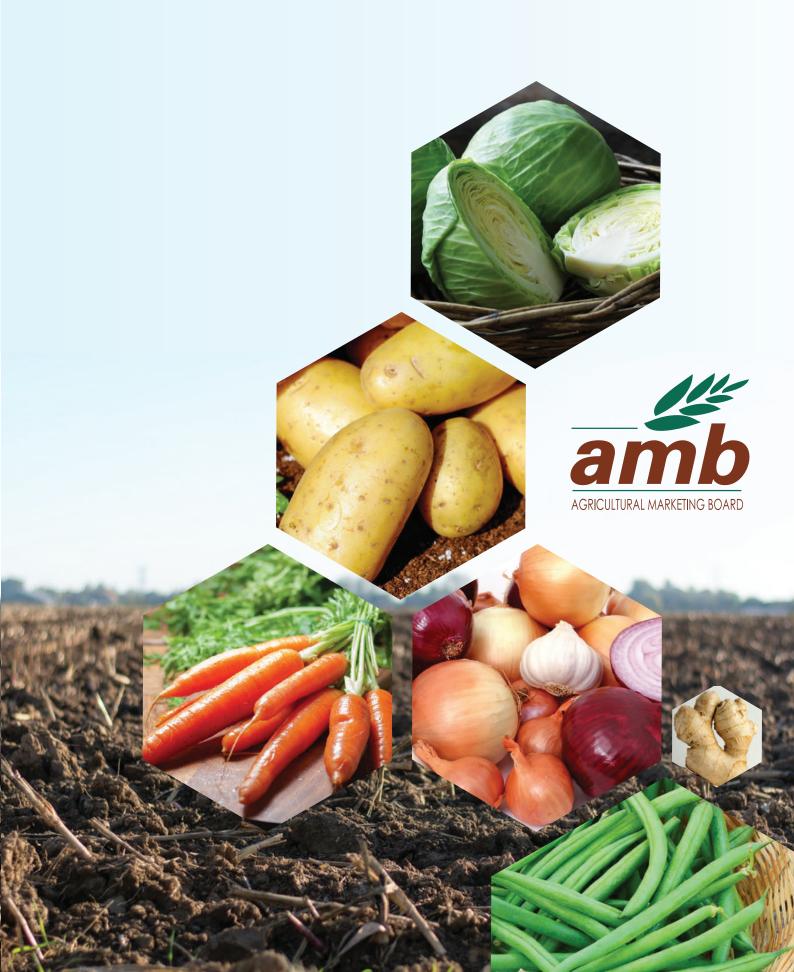
# **AGRICULTURAL MARKETING BOARD**

ANNUAL REPORT FOR THE 18 MONTH PERIOD 1ST JANUARY 2016 TO 30TH JUNE 2017





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# STATEMENT OF CHAIRMAN

The Honourable Mahen Kumar Secruttun
Minister of Agro-Industry and Food Security
Renganaden Seeneevassen Building
Port Louis

Dear Minister,

On behalf of the Board members and the Management of the Agricultural Marketing Board and in accordance with the provision of Section 25 of the Mauritius Agricultural Marketing Board Act (1963), I have the honour to submit our Annual Report for the period January 2016 to June 2017.

The action plan that has emerged from the brainstorming exercise held earlier is being implemented; some major projects are on track, collaboration with the different stakeholders is being strengthened and the signing of a MoU with Copesud is a vivid example, the workforce at all levels has been consolidated to make our operations more effective and efficient and new suppliers have been enlisted to diversify our supply chain and improve competition for timely procurement of good quality products.

For the local consumers and the public at large, the AMB is assuming its social role in stabilizing prices of controlled products through its presence in 15 market fairs and retail outlets, with three new fairs at Flacq, Mahebourg and Chemin Grenier since 2016. The acquisition of a fully automatic and modern packing machine will undoubtedly enable the AMB to meet the local growing demand.

I firmly believe that all these will enable the AMB to be recognized as an organization playing a key role in our struggle towards achieving food security and to be well in line with the Strategic Plan 2016-2020 of the Parent Ministry.

This Annual Report 2016/2017 gives a clear overview of the different activities undertaken by the AMB during that period and once again confirms its sound financial status.

Thank you, dear Minister for your continued support.

Yours faithfully

Dr K Payandi Pillay, Chairman

Date: 26.04.2018



## **GENERAL MANAGER'S REVIEW**

Since its humble beginnings in 1964, the Agricultural Marketing Board (AMB) has seen its role transformed in recent years to become a major stakeholder and partner in the agro-industry and agri-business in Mauritius.

The AMB's ability to adapt to change has been a constant feature of its development and growth as an organization over the years and 2016/17 was a year when AMB had to set a new vision and milestones in the wake of new challenges and opportunities. Subsequently, the action plan derived from the one-day strategic thinking session on the theme **AMB: Moving To New Heights** co-generated some new ideas. The action plan encompasses some major projects which are in line with the Strategic Plan 2016-2020 of the Ministry of Agro Industry & Food Security and concurrent with the Government objectives.

Perhaps the most pertinent events for the AMB in 2016/17 have been the setting on track of some major projects namely Expansion of the Onions Cold Storage facilities, Construction of Seeds Garlic Warehouse, Extension & Upgrading of Administration Building and other facilities and Setting up of a Photovoltaic Power Generation System. The consolidation of our workforce at various levels was another significant effort towards making our operations more effective and efficient. Mauritius is facing presently new challenges and we have to be more pro-active so as to attain our objectives. We need to venture into unchartered territories and find new avenues for this sector. For this particular reason, the AMB has enlisted new suppliers so as to diversify its supply chain and improve competition for timely procurement of good quality products at an affordable cost. Furthermore, the AMB is envisaging to expand its business activities. To keep pace with modern technology, our daily transactions have been successfully computerized through enhancement of the ERP system. In the same breath, our outstations have been linked to our new ERP systems and as from now onwards all transactions are being made online. Security has been further strengthened at the AMB through installation of CCTV surveillance camera at our stations.

The year 2016/2017 was also a landmark in the collaboration between the AMB and COPESUD Ltee in view of securing the purchase of additional potatoes and thus reducing foreign exchange drainage through imports. This MOU has been setup in view of promoting commercial dealings between the two organizations and foster cooperation for the development of the Agricultural Sector in Mauritius with the ultimate aim of sustaining local production, ensuring an adequate storage space and offering the local produce to the Mauritian public at the lowest possible costs. As a regulator of controlled products, the AMB has traditionally played a significant role in the marketing and regulation of these products, most notably onions, potatoes, garlic and their related seeds. However, with the growing competition on the local market and in line with the diversification of its activities, the AMB has had to face up the reality of the market forces. Despite this, the AMB, which is a self-financing organisation, still managed to maintain a sound financial position during this year under consideration.

Traditionally, the most important role of the AMB has been to ensure the supply of controlled products to the Mauritian nation at an affordable price whether these be imported or local produce. Despite fluctuation in the cost of produce and other associated adverse conditions, AMB is always committed to satisfy its customers and hence assuming its social role to its optimum capacity. In addition, in 2016/2017 the AMB continued to provide planters of onions, potatoes, garlic and seeds with a market for their produce with a guaranteed minimum price. In



view of boosting local production, the AMB has been central to the continued success of the Potato, Onion and Garlic Seed Purchase Schemes, which are essential programmes contributing hugely to the nation's desire to achieve relative self-sufficiency in the non-sugar crop sector and thus alleviating also the high initial cost borne by our local growers.

Another noteworthy project in which the AMB has been involved in 2016/2017 is the Freight Rebate Scheme. The Scheme has been continuously managed successfully by the AMB and has contributed hugely to the increasing exportation of Mauritian fruits, vegetables and flowers around the world. Following Budget 2016-2017, this Scheme has been further extended to include new produce.

During the year 2016/2017, AMB was extensively involved in its retailing activities through its presence in 15 market fairs and retail outlets bearing in mind the interest of the population by promoting price stabilisation across the market. In so doing, AMB has brought its service and quality products to the doorsteps of our customers. Since year 2016, three new fairs namely at Flacq, Mahebourg and Chemin Grenier are operational. Also, a fully automatic and modern packing machine has been purchased so as to meet our growing demand and bring more efficiencies to our operations.

