs & maintenance	11,174,704	7,750,443
Training & workshops	19,625	550
Audit fees	34,500	172,500
<b>At 31 December</b>	<b>155,298,150</b>	<b>140,886,417</b>

15. FINANCE INCOME

	2013 MUR	2012 MUR
Interest on bank savings accounts	409,449	149,026
Interest on staff car loans	-	253,166
	<u>409,449</u>	<u>402,192</u>

16. FINANCE COSTS

	2013 MUR	2012 MUR
Government Loans	3,856,164	3,856,898
Commonwealth Development Corporation (CDC)	2,265,502	2,265,500
Agence Française de Development (AFD)	733,352	714,675
Ministry of Finance & Economic Development	2,121,006	2,297,157
At 31 December	<u>8,976,024</u>	<u>9,134,230</u>

17. RELATED PARTY TRANSACTIONS

Nature of Relationship	Nature of Transaction	2013 MUR	2012 MUR
Government of Mauritius	Loans	<u>295,050,743</u>	<u>295,175,028</u>

The transactions were carried out at arm's length.

## 18. FINANCIAL INSTRUMENT RISK

### 18.1 Risk Management objectives and policies

The Authority's financial assets and financial liabilities by category are summarised below.

	2013 MUR	2012 MUR
<b>Financial assets</b>		
Trade and other receivables	57,727,058	58,434,365
Cash and cash equivalents	15,419,207	10,694,684
<b>Total financial assets</b>	<b>73,146,265</b>	<b>69,129,049</b>
<b>Financial liabilities</b>		
Trade and other payables	460,618,750	422,544,972
Borrowings (current and non current)	295,050,743	295,175,029
<b>Total financial liabilities</b>	<b>755,669,493</b>	<b>717,720,001</b>

The Authority's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance.

The Authority's risks are managed at the level of the Board. The Board is responsible for overseeing the establishment of effective risk management systems and the monitoring of internal compliance and controls. The implementation of the risk management systems and the management of risks within the Authority on a day-to day basis are the responsibility of the General Manager.

#### Market risk

##### Foreign exchange risk

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

The currency profile of the Authority's financial assets and liabilities is as follows:-

	Financial assets 2013 MUR	Financial liabilities 2013 MUR	Financial assets 2012 MUR	Financial liabilities 2012 MUR
Euro	-	16,296,717	-	23,034,247
MUR	73,146,265	739,372,776	69,129,049	694,685,754
<b>Total</b>	<b>73,146,265</b>	<b>755,669,493</b>	<b>69,129,049</b>	<b>717,720,001</b>

##### Foreign currency sensitivity analysis

The Euro/MUR exchange rate for the year ended 31 December 2013 were as shown below:

	Dec-13 MUR	Dec 2012 MUR
EURO/MUR	42.092	39.42

The information below illustrates the sensitivity of profit and equity in regards to the Authority's financial instruments and the EURO/MUR exchange rate, "all other things being equal".

It assumes a 5% percentage change in the Euro/MUR exchange rate for the year ended 31 December 2013. The sensitivity analysis is based on the Authority's foreign currency financial instruments held at each reporting date.

If the MUR had strengthened by 5%, deficit would have decreased by some MUR814,835.84 at 31 December 2013 (Dec 2012: MUR763,110). If the MUR had weakened by the same percentage, deficit would have increased by some MUR814,835.84 (Dec 2012: MUR763,110.10).

##### Interest rate risk

The Authority's policy is to minimise interest rate risk exposures on financial liabilities. The Authority is exposed to changes in market interest rates on its loans. The loans carry fixed interest rate and are exposed to changes in repo rate.

The exposure to interest rate on cash and bank balances is not considered significant.

## 18 FINANCIAL INSTRUMENT RISK (CONTINUED)

### 18.2 Credit risk

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date, as summarised below:

	2013	2012
	MUR	MUR
Financial assets		
Trade and other receivables	57,727,058	58,434,365
Cash and cash equivalents	15,419,207	10,694,684
	<u>73,146,265</u>	<u>69,129,049</u>

Credit risk refers to the risk that the counterparty fails to discharge an obligation of the Authority. The Authority has policies in place to deal with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Authority transacts with entities having good credit rating. The Authority continuously monitors defaults of customers and incorporates this information into its credit risk controls. The Authority's policy is to deal only with creditworthy counterparties.

