REPORT OF THE

DIRECTOR OF AUDIT

On the Financial Statements of the Mauritius Society of Authors for the year ended 31 December 2013

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

TO THE BOARD OF THE

THE MAURITIUS SOCIETY OF AUTHORS

Report on the Financial Statements

I have audited the financial statements of the Mauritius Society of Authors which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income and the statement of changes in equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting and accounting standards issued under Section 72 of the Financial Reporting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those standards require that I 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Property, Plant and Equipment – Rs 14,133,867

Property, Plant and Equipment was overstated at 31 December 2013. Depreciation totalling Rs 1,852,281 have not been charged in accounts.

Trade and Other Receivables – Rs 15,520,191

Included under Trade and Other Receivables were Government Grant, Provision for Copyright fees and other monies totalling Rs 14,405,000 that were not collectible.

Employees Benefits – Rs 4,832,201

Provisions were not made for refundable Sick Leave amounting to Rs 1,452,560.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the attached financial statements give a true and fair view of financial position of the Mauritius Society of Authors as at 31 December 2013 and of its financial performance for the year then ended in accordance with financial reporting and accounting standards issued under Section 72 of the Financial Reporting Act.

Emphasis of Matter

The Mauritius Society of Authors incurred losses of Rs 3,943,140 in 2013 and in the two previous accounting years. The accumulated losses of Rs 4,880,439 at 31 December 2013 were understated by Rs 17,709,849 for the effects of matters described in the Basis for Qualified Opinion paragraphs. Artists' share of copyright monies totalling Rs 29,702,996 was used to finance the operations of the Society as of 31 December 2013.

Other Matters

On 30 November 2017, the Board of the Mauritius Society of Authors appointed me as the auditor for its financial statements for the year ending 31 December 2013. The financial statements of the Society for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements.

Report on Other Legal and Regulatory Requirements

Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

This responsibility includes performing procedures to obtain audit evidence about whether the entity's expenditure and income have been applied for the purposes intended by those charged with governance. Such procedures also include the assessment of risks of material non compliance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

The financial statements of the Mauritius Society of Authors for the year ended 31 December 2013 were submitted to the National Audit Office on 14 December 2017 that is more than 43 months after the statutory date limit of 30 April 2014.

In my opinion, except for the late submission of financial statements, in all material respects, the activities, financial transactions and information reflected in the amended financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

The Mauritius Society of Authors is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

K. C. TSE YUET CHEONG (MRS)
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS

29 April 2019.

MAURITIUS SOCIETY OF AUTHORS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st December 2013

CONTENTS

MAURITIUS SOCIETY OF AUTHORS
Statement of Financial Position
for the year ended 31 December 2013

	Notes	2013 Rs	2012 Rs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	2	14,133,867	14,283,628
Total non-current assets		14,133,867	14,283,628
Current assets			
Trade & Other Receivables	3	15,520,191	16,232,430
Cash & Cash Equivalent		28,242,973	20,915,019
Total current assets		43,763,164	37,147,449
Total assets		57,897,031	51,431,077
EQUITY ANO LIABILITIES			
Capital and reserves			
Accumulated Fund	4	(4,880,439)	(937,299)
Provident & Social Welfare Fund	5	9,123,397	8,153,831
Society's Fund		4,242,957	7,216,532
Non-current liabilities			
Employees benefits		4,832,201	4,832,201
		4,832,201	4,832,201
Current liabilities			
Accounts Payable	6	48,821,872	39,382,344
		48,821,872	39,382,344
Total equity and liabilities		57,897,031	51,431,077

The above balance sheet is approved as being correct and in accordance with books and records of the Society

CHAIRMAN

Date: 04.10.18.

BOARD MEMBER

18.09.18

MAURITIUS SOCIETY OF AUTHORS
Statement of Comprehensive Income
For the year ended 31 December 2013

	Notes	2013	2012
INCOME		Rs	Rs
Annual Government Grant		1,045,000	950,000
PRB Grant Receivable		-	3,000,000
Interest		908,460	640,576
Copyright Fees		8,465,657	7,015,617
Other Income		-	176,505
		10,419,117	11,782,698
EXPENDITURE			
Staff Costs	7	10,403,523	9,597,307
Administrative Overheads	8	2,389,119	1,714,556
Chairman and Board Members Fees		831,339	777,408
Depreciation		252,207	701,192
Legal and Professional Fees		453,386	397,016
Financial Changes		32,683	18,189
		14,362,257	13,205,668
Loss For The Year		(3,943,140)	(1,422,970)

AURITIUS SOCIETY OF AUTHORS

Statement of Changes in Equity

For the year ended 31 December 2013

	2013 Rs	2012 RS
Opening balance	(937,299)	485,671
Calculated Loss for the year	(3,943,140)	(1,422,970)
Balance	(4,880,439)	(937,299)

Notes to the *financial statements*

1) Accounting Policies

The principal accounting policies may Include the following:

(a) *Basis of preparation*

The financial statements has been prepared under the historical cost convention and in accordance with accounting framework for Statutory Bodies. The going concern basis has been adopted.

(b)Revenue Recognition

Recurrent government grants are recognised on a cash basis ,as income and are matched against the recurrent expenses of the entity.

Interests and other income are recognised on an accrual basis.