May I seize this opportunity to thank the Ministry of Agro-Industry and Food Security, the Chairman and the Members of the Board and all our valued partners, customers, collaborators and our employees for their steadfast and appreciated support in 2016/17. We have succeeded to bring more synergies among our employees while keeping in mind their welfare. All employees have a very clear corporate goal and it is the responsibility of all to work towards achieving it.

AMB has undeniably the potential to grow as a leading partner in the agro-industry and agribusiness in Mauritius and in the region in the forthcoming year 2017/18. The AMB is therefore gearing up for further strengthening its position as a reliable marketing body with a conscious effort to care for its customers, supply of a diversity of quality produce and consolidate the food security aspect of the country.

*AIS.JEEHOO* General Manager



# **CORPORATE GOVERNANCE REPORT**

#### The Act

The Agricultural Marketing Board is governed by the Mauritius Agricultural Marketing Act (1963) and it operates under the aegis of the Ministry of Agro-Industry and Food Security.

#### Vision

To be the global strategic partner for a sustainable Agro-Industry.

#### Mission

To maximise consumer satisfaction by providing high quality and innovative products and services reliably and cost effectively.

#### Mandate

AMB is vested with wide powers in matters relating to the production, storage, import, export and sale of a number of commodities declared as "Controlled Products" by law.

### The Board's responsibility for the financial statements

The Board is responsible for the preparation and fair representation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of prevailing statutes. The Board is also responsible for the integrity of these Annual Financial Statements and for the objectivity of any information presented therein.

#### **Responsibilities of Board Members**

In preparing the financial statements, the Board has:

- ➤ Maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board;
- Ensured that the financial statements provide an integral and transparent state of affairs, Income and Expenditure Account and cash flows of the Board;
- > Selected suitable Accounting policies and applying them consistently
- ➤ Safeguarded the assets of the Board by maintaining appropriate control systems and procedures;
- Taken reasonable steps to prevent and detect fraud and any other irregularities;
- Prepared same on a going concern basis;
- Made judgements and estimates that are reasonable and prudent.



#### **Internal Control**

The Board has an overall responsibility for the safeguarding of assets of the organisation and to prevent and detect fraud and other irregularities. An Audit & Corporate Governance Committee has been set up to assist the Board in discharging its oversight duty and ensuring the integrity of the financial statements, compliance with applicable and regulatory requirements of an effective performance of the internal audit function.

### **Statement of Compliance**

We, the Board Members of Agricultural Marketing Board (AMB), confirm that to the best of our knowledge that AMB has complied with all of its obligations and requirements under the Code of Corporate Governance wherever applicable.

Signature.

Name: Dr K.Payandi Pillay

Chairman

Signature ... Ollique ...

Mrs. I Rugjee Board Member

Date 26. 401 2018



## **CORPORATE INFORMATION**

#### The Board

The Board meets at least once a month and consists of:

- a) A Chairman
- **b)** A representative of the Ministry of Agro-Industry and Food Security
- c) A representative of the Ministry of Finance and Economic Development
- d) A representative of the Ministry of Industry, Commerce and Consumer Protection
- e) The Registrar of Co-operative Societies or his representative
- f) Not more than 7 nor less than 5 other members, appointed annually by the Minister.

The Chairman is appointed by the Minister and holds office for such term as may be determined by the Minister.

#### **Directors of the Board:**

Mrs. J. Sauzier

Dr. K. Payandipillay	Chairman
Mr P. Teeloku	Representative of the Ministry of Agro Industry and Food Security (Till December 2016)
Mrs I. Rugjee	Representative of the Ministry of Agro Industry and Food Security (As from January 2017)
Mr R. Motah	Representative of the Ministry of Finance and Economic Development (Till July 2016)
Mr C. Singelee	Representative of the Ministry of Finance and Economic Development (As from August 2016)
Mrs B. F. Chamroo-Jaddoo	Representative of the Ministry of Industry, Commerce and Consumer Protection
Mr L. M. Monvoisin (Alternate: Mr. K. Hulloowan)	Representative of the Registrar of Co-operative Societies
Mr. S. S. A. M. Goolaub	Independent Member
Mr H. Woodun	Independent Member
Mr M. P. Bissessur	Independent Member
Mr. L. Seegoolam	Independent Member
Mr N. Nabeeamode	Independent Member
Mr B. K. Seetaram	Independent Member

Independent Member



#### **BOARD MEMBERS PROFILE**

#### DR KESSAWA PILLAY PAYANDIPILLAY (Chairman)

Holder of a PhD, MSc, BSc, Dr Kessawa Pillay Payandipillay has a wide experience in the field of Sugarcane Agronomy, Agricultural Extension and Rural Resources Management as well as Small Farmers' Production Systems. He is presently Research Manager, Field Experimentation at the MSIRI-MCIA

#### MRS INDIRA RUGJEE (Ex- Officio Member)

Mrs. I. Rugjee holds an MBA from the University of Birmingham, UK. She has wide experience in the public sector and is presently Deputy Permanent Secretary at the Ministry of Agro Industry & Food Security.

### MR CARPEN SINGELEE (Ex- Officio Member)

Mr. C. Singelee has a wide experience in the Finance Sector and he is presently Director Financial Operation at the Ministry of Finance & Economic Development.

#### MR LOUIS MARIO MONVOISIN (Ex- Officio Member)

Mr. M. Monvoisin holds a Diploma in Cooperative Studies, BSc Computing and Information System, Post Graduate Diploma in Human Resource Management. He has wide experience in the co-operative sector and is presently Registrar of Cooperative Societies.

#### MRS BIBI FAWWAAZA CHAMROO-JADDOO (Ex- Officio Member)

Mrs. B.F. Chamroo-Jadoo holds a BSc Honours Public Administration and Management. She has wide experience in the public sector and is presently Assistant Secretary at the Ministry of Industry, Commerce and Consumer Protection.

#### MRS JACQUELINE SAUZIER (Independent Member)

Mrs. J. Sauzier has wide experience in the agricultural sector and is presently Secretary of the Mauritius Chamber of Agriculture.

#### MR HEMRAJ WOODUN (Independent Member)

Mr. H. Woodun is a Sole Trader and Company Director and has wide experience in the agricultural sector. He is presently Chairperson of FAREI.



#### MR S. AKHILALANDJEE GOOLAUB (Independent Member)

Holder of an MSc CropScience and Plant Biotechnology, BSc Agriculture, and Diploma in Agriculture/Sugar Technology, Mr. S. A. Goolaub is presently Principal Extension Officer at FAREI.

## MR MOHUNPARSAD BISESAR (Independent Member)

Mr. M. Bisesar is a member of Petit Sable Red Onions Co-operative and has wide experience in the plantation of onions, garlic and other vegetables.

#### MR NACUIBE NABEEAMODE (Independent Member)

Mr. N. Nabeeamode is a member of Southern Planters Association. He has wide experience in the plantation of potatoes and other vegetables.

#### MR LEKRAJ SEEGOOLAM (Independent Member)

Mr. L. Seegoolam has wide experience in the tea plantation and is presently employed at the Mauritius Tuna Fishing Ltd.

### MR BASOODEO KUMAR SEETARAM (Independent Member)

Mr. B. Seetaram is Company Director in various Private Companies. He is well versed with the operation of the Board having worked previously for 25 years in the organization.



# TERMS OF REFERENCE & COMPOSITION OF SUB-COMMITTEES UNDER AMB BOARD

In view of the complexity of administrative and operational matters at the AMB, the Board has set up the following Sub-Committees with specific mandates:

- ❖ Audit & Corporate Governance Committee,
- Finance Committee.
- Quota Committee,
- Staff Committee &
- **Supplies Committee.**

### **Audit & Corporate Governance Committee – Terms of Reference**

The Audit & Corporate Governance Committee gives the Board a means to monitor an effective internal control system and reinforces both the internal control system, the internal audit function and the Board's policies and practices on corporate governance.