Trade receivables consist of a large number of customers project-wise and an ongoing credit evaluation is performed on the financial condition of these customers.

The credit risk for cash and cash equivalents is considered negligible, since the Authority transacts with a reputable bank.

The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to credit risk.

### 18.3 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Ultimate responsibility for liquidity risk management rests with the Board who also monitors the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk by ensuring timely recovery of receivables by securing credit facilities from bank, and also obtaining financing from related parties.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount	Less than one year	1 to 5 years
	MUR	MUR	MUR
<b>31-Dec-13</b>			
Liabilities			
Borrowings	295,050,743	215,754,860	79,295,883
Trade and other payables	460,618,750	460,618,750	-
	<u>755,669,493</u>	<u>676,373,610</u>	<u>79,295,883</u>
<b>31-Dec-12</b>			
Liabilities			
Borrowings	295,175,029	215,879,146	79,295,883
Trade and other payables	422,544,972	422,544,972	-
	<u>717,720,001</u>	<u>638,424,118</u>	<u>79,295,883</u>

## 19. CAPITAL RISK MANAGEMENT

The Authority's objectives when managing capital are to safeguard its ability to continue as a going concern.

The capital structure of the Authority consists of debts, cash and cash equivalents and capital grants.

### Gearing ratio

The Authority's Board reviews the capital structure on an annual basis. As part of this review, the Board considers the cost of capital and the risks associated with the class of capital. The Authority monitors capital on the basis of the gearing ratio. This ratio is determined as the proportion of net debt to total capital.

19. CAPITAL RISK MANAGEMENT (CONTINUED)

Gearing ratio (Continued)

	2013	2012
	MUR	MUR
Debt (i)	295,050,743	295,175,029
Less: cash and cash equivalents	(15,419,207)	(10,694,684)
Net debt	279,631,536	284,480,345
Equity (ii)	66,046,573	117,498,076
Total capital	345,678,109	401,978,421
Gearing ratio	0.81	0.71

(i) Debt is defined as long-term borrowings, short-term borrowings and bank overdraft.

(ii) Equity includes both grants and reserves.

20. FAIR VALUE ESTIMATION

The Authority's financial assets and liabilities are measured at their carrying amounts which approximate their fair values.

21. ADJUSTMENT AND RECLASSIFICATION

*Prior year adjustment*

The adjustment amounting to Rs 269,994 has been made in respect of car loan and interest on car loan receivable from the Authority's staff pertaining to previous years which were not properly calculated.

*Prior year reclassification*

The adjustment amounting to USD 215,754,860 made in the financial statements for the year ended 31 December 2012 represents reclassifications made by the Authority in relation to balances formerly recognised as non-current liability and now reclassified to current liability as the maturity dates for repayment of the loans have lapsed.

	As previously stated MUR	Adjustment MUR	As restated MUR
<b>Non-current liabilities</b>			
Borrowings	295,050,743	(215,754,860)	79,295,883
<b>Current liabilities</b>			
Borrowings	-	215,754,860	215,754,860

22. EVENTS AFTER THE REPORTING PERIOD

No events were noted after the reporting date that would require disclosure or adjustment to the financial statements for the year ended 31 December 2013.