(c) Inventories

Inventories have been measured al the lower of cost and net realisable value. Net realizable value means the net amount that the entity will realize from sale of the inventories.

Cost shall comprise of all costs Incurred in bringing lhe inventories to its location and condition. Such costs include purchase costs, conversion costs, and other costs.

(d) Property, plant and equipment

Property, Plant and Equipment are stated at cost or valuation, net of accumulated depreciation. Depreciation is the systematic allocation of funds representing the use of an asset over its useful life.

The useful life is the period over which the entity is expected to use the asset.
The useful life of each components asset shall be determine.

The residual value is defined as the amount that an entity would currently obtain from disposing the asset;

(i) After deducting the estimated costs of disposals
(ii) If it was at the age and condition expected at tile end of its useful life.

(d)Property, plant and equipment (continued)

The residual value of the asset shall be estimated as an entity does not normally depreciate to zero. However, residual value can only be ignored if it is insignificant.

The depreciation charged for each item and for each period shall be recognised in the statement of Financial Performance for the period.

Depreciation is provided on the straight line basis so as to write off ths depreciable value of the assets over their expected useful economic lives.

The annual rates ot depreciation used for the purpose are as follows:

Motor Vehicles	20%
Office Equipment	15%
Office Furniture	10%

(e) Cash and Cash Equivalent

Cash and Cash Equivalents comprise cash at bank and cash in hand.

(f) Provisions

A provision is recognized when there is a present obligation (legal constructive) as a result of a past event, and it is probable tha an outflow of resources embodying economic benefits will be required to settle the obligation,and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(g) Comparative Figures

Figures of last year conform to the current year's presentation.

(h) Retirement Benefit Obligations

Provisions for retirement benefits for the company are made in accordance with the Statutory Bodies Pension Act 1978 as amended.

The company asset are managed by the (Insurance Company).The cost of providing the benefit is detrmined in accordance with the acturial valuation undertaken every five years.

MAURITIUS SOCIETY OF AUTHORS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

2. NON CURRENT ASSETS

	Repertoire	Motor Vehicle	Repertoire de la presse	Renovation Works	Land	Building	Office Equipment & Website	Software	Office Furniture	Total
Cost	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 01 January 2013	390,000	805,000	140,000	6,411,193	1,513,409	4,439,330	2,496,720	616,064	1,656,840	18,468,556
Additions							37,375	26,800	38,270	102,445
Disposal										-
At 31 December 2013	390,000	805,000	140,000	6,411,193	1,513,409	4,439,330	2,534,095	642,864	1,695,110	18,571,001
Accumulated Depreciation										
At 01 January 2013	-	805,000	-	-	-	-	2,415,699	-	964,228	4,184,927
Charge for the year							84,291		167,916	252,207
At 31 December 2013	-	805,000	-	-	-	-	2,499,990	-	1,132,144	4,437,134
NET BOOK VALUE										
At 31 December 2013	390,000	-	140,000	6,411,193	1,513,409	4,439,330	34,105	642,864	562,966	14,133,867
At 31 December 2012	390,000	-	140,000	6,411,193	1,513,409	4,439,330	81,021	616,064	692,612	14,283,629

MAURITIUS SOCIETY OF AUTHORS
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013

3. Accounts Receivable

	2013 Rs	2012 Rs
Inventory	95,060	183,876
Other Debtors & Prepayments	15,425,131	16,048,554
	15,520,191	16,232,430

4. ACCUMULATED FUND

Opening Balance	(937,299)	485,671
Correction of prior adjustment	-	-
	(937,299)	485,671
Surplus for the year	(3,943,140)	(1,422,970)
	(4,880,439)	(937,299)

5. OTHER STATUTORY

Opening Balance	8,153,831	8,424,592
Contribution received during the year	1,788,397	1,148,261
Adjustments	(818,831)	(1,419,022)
As at 31st December 2013	9,123,397	8,153,831

6. ACCOUNTS PAYABLE

Undistributed copyright rights	48,283,404	39,117,343
Accruals & Supply Creditors	538,468	265,001
	48,821,872	39,382,344

7. STAFF COSTS

	2013 Rs	2012 Rs
Salaries, bonus and allowances	8,504,431	7,150,619
Travelling & Transport	549,695	472,755
Pension Contribution and FPS	1,197,777	1,496,977
National Savings Fund	98,774	146,836
Uniform allowances	21,550	-
Staff Welfare	5,720	15,950
Passage benefits	-	78,461
Training costs	6,000	-
Medical insurance	19,577	235,709
	10,403,523	9,597,307
Prior year adjustment		
Actuarial adjustment- current year employee benefits	-	-
	10,403,523	9,597,307

8. ADMINISTRATIVE EXPENSES

	2013 Rs	2012 Rs
Hospitality	11,680	27,488
Rent	66,000	66,000
Office expenses	113,275	189,707
Telephone and fax	266,487	277,945
Electricity and water	197,748	228,682
Repairs and maintenance	241,330	134,335
Printing and stationery	260,999	86,386
Insurance - General	35,465	28,680
Car running expenses	90,000	152,958
Overseas mission	215,437	118,853
Holograms and stamps	50,589	103,340
Security	244,823	225,046
Licences	71,732	1,036
Advertising	80,782	-
Hired Transport	128,694	74,100
Overheads	313,508	-
Fines and Penalties	571	-
	2,389,119	1,714,556