The roles, objectives and responsibilities of the Audit & Corporate Governance Committee include:

- > overseeing the integrity of the financial statements of the organisation regarding accounting estimates, judgments made by Management and implementation of new accounting principles or regulations;
- reviewing financial reports quarterly and annually;
- reviewing internal financial control system and addressing risks which threaten the achievement of the organisation's objectives;
- > monitoring and reviewing the effectiveness of the organisation's internal audit function;
- making recommendations to the Board in relation to the appointment of the external auditors;
- > monitoring and reviewing the external auditor's independence, objectivity and effectiveness.
- reviewing the Board's policies and practices on corporate governance and make recommendations to the Board;
- monitoring the training and continuous professional development of Members and Senior Management;
- > monitoring the Board's policies and practices on the compliance with legal and regulatory requirements;
- > monitoring the code of conduct and compliance applicable to employees and Members;
- reviewing the Stakeholders Communication Policy on a regular basis and to make recommendations to the Board where appropriate to enhance effective communications between the Board and its stakeholders;
- ➤ Reviewing the Board's compliance with the code and disclosure in the Corporate Governance Report; and to perform other duties incidental to the duties of the Corporate Governance Committee delegated as appropriate by the Board from time to time



## Audit & Corporate Governance Committee – Composition

#### Chairperson

Mr C. Singelee – Representative of the Ministry of Finance and Economic Development

#### **Members**

Mrs F. Chamroo/Jaddoo – Representative of the Ministry of Industry, Commerce and

Consumer Protection

Mr S. S. A. M. Goolaub – Independent Member
Mr H Woodun – Independent Member
Mr L Seegolam – Independent Member

#### **Finance Committee – Terms of Reference**

The Finance & Tender Committee has been empowered to consider, review, report and recommend to the Board on the following:

- > that all procurements are made as per the rules set by the prevailing Public Procurement Act and relevant legislations;
- > approval of the letting of all relevant tenders and procurement contracts other than those for controlled produce with an estimated value exceeding the General Manager's delegated authority which is currently at Rs 100,000;
- > assessment of tenders in light of the evaluation report submitted by Management. Approval/recommendation submitted based on outcome from technical and financial evaluation;
- > statements from Management clearly indicating the source of additional funds which will be required prior to acceptance of any tenders by the Finance & Tender Committee, if such tenders fall outside the budget provision;
- be details of the tenders called and let, including the nature of the procurement contract, budget provision, number of tenders received, value of successful tender, name of successful bidder and, if the successful bidder was not the lowest tenderer, the reasons thereof for selection, thus ensuring that the lowest most responsive bidder be awarded.

#### Finance & Tender Committee - Composition

#### Chairperson

Mrs I. Rugjee – Representative of the Ministry of Agro-

Industry and Food Security

**Members** 

Mr L.M Monvoisin – Representative of the Registrar of Co-operative Societies



Mr C. Singelee – Representative of the Ministry of Finance and Economic

Development

Mr S.S.A.M Goolaub – Independent Member Mr. L. Seegoolam – Independent Member

#### **Ouota Committee - Terms of Reference**

The Quota Committee has been constituted to allocate quotas to prospective importers with respect to imports of controlled products.

In the exercise of its function, the Quota Committee shall independently, in consultation with Management, decide on the quantum of imports to be liberalized and all criteria to be adhered to for registration and import. Hence, the Quota Committee shall ensure:

- that imported products are not put up for sale when local production is available;
- ➤ the adequate supply of quality products on the market by planning the country's annual imports requirement;
- ➤ that a strategic buffer stock and fund is available to cater for any unforeseen climatic conditions or diseases affecting local production / supply. The AMB will be responsible for the management of the Buffer Stock and Funds.

#### Quota Committee - Composition

#### Chairperson

Mr S.S.A.M Goolaub – Independent Member

#### **Members**

Mrs I. Rugiee – Representative of the Ministry of Agro-

Industry and Food Security

Mr H. Woodun – Independent Member Mr M. Bisesar – Independent Member Mr B.K. Seetaram – Independent Member

#### **Staff Committee – Terms of Reference**

The Staff Committee has been empowered to consider and decide on all staff matters. In the exercise of its function, the Staff Committee shall, in consultation with Management, decide on all matters starting from the recruitment until the resignation / dismissal / retirement of employees.



#### Staff Committee - Composition

#### Chairperson

Mrs I. Rugjee – Representative of the Ministry of Agro-

Industry and Food Security

**Members** 

Mrs F. Chamroo/Jaddoo – Representative of the Ministry of Industry, Commerce and

**Consumer Protection** 

Mr S. S. A. M. Goolaub – Independent Member
Mrs J. Sauzier – Independent Member
Mr N. Nabeeamode – Independent Member

#### **Supplies Committee – Terms of Reference**

The Supplies Committee has been empowered to decide on procurement of all controlled products. In the exercise of its function, the Supplies Committee shall, in consultation with Management, decide on the quantum, source, variety, quality, timing and price of all orders to be placed.

Notwithstanding the above, orders for table potatoes, onions and garlic, shall not, except with the approval of the Board, exceed a quantity equivalent to four (4) weeks' local consumption of the said produce.

The Supplies Committee shall:

> ensure adequate supply of quality products on the market;

prove or otherwise the procurement of controlled products for resale.

#### Supplies Committee - Composition

#### Chairperson

Mrs I. Rugjee – Representative of the Ministry of Agro-

**Industry and Food Security** 

**Members** 

Mrs F. Chamroo/Jaddoo – Representative of the Ministry of Industry, Commerce and

**Consumer Protection** 

Mr C. Singelee – Representative of the Ministry of Finance and Economic

Development

Mr S. S. A. M. Goolaub – Independent Member
Mr B.K. Seetaram – Independent Member



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

	<b>Jan 2016 to June 2017</b>
Board Meeting	16
Special Board Meeting	15
Audit & Corporate Governance Committee	5
Finance & Tender Committee	16
Quota Committee	5
Staff Committee	13
Supplies Committee	36
Total	106

#### Other Committees

- National Potato Committee
- National Onion and Garlic Committee
- Technical Committee

Following a Brainstorming session held on  $20^{th}$  August 2015, the Board in its  $123^{rd}$  Special Meeting of  $2^{nd}$  February 2016 agreed for the setting up of a Technical Committee as a Sub-Committee of the Board to inter alia implement the following:

- 1. Cross Border initiative
- 2. Seeds Marketing & Contract Farming
- 3. Legal Framework
- 4. Social Role
- 5. Photovoltaic project

For the 18<sup>th</sup> Month Period 1 January 2016 to 30 June 2017 the Technical Committee met four times.

• Anti-Corruption Committee: In a spirit of cooperation with ICAC in the development of an Anti-Corruption Framework to combat fraud and corruption in the Public Sector, the Board has set up an Anti-Corruption Committee comprised of Senior Management Personnel as members.



#### REMUNERATION OF MEMBERS

Members of the Board were remunerated according to recommendations of the Pay Research Bureau (*PRB*).

The monthly fees of the Chairperson are currently linked to the salaries of the General Manager, at the rate of 30% of the monthly basic salaries subject to a maximum of Rs 29925.

Board Members are paid a fee of Rs 890 per sitting. A member other than the Chairperson, who is called upon to chair sub-Committees, are paid an additional fee of Rs 305 per sitting, subject to a maximum of Rs 1220 monthly. Members of sub-Committees of the Board are paid a fee of Rs 815 per sitting.