Name of client: IRRIGATION AUTHORITY

Year ended: 31 December 2013

**CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)**

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance Yes(Y)/No(N)</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to the Code of Corporate Governance</i>
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<b>Section 2</b>	<b>Role and Function of the Board</b>		
2.1	Structure of the Board	Y	
2.2	Composition of the Board	Y	
2.3	Role of the Board	Y	
2.4	Conflicts of Interest	Y	The Authority has prepared a Code of Conduct
2.5	Role and function of the Chairperson	N	The Authority follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
2.6	Role and Function of the CEO	N	The Authority follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
2.7	Role of the Executive, Non Executive and Independent Executive Director	N	Not Applicable to the Authority
2.8	Remuneration of Directors	Y	Salaries are as per PRB
2.9	Director Selection, Training and Development	Y	
2.10	Board and Director Appraisal	N	The Authority follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
<b>Section 3</b>	<b>Board Committees</b>		
3.1	Accountability and Responsibility for performance	Y	
3.2	Terms and Reference of Board Committees	Y	
3.3	Transparency and Disclosures from Board Committees to Board	N	The Authority follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance
3.4	Composition of the Board Committees	Y	
3.5	Audit Committees and Corporate Governance Committee	Y	There is an Audit Committee which sits as required
3.6	Other Committee <Finance, Staff and Land Management Committees>	Y	
3.7	Independence of Board Committees	N	The Authority follows the Guidance Notes for State Owned Enterprise on Code of Corporate Governance



Name of client: IRRIGATION AUTHORITY

Year ended: 31 December 2013

## CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance Yes(Y)/No(N)</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to the Code of Corporate Governance</i>
3.8	Secretary of Committees	N	The Head of Administrative Department is the Secretary to Board Committees
3.9.1	The Audit Committee	Y	There is an Audit Committee which sits as required
3.9.2	The Corporate Governance Committee	N	Works undertaken by the Administration Department
3.9.3	Board Risk Committee	N	
3.9.4	The Remuneration Committee	N	Salaries are as per PRB
3.9.5	The Nomination Committee	N	Staff Committee
<b>Section 4</b>	<b><i>Role and Function of the Company Secretary</i></b>	N	The Head of Administrative Department is the Secretary to Board Committees and follows Code of Corporate Government
<b>Section 5</b>	<b><i>Risk Management, Internal Control and Internal Audit</i></b>		
5.1	Risk Management	N	Forms part of the Annual Report
5.2	Internal Control	N	The Authority has an internal Control which submits reports as required
5.3	Internal Audit	N	The Internal Auditor of the Authority has left. Post will be filled
5.4	Reporting and Disclosures	N	
<b>Section 6</b>	<b><i>Accounting and Auditing</i></b>		
6.1	Accounting	Y	
6.2	Audit	Y	
6.3	Non-Audit Services	Y	
<b>Section 7</b>	<b><i>Integrated Sustainability Reporting</i></b>		
7.1	Social and Economic Responsibilities of Companies	N	The Authority provides irrigation service to some 5,000 small planters/families
7.2	Policies in respect of Ethics, Environment, Health and Safety	N	The Authority has prepared a Code of Conduct

Name of client: IRRIGATION AUTHORITY

Year ended: 31 December 2013

**CODES OF CORPORATE GOVERNANCE (EXTENT OF COMPLIANCE)**

<i>Sections of the Code</i>	<i>Descriptions</i>	<i>Compliance Yes(Y)/No(N)</i>	<i>Reasons for non-disclosure of information in the Annual Report relating to the Code of Corporate Governance</i>
7.3	Ethics	N	The Authority has prepared a Code of Conduct
7.4	Environment	N	The Authority has prepared a Code of Conduct
7.5	Health and Safety	N	The Authority follows the OSHA Act
7.6	Social Issues	N	The Authority is a non-profit organisation and provides irrigation service to some 5,000 small planters/families
<b>Section 8</b>	<b>Communication and Disclosures</b>		
8.1	Board should address the Shareholders and Stakeholders on Matters of material Interest	N	The Annual Report has a Chapter on Main Events which summarises interests to the planters communities
8.2	Annual Report	Y	
8.3	Directors' Responsibilities	Y	
8.4	Corporate Governance Report	Y	
8.5	Funding	N	The Annual Report has a Chapter on Main Events which summarises the funds used
<b>Section 9</b>	<b>Relationship with Shareholders</b>	N	The Authority has regular Steering Meetings with the Planters Communities and Water Users Cooperative Societies



## **IRRIGATION AUTHORITY**

**Head Office:**  
**5th Floor, Fon Sing Building**  
**12, Edith Cavell Street, Port-Louis, Mauritius**  
**Tel: 210 6596 - Fax 212 7652**  
**Email: [irrig@intnet.mu](mailto:irrig@intnet.mu)**