REPORT OF THE

DIRECTOR OF AUDIT

On the Financial Statements
of the Mauritius Society of Authors
for the year ended 31 December 2014

NATIONAL AUDIT OFFICE

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

TO THE BOARD OF THE

THE MAURITIUS SOCIETY OF AUTHORS

Report on the Financial Statements of the Ex Rights Management Society

I have audited the financial statements of the Ex Rights Management Society which comprise the statement of financial position as at 31 December 2014, 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 14,011,049

Property, Plant and Equipment was overstated at 31 December 2014. Depreciation totalling Rs 2,230,008 have not been charged in accounts.

Trade and Other Receivables – Rs 18,893,921

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 Ex Rights Management Society as at 31 December 2014 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 Ex Rights Management Society incurred losses of Rs 280,960 in 2014 and in the three previous accounting years. The accumulated losses of Rs 5,161,399 at 31 December 2014 were understated by Rs 18,087,568 for the effects of matters described in the Basis for Qualified Opinion paragraphs. Artists' share of copyright monies totalling Rs 33,234,170 was used to finance the operations of the Society as of 31 December 2014.

Other Matters

Following the proclamation of the Copyrights Act 2014 on 30 July 2014, the Mauritius Society of Authors was renamed as the Rights Management Society. I was also appointed as the auditor for the Rights Management Society.

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 Ex Rights Management Society for the year ended 31 December 2014 were submitted to the National Audit Office on 14 December 2017 that is more than 31 months after the statutory date limit of 30 April 2015.

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 Ex Rights Management Society 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 Apr 2019.

RIGHTS MANAGEMENT SOCIETY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2014

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[..]GHTS MANAGEMENT SOCIETY
Statement of Financial Position
For the year ended 31 December 2014

	Notes	2014 Rs	2013 Rs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	2	14,011,049	14,133,867
Total non-current assets		14,011,049	14,133,867
Current assets			
Trade & Other Receivables	3	18,893,921	15,520,191
Cash & Cash Equivalent		38,672,441	28,242,973
Total current assets		57,566,362	43,763,164
Total assets		71,577,410	57,897,031
EQUITY ANO LIABILITIES			
Capital and reserves			
Accumulated Fund	4	(5,161,399)	(4,880,439)
Provident & Social Welfare Fund	5	10,234,655	9,123,397
Society's Fund		5,073,255	4,242,957
Non-current liabilities			
Employees benefits		4,832,201	4,832,201
		4,832,201	4,832,201
Current liabilities			
Accounts Payable	6	61,671,954	48,821,872
		61,671,954	48,821,872
Total equity and liabilities		71,577,410	57,897,031

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

L-Hokeem

CHAIRMAN

Date: 16.03.18

BOARD MEMBER

18.09.18

[RI]GHTS MANAGEMENT SOCIETY
Statement of Comprehensive Income
For the year ended 31 December 2014

	Notes	2014 Rs	2013 Rs
INCOME			
Annual Government Grant		1,045,000	1,045,000
Interest		1,086,854	908,460
Copyright Fees		11,232,721	8,465,657
		13,364,575	10,419,117
EXPENDITURE			
Staff Costs	7	10,247,153	10,403,523
Administrative Overheads	8	2,212,767	2,389,119
Chairman and Board Members Fees		573,725	831,339
Depreciation		210,547	252,207
Legal and Professional Fees		371,750	453,386
Financial Changes		29,593	32,683
		13,645,535	14,362,257
Loss For The Year		(280,960)	(3,943,140)

...IGHTS MANAGEMENT SOCIETY
Statement of Changes in Equity
For the year ended 31 December 2014

	2014	2013
	Rs	RS
Opening balance	(4,882,439)	(937,299)
Calculated Loss for the year	(280,960)	(3,945,140)
Balance	(5,163,399)	(4,882,439)

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.

RIGHTS MANAGEMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2014

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 2014	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
Additions							46,214		41,515	87,729
Disposal										
At 31 December 2014	390,000	805,000	140,000	6,411,193	1,513,409	4,439,330	2,580,309	642,864	1,736,625	18,658,730
Accumulated Depreciation										
At 01 January 2014	-	805,000	-	-	-	-	2,499,990	-	1,132,144	4,437,134
Charge for the year		-					38,368		172,179	210,547
At 31 December 2014	-	805,000	-	-	-	-	2,538,358	-	1,304,323	4,647,681
NET BOOK VALUE										
At 31 December 2014	390,000	-	140,000	6,411,193	1,513,409	4,439,330	41,951	642,864	432,302	14,011,049
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

3. Accounts Receivable

	2014 Rs	2013 Rs
Inventory	23,862	95,060
Other Debtors & Prepayments	18,870,059	15,425,131
	18,893,921	15,520,191

4. ACCUMULATED FUND

Opening Balance	(4,880,439)	(937,299)
Correction of prior adjustment	-	-
	(4,880,439)	(937,299)
Surplus for the year	(280,960)	(3,943,140)
	(5,161,399)	(4,880,439)

5. OTHER STATUTORY

Opening Balance	9,123,397	8,153,831
Contribution received during the year	1,891,108	1,788,397
Adjustrnents	(779,850)	(818,831)
As at 31st December 2013	10,234,655	9,123,397

6. ACCOUNTS PAYABLE

Undistributed copyright rights	61,036,668	48,283,404
Accruals & Supply Creditors	635,286	538,468
	61,671,954	48,821,872

7. STAFF COSTS

	2014 Rs	2013 Rs
Salaries, bonus and allowances	8,148,358	8,504,431
Travelling & Transport	674,442	549,695
Pension Contribution and FPS	1,252,067	1,197,777
National Savings Fund	105,960	98,774
Uniform allowances	-	21,550
Staff Welfare	-	5,720
Passage benefits	55,726	-
Training costs	10,600	6,000
Medical insurance	-	19,577
	10,247,153	10,403,523
Prior year adjustment		
Actuarial adjustment- current year employee benefits	-	-
	10,247,153	10,403,523

8. ADMINISTRATIVE EXPENSES

	2014 Rs	2013 Rs
Hospitality	-	11,680
Rent	66,000	66,000
Office expenses	63,260	113,275
Telephone and fax	243,280	266,487
Electricity and water	202,989	197,748
Repairs and maintenance	199,774	241,330
Printing and stationery	256,929	260,999
Insurance - General	35,952	35,465
Car running expenses	27,726	90,000
Overseas mission	108,967	215,437
Holograms and stamps	128,589	50,589
Security	233,448	244,823
Licences	22,622	71,732
Advertising	42,057	80,782
Hired Transport	111,714	128,694
Overheads	469,460	313,508
Fines and Penalties	-	571
	2,212,767	2,389,119