Board Members	Fees (Rs) (Jan 2016 – June 2017)	
Dr K.Payandipillay	457,848	
Mr P. Teeloku	60,490	
Mrs. I. Rugjee	26,350	
Mrs B.F. Chamroo-Jadoo	48,440	
Mr L.M. Monvoisin	693	
Mr. K. Hulloowan	14,506	
Mr. R. Motah	27,881	
Mr. C. Singelee	29,253	
Mr A. Goolaub	83,647	
Mr H. Woodun	28,575	
Mr M.P. Bissessur	24,545	
Mr L. Seegoolam	26,339	
Mr N.Nabeeamode	36,388	
Mr B.K. Seetaram	21,567	
Mrs J. Sauzier	24,459	
Total	910,981	



## **ADMINISTRATIVE STAFF**

General Manager	Mr A. S. Jeehoo	MSc (Project Management) B. Eng (Hons) Mechanical Engineering Certificate in Sugarcane Technology
Assistant General Manager	Mr B. Ramcharan	MBA (Logistics and Supply Chain Management) BSC (Hons) Economics
Administrative Secretary	Mrs Anjanee Devi Mungroosing	MBA (Finance) ICSA
Head Operations Officer	Mr B. H. Ramdin	Higher Diploma Business Administration
Seeds Officer	Mr R. Sookun	BSc (Hons) Agriculture
Ag. Trade and Marketing Officer	Mr L.Chundydyal	
Accountant	Mr M.Perianen	FCCA
Human Resource Management Officer	Mr N. A. Hasowa	BCom with specialisation in Human Resource Management
IT Officer	Mrs K. Rawa Lungtoo	BSc Information Systems
Internal Auditor	Miss Aneesha Tooree	ACCA



#### **CODE OF CONDUCT**

The Board is committed to ethical practices in the conduct of its business and has adopted a code ethics which sets out standards for its employees.

#### TRANSPARENCY, ACCOUNTABILITY & INTEGRITY

To ensure maximum transparency within the organisation, clear sets of internal procedures have been devised to eliminate the risks of fraud, errors and corruption. Well established and comprehensive procedures have been worked out in the Anti-Corruption Committee. All internal and external circulars are published on the intranet to ensure that all employees of the AMB are updated.

#### RISK MANAGEMENT, INTERNAL CONTROL & INTERNAL AUDIT

The Board views risk management as an integral component of good business practice with a view to supporting Management's decision making, improving the reliability of business performance and assisting in the preparation of the Financial Statements.

The Board delegates to Management the responsibility for designing, operating and monitoring both the system and maintenance of effective control. The system of internal control is based on upon an ongoing process of identifying, evaluating and managing key risks and includes the risk management processes as well. The Internal Audit function provides Management and the Audit & Corporate Governance Committee with assurance that the internal controls in place are appropriate and effective.

The Internal Audit function is governed by an Internal Audit Charter as approved by the Audit & Corporate Governance Committee. It reports to the Committee functionally and administratively to the General Manager.

#### **HEALTH & SAFETY**

The AMB firmly believes that the security and health of its employees are essential. As a caring employer the Board is committed to providing and maintaining a healthy, safe, and secured working environment for its employees as well as for its stakeholders in general. During the year under review, the Board has maintained its effort to create an ideal environment for health, safety and welfare of its employees. In line with the requirements of the Occupational Safety & Health Act 2005, Safety & Health Committees were conducted at regular intervals to look in all aspects of health and safety pertaining the Board.



#### POLITICAL & CHARITABLE DONATIONS

Agricultural Marketing Board is a self-financed institution and as such during the period under review no political and charitable donations were made.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Agricultural Marketing Board recognizes the need to be socially involved and supportive of the wider needs of the community more specifically those of less fortunate citizens. During the review period AMB has provided to a number of charitable organisations: Potatoes, Onions, Garlic, Cardamon, Ginger, Turmeric powder at Wholesale Prices.

#### RELATED PARTY TRANSACTIONS

The particulars in respect of Related Party Transactions have been disclosed in Note 24(l) of the Financial Statements.

#### **PROFESSIONAL SERVICES**

- a) AUDITOR The National Audit Office
- b) BANKERS State Bank of Mauritius Ltd
   Barclays Bank Ltd
   MauBank Ltd
- c) CONSULTANTS Servansing Jadav & Partners Consulting Engineers Ltd



# **OPERATIONAL REVIEW**

The Agricultural Marketing Board (AMB) is a parastatal body, established in 1964, which operates under the aegis of the Ministry of Agro-Industry and Food Security. By virtue of the Mauritius Agricultural Marketing Act (1963), the AMB is vested with wide powers in matters relating to imports, exports, storage, distribution and sale of commodities declared as 'Controlled Products'.

The AMB currently deals in the following Controlled and non-Controlled products:-

- potatoes;
- onions;
- **s** garlic;
- ginger;
- turmeric (powder & finger);
- cardamoms;
- canned tomatoes;
- potato seed;
- onion seed;
- garlic seed;

- bean seed;
- glass jars;
- polymesh bags.

During period of local harvest, planters of potatoes, onions, garlic and seeds were given the opportunity to sell their produce to the AMB at floor prices, which were paid for, based on well established specifications.

However, during off-season period, the AMB had recourse to imports in order to ensure supply of certain produce on the local market. Based on allocated quota, potatoes and onions were imported both by the AMB and the privates during the period when there was no local production, so as not to get engaged in unfair competition with the local planting community.

As far as other products like garlic, turmeric (powder and finger) and cardamoms were concerned, where local production was still negligible, imports were regularly made by the AMB during the year in order to meet customers' demand.





#### STORAGE FACILITIES AT AMB

The AMB provides storage facilities at competitive rates to importers, exporters and other operators wishing to avail of same.

### (i) Head Office – Moka

Cold rooms operated by the AMB at its Head Office at Moka, have a total storage capacity of 8,000 tonnes. All the cold rooms use ozone friendly refrigerant. The temperature of the cold rooms goes down to 0° Celsius.



Depending on the specificities of the products and the length of time that the products will be stored in cold rooms, the temperature as well as the level of humidity are adjusted / controlled accordingly, with a view to optimize on the quality of the products thereby extending the shelf life.

The AMB also provides storage facilities to private operators for the storage of their products at competitive rates.

#### (ii) Airport Cold Store

A cold store is also operated by the AMB in the compound of the Sir Seewoosagur Ramgoolam International Airport at Plaisance, for the benefit of importers and exporters dealing in sensitive products which require cold chain facilities.

The storage capacity at the Airport Cold Store is 1,600 m³. The temperature goes down to +2° Celsius except for one cold room of capacity 330 m³, which goes down to -8° Celsius. The Airport Cold Store offers a 24-hours, seven days service.

#### (iii) Trou Fanfaron Fish Cold Store

The Trou Fanfaron Fish Cold Store operates from Monday to Friday and caters to provide storage facilities to importers / processors of fish and seafood products. Weighing services are also provided to operators of fish and seafood products. The storage capacity is 350 tonnes and the temperature of the cold room goes down to -35° Celsius.

### (iv) Cluny Store

AMB's cold store at Cluny, which has a storage capacity of 2,000 tonnes, had been leased to Vita Rice Ltd.



## (v) Other Stores

The AMB possesses stores in other regions such as, La Chaumière, Petit Sable, Belle Mare, Palmar. These stores have been put at the disposal of the planting community for the curing / storage of onions after harvest.

## **AMB'S RETAILING UNITS**

Currently operational retailing units are as hereunder:

	Location	DAYS	STALLS NO.
1	Quatre Bornes Fair	Wednesdays and Saturdays	215
2	Vacoas Fair	Tuesdays and Fridays	457, 458
3	Curepipe, Forum	Wednesdays and Saturdays	418, 419
4	Curepipe, Jan Palach	Mondays, Tuesdays and Thursdays	56
5	Rose Hill Central Market	Tuesdays	68,69
6	Mahebourg Fair	Mondays	16, 17
7	Chemin Grenier Fair	Wednesdays	58
8	Central Flacq Market Fair	Wednesdays	11
10	10 Rose Belle Fair	Wednesdays	638, 639
10		Sundays	935, 939
11	Moka Retail Outlet	Every day except Sundays	
12	Quartier Militaire Retail Outlet	Sundays	
13	Rivière des Anguilles Retail Outlet	Saturdays	
14	Vallée Des Prêtres Retail Outlet	Thursdays and Saturdays	
15	Montagne Blanche Retail Outlet	Saturdays	
16	Triolet Retail Outlet	Every day except Sundays	



# **SEEDS**

#### LOCAL SEED POTATO FOR WARE PRODUCTION

The AMB has continued to play a crucial role in the potato industry in Mauritius by ensuring that adequate quality seeds are available to the potato planting community. All seeds are produced in conformity with the standards laid down by the Food Agricultural Research Extension Institute (FAREI). All seeds are certified prior to sale to planters.

In line with the objective of the Government to encourage seed production in Mauritius, the AMB continued to provide seed producers a guaranteed price. The price at which the AMB purchased seeds ( $size\ 30g-175g$ ) from producers was Rs 31,555/tonne for period January 2016 to June 2017.

For the year 2016, 727,690 kgs of Spunta seed potato were produced.

Seeds for ware production were sold during that period to planters by the AMB at a weighted average price of Rs 45,000/t for Spunta (*local and imported*) and Delaware (*imported*) seeds.

# PURCHASE OF LOCAL SEED POTATO BY AMB CAMPAIGN 2016

PRODUCER	Quantity (kg)	
TRODUCER	Spunta	
Terragri Ltd	373,220	
D K Agro Alimentaire Co Ltd	165,270	
ENL Agri Ltd	146,630	
Medine Ltd	34,530	
Cie Sucrière de St Antoine	8,040	
Total	727,690	

#### IMPORTED SEED POTATO FOR WARE PRODUCTION

Government has approved, since the year 2009, the private import of seed potato for ware production only, that is, with no resale allowed. The table below provides the quantity of seed potato which was imported by the AMB as well as by privates for period 1 January 2016 to 30 June 2017.



# IMPORT OF SEEDS POTATO FOR WARE PRODUCTION – FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017 (AMB & PRIVATES)

Producer	Variety	Qty (T) - 2016	Qty (T) June 2017	Supplier	Origin
AMB	Imp Spunta	50	0	HZPC	The Netherlands
		100	75	<b>Southern Packers</b>	Australia
	Safari		28	Stet Holland	The Netherlands
	Delaware	325	200	Southern Packers	Australia
		25	125	Lake Jasper	Australia
Sub - total		500	428		
MCA c/o Bluefrog	Spunta	177.5	137.5	Stet Holland	The Netherlands
		122	104	TPC	The Netherlands
		105	115	Southern Packers	Australia
		12.5	-	Lake Jasper	Australia
	Exquisa	2	0.1	TPC	The Netherlands
	Montreal	2.5	0.1	TPC (sample)	The Netherlands
	Delaware	40	-	Southern Packers	Australia
		30	-	Lake Jasper	Australia
	Corne Gate		0.1	TPC	The Netherlands
	Vitelotte		0.1	TPC	The Netherlands
	Toronto		0.1	TPC (sample)	The Netherlands
	Bergerac		0.1	ТРС	The Netherlands
	Ratte		0.1	ТРС	The Netherlands
Sub - total		491.5	357.2		
Cope Sud	Spunta	31	100	Southern Packers	Australia



	Delaware	269	290	<b>Southern Packers</b>	Australia
		100	100	Lake Jasper	Australia
	Mondial	15	-	Southern Packers	Australia
		50	60	Wesgrow Ltd	South Africa
Sub - total	1	465	550		
Medine SE	Spunta		25	Stet Holland	The Netherlands
Elife Ltd c/o Ellayah P	Spunta		26	Southern Packers	Australia
Senneville Agricultural Ltd	Spunta		15	Southern Packers	Australia
	Delaware		50	Southern Packers	Australia
Cie de Gros Cailloux Ltee	Spunta		82.5	Stet Holland	The Netherlands
	tal (Private		1105.7		
Grand - Tota	 al		1533.7		



# COST OF IMPORTED SEED POTATO FOR WARE PRODUCTION BY AMB FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017

Variety	Origin	Average Price C & F (Rs/tonne)	Invoice Quantity (tonne)
Delaware	Australia	36,132.95	624.4
Spunta	The Netherlands	28,951.74	450
Spunta	Australia	36,309.71	127.5
Safari	The Netherlands	27,327.08	27.5
Mondial	Australia	34,290.00	8.75
Oversize Spunta	Australia	28,024.84	38.75
Oversize Delaware	Australia	29,319.20	44.95
Spunta Normal The Netherlands		29,382.50	48.75
	1,370.6		

# SALE OF SEED POTATO FOR WARE PRODUCTION FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017

Dwaduaan Cwauns	Spunta (t)		Delaware	Safari (t)	Total
Producer Groups	Local	Imported	(t)		(t)
Sugar Estates	427	8	127	1.8	563.8
Other Potato Growers	1029	155	213.7	21.8	1419.5
Total	1456	163	340.7	23.6	1983.3

#### SALE OF SEED POTATO FOR SEED PRODUCTION

For the 18 month period 1 January 2016 to 30 June 2017, 418 tonnes of the basic imported Spunta seeds from the Netherlands were allocated for seed production at the selling price of Rs 39,200/tonne.



#### IMPORT OF BASIC SPUNTA SEEDS FOR MULTIPLICATION

Basic seeds were imported from the Netherlands for multiplication as below:

VARIETY	ORIGIN	AVERAGE COST C & F (Rs / tonne)	QUANTITY (tonne)
Spunta	The Netherlands	28,951.74	450

#### **BEAN SEEDS**

For the 18 month period, 1 January 2016 to 30 June 2017, the AMB procured 7,190 kg of the popular Long Tom variety of bean seeds from its international supplier Pop Vriend Seeds B. V. for sale at a competitive price to planters.

VARIETY	ORIGIN	AVERAGE COST C & F (Rs / tonne)	QUANTITY (tonne)
Long Tom	The Netherlands/Tanzania	172,350.29	7.19

#### SALE OF BEAN SEEDS BY AMB FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017

MONTH	QTY (KG)
January 2016	283.50
February 2016	1272.50
March 2016	1318.00
April 2016	380.50
May 2016	660.00
June 2016	703.50
July 2016	534.50
August 2016	512.00
September 2016	504.00
October 2016	255.50
November 2016	608.50
December 2016	533.50



January 2017	476.50
February 2017	263.00
March 2017	771.50
April 2017	902.00
May 2017	554.00
June 2017	1.00
TOTAL	10,534.00

#### **ONION SEEDS**

With a view to provide a service to the planting community, the AMB continued to procure onion seeds (*varieties recommended by the FAREI*) from international companies and through local representatives of foreign companies in Mauritius, upon requests of planters. In line with the objective of the Government to promote local production, seeds were sold to planters at competitive prices.

# SELLING PRICE OF ONION SEEDS TO PLANTERS FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017

Variety		Price (Rs/kg)	Qty (kg)
Nun 7272		21,000	70
Star 5529		21,000	67
Bellarose	Grade I	4,500	49
Francia	Grade I	5,500	157
	TOTA	AL	343

N.B: Variety Star 5517 was unavailable from South Africa

#### **GARLIC SEEDS**

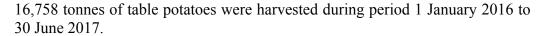
So as to continue with the Government policy to increase local production of garlic, the AMB had in 2016 purchased 10,762 of garlic to be used as seeds from local producers at Rs 134/kg. Garlic Seeds was sold at a subsidized price of Rs 100/kg.



# **TABLE POTATOES**

To cater for the total requirement of table potatoes in the country, the market was supplied through local production as well as through imports.

## LOCAL PRODUCTION AND IMPORTS





	Local Pr	ODUCTION	Imports
Month	Area Harvested (Hectare)	Quantity (tonne)	Quantity (tonne)
January 2016			1,064
February 2016			1,568
March 2016			784
April 2016			1,372
May 2016			56
June 2016	2.2	39	-
July 2016	45.5	930	1,031.5
August 2016	87.0	1875	
September 2016	140.5	3116	
October 2016	173.4	3954	
November 2016	176.0	4194	
December 2016	140.1	2220	
January 2017			
February 2017	Breakdown not yet published by CSO		
March 2017			1,540
April 2017	puviisnec	i by CSO	1,372
May 2017			448
June 2017			
Total	792	16,758	9,235.5

Source: Statistics Mauritius & AMB Breakdown not yet published by CSO



#### PURCHASE OF LOCAL WARE POTATOES BY AMB

To better regulate the supply and the retail price of table potatoes on the local market, the AMB continued to purchase surplus production, at floor prices, for storage, which were in turn released as and when the need arose. Accordingly, the AMB had purchased local table potatoes for storage at the following floor price of:

- (i) Rs 22,250/tonnes (1<sup>st</sup> grade ware potatoes from Spunta and Delaware seeds)
- (ii) Rs 19,700/tonnes (mixed grade)

#### **IMPORTS OF TABLE POTATOES**

As in previous years, import of table potatoes was undertaken by both the AMB and private importers for period 1 January 2016 to 30 June 2017. The latter were allocated quotas for import, only during period when local production was not available so as to encourage local producers.

For period 1 January 2016 to 30 June 2017, the AMB imported 9,235.5 tonnes of table potatoes while private parties imported 7,924 tonnes.

#### IMPORTS & COST OF IMPORTS OF TABLE POTATOES

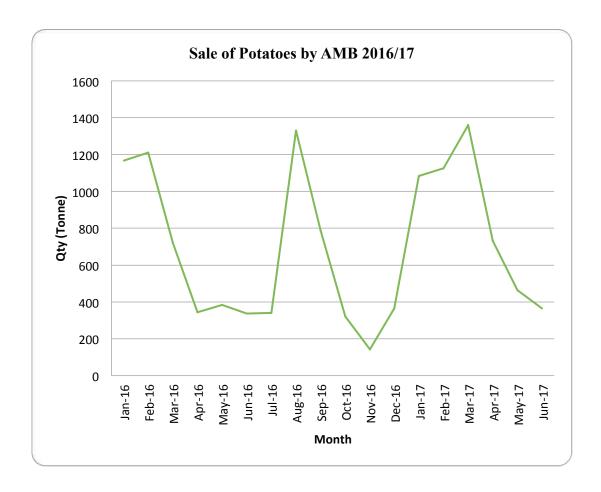
Country of Origin	Quantity (tonne)	Weighted Average C & F (Rs/tonne)
India	8,003.5	16,872.45
Belgium	112	20,475.60
The Netherlands	224	21,604.19
South Africa	896	20,795.86

The weighted average cost of imports (C&F) for the AMB for period 1 January 2016 to 30 June 2017, was Rs 17,411.55 per tonne.



#### SALE OF TABLE POTATOES BY AMB

Wholesale of table potatoes at the AMB was effected only during the off-season. As soon as local harvest was in full swing, the AMB sold only through its retail outlets, market fairs and its distribution vans because dealers procured potatoes directly from planters.





# **ONIONS**

To cater for the total requirement of onions in the country, the market was supplied through local production as well as through imports.

## LOCAL PRODUCTION AND IMPORTS

6,489 tonnes of onions were harvested during period 1 January 2016 to 30 June 2017.



	Local Pro	DUCTION	IMPORTS
MONTH	Area Harvested (Hectare)	Quantity (tonne)	Quantity (tonne)
January 2016		21 (hybrid)	952
February 2016			1,568
March 2016			568
April 2016			308
May 2016			420
June 2016	0.2	2	504
July 2016	1.3	13	616
August 2016	2.8	65	1512
September 2016	28.8	806	28
October 2016	97.8	2309	-
November 2016	120.0	2543	-
December 2016	25.8	630	616
January 2017			924
February 2017			1,232
March 2017	Breakdown not ye	et published by	1,540
April 2017	CSO		196
May 2017			476
June 2017			448
Total	283	6,489	11,908

Source: Statistics Mauritius & AMB Breakdown not yet published by CSO



#### PURCHASE OF LOCAL ONIONS BY AMB

For period 1 January 2016 to 30 June 2017, AMB purchased 520.9 tonnes of local onions from planters.

# IMPORTS & COST OF IMPORTS – ONIONS FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017

Country of Origin	Quantity Imported (tonne)	Average Cost C & F Rs/tonne
India	11,480	17,412.30
Egypt	168	21,752.55
South Africa	260	22,312.67
Total	11,908	17,581.06

The weighted average cost of imports (C&F) for AMB for period 1 January 2016 to 30 June 2017 was Rs 17,113.87 per tonne.

#### IMPORTS BY AMB V/S PRIVATE IMPORTERS

In order to ensure regular supply on the local market, onions were imported for period 1 January 2016 to 30 June 2017, both by the AMB (11,908 tonnes) and private parties (7,392 tonnes).

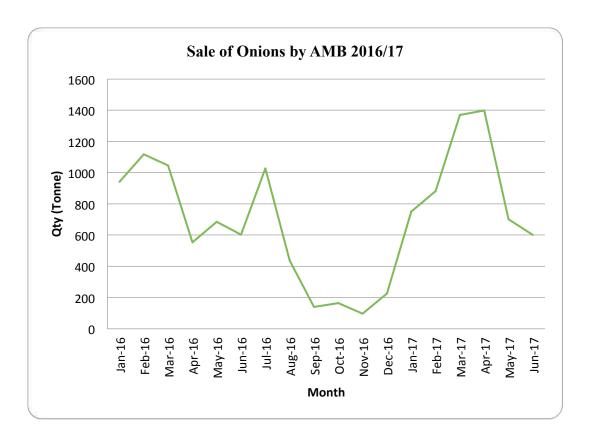
#### **RODRIGUES ONIONS**

AMB continued to purchase onions from Rodrigues at floor price. For period 1 January 2016 to 30 June 2017, a total of 114.3 tonnes were purchased.



#### SALE OF ONIONS BY AMB

The sale of onions at the AMB at the beginning of the year started to decline due to the import effected by private parties as from March. However, as soon as the stock of privates depleted, sale at AMB rose again but started to fall anew, and reached its lowest point in November when local harvest was at full swing. During the local harvest period, dealers procured onions directly from planters.





# **GARLIC**

The AMB continued to ensure regular supply of garlic on the local market through imports since local production remained at a low level. However, with the launching of the Garlic Seed Purchase Scheme in 2011, the AMB sold local garlic planting material for multiplication. Local production of garlic was 120 tonnes in 2016.



#### LOCAL PRODUCTION AND IMPORTS

	LOCAL PRODUCTION		IMPORTS
MONTH	Area Harvested (Hectare)	Quantity (tonne)	Quantity (tonne)
January 2016			252
February 2016			84
March 2016			168
April 2016			84
May 2016			168
June 2016	0.2	2	140
July 2016			168
August 2016	1.1	7	168
September 2016	3.6	25	56
October 2016	6.9	42	218
November 2016	5.6	37	156
December 2016	0.9	7	78
January 2017			130
February 2017	n		156
March 2017	Breakdown not yet published by CSO		78
April 2017			156
May 2017			78
June 2017			344
Total	18	120	2,682

Source: Statistics Mauritius & AMB (No figures published for 2017)

The sale of garlic varied in the range of 135 tonnes per month.



# **OTHER PRODUCTS**

## **IMPORT FOR PERIOD 1 JANUARY 2016 TO 30 JUNE 2017**

#### **CARDAMOMS**

ORIGIN	IMPORT
ORIGIN	Quantity (tonne)
India	2.5



#### **TURMERIC POWDER**



ORIGIN	IMPORT	
ORIGIN	Quantity (tonne)	
India	8	

#### **POLYMESH BAGS**

For period 1 January 2016 to 30 June 2017, 150,000 units of polymesh bags were imported by AMB from india for its own use as well as sale to planters.



#### PEELED CANNED TOMATOES

The AMB usually ensures availability of canned tomatoes to supply the local market in period of shortage of fresh tomatoes, particularly following natural calamities like cyclones and droughts. For period January 2016 to 30 June 2017, AMB imported 44,400 tins of canned tomatoes from Italy.



#### GLASS JARS AND CAPS

In line with the objective to support the SMEs, AMB continued to import glass jars and caps of various dimensions for sale at competitive prices. For period January 2016 to 30 June 2017, the AMB imported 2,160 units of 50ML, 174,128 units of 100ML, 69,776 units of 150 ML and 150,311 units of 200 ML Glass Jars and Caps.

#### **CARROTS**

For period January 2016 to 30 June 2017, the AMB imported 45.3 tonnes of carrots from South Africa as local production was affected due to adverse climatic conditions in Mauritius.





#### RODRIGUES PRODUCTS

The AMB imported Rodrigues origin processed products in jars from the Nature First Multipurpose Co-operative Society Ltd in Dec 2016 as a measure to empower the Rodriguan SMEs. The followings products were imported and are being marketed in our fairs/outlets across the island: Aigre Doux, Aigre Doux Piment, Archard Limon, Archard Limon Piment, Limon Confit, Piment Confit, Piment limon





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NATIONAL AUDIT OFFICE.





## NATIONAL AUDIT OFFICE

# REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE AGRICULTURAL MARKETING BOARD

#### Report on the Audit of the Financial Statements

#### **Opinion**

I have audited the financial statements of the Agricultural Marketing Board set out on pages 38 to 75 in the accompanying Annual Report, which comprise the statement of financial position as at 30 June 2017, and of its statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the 18-month period then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements give a true and fair view of the financial position of the Agricultural Marketing Board as at 30 June 2017, and of its profit or loss and its cash flows for the 18-month period then ended in accordance with International Financial Reporting Standards and in compliance with the Statutory Bodies (Accounts and Audit) Act.

#### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are nothing to report in this regard.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis – Mauritius Tel.: 212 2096-97/211 0882 Fax: (230) 211 0880



#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the Statutory Bodies (Accounts and Audit) 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Agricultural Marketing Board's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agricultural Marketing Board's internal
  control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agricultural Marketing Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agricultural Marketing Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the Key Audit Matters. I describe these matters in my auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



#### Report on Other Legal and Regulatory Requirements

#### Statutory Bodies (Accounts and Audit) Act

I have obtained all information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.

In my opinion, in all material respects:

- the Agricultural Marketing Board has complied with the Act and any directions of Minister to whom its responsibility is assigned, in so far as they relate to the accounts;
- as far as could be ascertained from my examination of the financial statements submitted to me, expenditure incurred were not of an extravagant or wasteful nature, judged by normal commercial practice and prudence;
- the Agricultural Marketing Board has been applying its resources and carrying out its operations fairly and economically.

#### Public Procurement Act

The Agricultural Marketing Board 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.

#### Financial Reporting Act

The Directors are responsible for preparing the Corporate Governance Report. My responsibility is to report on the extent of compliance of the Code of Corporate Governance as disclosed in the Annual Report and on whether the disclosure is consistent with the requirements of the Code.

In my opinion, the disclosure in the Annual Report is consistent with the requirements of the Code.

K.C. TSE YUET CHEONG (MRS)

Director of Audit

National Audit Office Level 14, Air Mauritius Centre PORT LOUIS

30 April 2018





# FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTH PERIOD ENDED 30 JUNE 2017



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

<u>ASSETS</u>	Notes	18 month period ended 30 June 2017	Year ended 31 December 2015
Non-Current Assets		Rs.	Rs.
Land		5,000,000	5,000,000
Property, plant and equipment	4	193,799,218	249,705,294
Intangible assets	5	657,329	259,201
Loans receivable	6	1,385,698	715,074
	-	200,842,245	255,679,569
Current Assets			
Inventories	7	70,835,528	93,475,336
Loans receivable	6	468,464	482,065
Trade and other receivables	8	126,484,935	64,999,946
Medical Assistance Fund	9	-	5,474,556
Fixed Deposit Investment	10	150,000,000	100,000,000
Cash and cash equivalents	11	218,450,155	169,155,430
		566,239,082	433,587,334
TOTAL ASSETS	-	767,081,327	689,266,903
EQUITY AND LIABILITIES  Capital and reserves			
Retained earnings	12	418,725,637	353,711,885
Medical Assistance Fund	9	-	5,474,556
Revaluation reserves	13	177,648,853	179,537,571
Other Reserves	14	(108,665,641)	(94,188,179)
		487,708,849	444,535,833
Non-Current Liabilities			
Non current payables	15	28,387,095	26,567,438
Retirement benefit obligations	16	167,919,822	147,639,179
Voluntary Retirement Scheme	17	3,789,256	8,157,970
Deferred income	18	11,985,173	14,271,703
Current Liabilities		212,081,346	196,636,289
Trade and other payables	19	65,590,938	45,827,630
Deferred income	18	1,700,194	2,267,151
Bank overdraft	11		2,207,131
Total Current Liabilities	11	67,291,132	48,094,781
TOTAL EQUITY & LIABILITIES	0.11	767,081,327	689,266,903

Approved by

The notes on pages 43 to 75 form part of these financial statements.

BOARD MEMBER



#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2017

Notes	18 month period ended 30 June 2017	Year ended 31 December 2015
	Rs.	Rs.
20	1,011,116,307	664,129,442
21	(980,111,992)	(632,936,350)
	31,004,315	31,193,092
23	84,248,102	69,485,066
	115,252,417	100,678,158
24	(65,654,752)	(50,386,769)
25	18,275,082	11,124,112
26	<u> </u>	(8,617)
12	67,872,747	61,406,883
16	(14,477,462)	(21,307,528)
	53,395,285	40,099,355
	20 21 23 24 25 26	ended 30 June 2017  Rs.  20 1,011,116,307  21 (980,111,992)  31,004,315  23 84,248,102 115,252,417  24 (65,654,752) 25 18,275,082 26 -  12 67,872,747  16 (14,477,462)

The notes on pages 43 to 75 form part of these financial statements.



# FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2017 STATEMENT OF CHANGES IN EQUITY

	Medical Assistance Fund	Retained Earnings	Revaluation reserve	Other Reserves	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1st January 2015	5,356,066	287,953,564	106,656,920		399,966,549
Movement in medical assistance fund	118,490				118,490
Net surplus for the year		61,406,884			61,406,884
Impairment of Fixed Assets in 2015		1,614,667			1,614,667
Prior year adjustment to Revaluation Reserve 2014			72,880,651	(72,880,651)	•
Prior year adjustment to VRS 2005/2013		374,482			374,482
Prior year adjustment to Repairs and Maintenance 2013		147,918			147,918
Prior year adjustment to Grant since 2007		2,214,369			2,214,369
Other comprehensive income for the year				(21,307,528)	(21,307,528)
Total comprehensive income for the year				(21,307,528)	(21,307,528)
Balance at 31 December 2015	5,474,556	353,711,885	179,537,571	(94,188,179)	444,535,833
Net surplus for the year		67,872,747			67,872,747
Movement in Medical Scheme Fund	(5,474,556)				(5,474,556)
Adjustment Revaluation of Fixed Asset in 2016/17		(2,481,252)	(1,888,718)		(4,369,970)
Amount written back in 2016/17		(377,743)			(377,743)
Other comprehensive income for the year				(14,477,462)	(14,477,462)
Total comprehensive income for the year				(14,477,462)	(14,477,462)
Balance at 30 June 2017	ı	418,725,637	177,648,853	(108,665,641)	487,708,849

The notes on pages 43 to 75 form part of these financial statements.



#### STATEMENT OF CASH FLOWS FOR THE 18-MONTH PERIOD ENDED 30 JUNE 2017

		18 month period ended 30 June 2017	Year ended 31 December 2015
	Notes	Rs.	Rs.
Cash flow from operating activities			
Net surplus for the year	12	67,872,747	61,406,883
Adjustments for:-			
Depreciation, amortisation and Impairment		59,703,773	32,763,073
(Over)/Under Depreciation		747,854	-
Retirement benefit obligations		5,803,181	3,957,979
Employees benefit		6,707,497	3,079,328
Gain on uncertified seeds		-	(6,413)
(Gain)/loss on disposal		(164,613)	269,600
Grant amortised		(1,700,194)	(2,267,151)
Adjustment to Other Income		(8,872,310)	-
Revaluation Adjustment		45,054	(1,577,761)
Foreign exchange loss/(gain)-payables		(39,992)	(2,946,517)
Interest on Sinking fund		-	(777,004)
Interest receivable-others		(6,942,762)	(5,420,917)
Interest Expenses			8,617
Operating surplus before working capital changes		123,160,235	88,489,718
Decrease / ( increase ) in trade and other receivables		(61,484,989)	(7,264,069)
Decrease/ (Increase) in inventories		22,639,808	26,940,372
(Decrease)/ Increase in Revaluation Reserve		(1,888,718)	-
Decrease/ (Increase) in Medical Scheme		5,474,556	-
(Decrease)/Increase in VRS		(4,368,713)	-
(Increase)/Decrease in staff loans		(657,023)	398,403
( Decrease ) / increase in trade and other payables		19,763,308	3,626,892
Cash generated from operations		102,638,464	112,191,315
Interest paid			(8,617)
Net cash flows from operating activities		102,638,464	112,182,698
Cash flows from investing activities			
Acquisition of property, plant and equipment		(10,448,719)	(6,558,438)
Proceeds from disposal of non current assets		894,250	373,042
Sinking Fund paid		-	(3,877,019)
Interest received		6,210,730	5,420,917
Net cash from investing activities		99,294,724	107,541,201
Cash flows from financing activities			
Repayment of Government loan EDF			(19,177,809)
Net increase in cash and cash equivalents		99,294,724	88,363,391
Movements in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		269,155,430	180,792,039
Cash and cash equivalents at the end of the year		368,450,155	269,155,430
Net increase in cash and cash equivalents		99,294,724	88,363,391

The notes on pages 43 to 75 form part of these financial statements



#### Notes to Financial Statements for the 18 month period ended 30 June 2017

#### 1. Corporate Information

The Agricultural Marketing Board (AMB) was established in 1963 under the Mauritius Agricultural Marketing Act 1963.

The Board is a parastatal body running under the aegis of the Ministry of Agro-Industry and Food Security and deals in the purchases and sales, imports and exports, marketing and storage of controlled and other products.

The Board also rents storage space whenever available.

#### 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of Preparation

The financial statements of the Agricultural Marketing Board have been prepared in accordance with revised International Financial Reporting Standards. (IFRS) and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2016. At the date of authorization of these financial statements, the following Standards and Interpretations were in issue on annual periods beginning on or after the respective dates as indicated:

#### 2.1 New and revised IFRSs applied with no effect on financial statements

IAS 1 Presentation of Financial Statements

These classifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

IAS 2 Inventories contain the requirements on how to account for most types of inventory

The standard requires inventories to be measured at the lower of cost and net realizable value (NRV) and outlines acceptable methods of determining cost, including specific identification (in some cases), first in first out (FIFO) and weighted average cost.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance outlines how to account for government grants and other assistance

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset. IAS 20 was issued in April 1983 and is applicable to annual periods beginning on or after 1 January 1984.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.1 New and revised IFRSs applied with no effect on financial statements (Cont'd)

#### IAS 27 (As revised in 2011) - Separate Financial Statements

IAS 27, as revised supersedes IAS 27 (2008) and carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendment has no impact on the financial statements.

Investments in Associates and Joint Ventures: As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment has no impact on the financial position since the Company does not have investments in Associates and Joint Ventures.

#### IFRS 1 (Amendment) – Government Loans

These amendments require first time adoption to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loan existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39 as applicable) and IAS 20 to Government Loan retrospectively if the information needed to do so had been obtained at time of initial amount for that loan.

#### IFRS 7 (Amendment) – Disclosures: Offsetting Financial Assets and Financial Liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (eg collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments have no impact on the Company's financial position or performance.

#### IFRS8 Operating Segments

IFRS 8, Operating Segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate and their major customers, information based on internal management reports both in the identification of operating segments and measurement of disclosed segment information.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.1 New and revised IFRSs applied with no effect on financial statements (Cont'd)

#### IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The Standard introduces a new approach to determining which of the investee should be consolidated and provides a single model to be applied in the control analysis for all the investees. An investor controls an investee when (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is reassessed as facts and circumstances change. These amendments have no impact on the financial position or performance of the Company.

#### IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and "SIC-13" Jointly-Controlled Entities" – Non-monetary Contributions by Ventures. IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal forms (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures and always requires the equity method for jointly controlled entities that are now called joint ventures. They are stripped of the free choice of using the equity method or proportionate consolidation. There is no impact on the Company.

#### IRFS 12 Disclosures of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all the disclosures that were previously included in IAS 31 and IAS 28. The objective of IFRS 12 is to require entities to disclose information that helps users of financial statements to evaluate the nature, risks, and financial effects associated with the entity's involvement with subsidiaries, associates, joint arrangements, and structured entities. Specific disclosures include the significant judgements and assumptions made in determining control as well as detailed information regarding the entity's involvement with these investees. There will be no impact on the Company's financial position or performance.

#### IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. The standard defines fair value, establishes a framework for measuring fair value and sets out the disclosure requirements for fair value measurements.

It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. There will be no impact on the Company's financial position and performance.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.2 The Application of New and Revised International Financial Reporting Standards (IFRSs)

#### IAS 19 Employee benefits

IAS 19 prescribes the accounting for all types of employees' benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognize:

- (i) A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- (ii) An expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

IAS 19 requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

#### IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

This outlines how to account for government grants and other assistance. Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

IAS 20 was issued in April 1983 and is applicable to annual periods beginning on or after 1 January 1984.

#### IAS 1 Presentation of Financial Statements: Comparative Information

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period. However, due to changes in Statutory Bodies (Accounts and Audit ) Act of March 2015, Statutory Bodies are preparing financial statements over a period of 18 months as from 1<sup>st</sup> January 2016 to 30<sup>th</sup> June 2017.

#### IAS 16 Property, Plant and Equipment: Servicing Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition property, plant and equipment are not inventory.

#### IAS 32 Financial Instruments – Presentation: Tax Effect of Equity Distributions

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.2 The Application of New and Revised International Financial Reporting Standards (IFRSs)

IAS 34 Interim Financial Reporting: Total Segment Assets and Liabilities

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. The clarification also ensures that interim disclosures are aligned with annual disclosures. This amendment applies especially to those disclosures listed that are in addition to the significant transactions and events such as, statement of accounting policy, information on seasonality or cyclical nature of interim operations, significant changes in estimates, issuances, repurchases and repayments of equity and debt instruments, dividends paid, fair value hierarchy disclosures for financial instruments, segment reporting information. These must be cross referenced.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The objective of this standard is to prescribe the criteria for selecting and changing accounting policies together with accounting treatment and disclosure of changes in accounting priorities, changes in accounting estimates and correction of errors. The standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.

Prior period errors: These are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorized for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

#### IFRS 9 Financial Instruments: Classification and Measurement

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 9 with the following aspects:

- (i) Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognized in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.
- (ii) Derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.2 The Application of New and Revised International Financial Reporting Standards (IFRSs)

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including an new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company is yet to assess the impact on its financial statements from the application of IFRS 9.

#### 2.3 Standards and Interpretations in issue but not yet effective

Standards and Interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below.

Standard/Interpretation	Effective for accounting period beginning on or after
IFRS 9 - Financial Instruments: Hedge Accounting	1 January 2018

The Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entry).

The effects of these standards have been described below:

#### IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013 but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures issued in December 2011, moved the mandatory effective date to 1 January 2015.

Under IFRS 9, there are two options in respect of classification of financial assets, namely, financial assets measured at amortized cost or at fair value. Financial assets are measured at amortized cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.3 Standards and Interpretations in issue but not yet effective (Cont'd)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. These amendments are not expected to impact the Company's financial position or performance.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

These amendments require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. There will be no effect on the financial statements as the Company does not have any bearer plants.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

#### 2.4 The principle accounting policies adopted by the Board are set out below:

#### (a) Statement of Compliance

The principle accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### (b) Basis of preparation

The financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment are carried at revalued amounts, financial assets and financial liabilities (including derivative instruments) at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies and where necessary comparative figures have been amended to conform with change in presentation in the current year.

#### (c) Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the organization, the revenue can be reliably measured and when specific criteria have been met for each of the Board's activities as described below.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

Revenue comprises mainly the sale of controlled products where no VAT is charged and recognized upon sale to customers.

Revenue on rental is recognized on an accrual basis with the substance of the relevant agreement. Interest income is recognized on a time proportion basis using the effective interest method.

Other operating income comprises mainly of strategic buffer fee and by catch fish.

Capital grants related to assets are presented in the statement of financial position and are released to the statement of profit or loss and other comprehensive income as deferred income.

#### (d) Foreign currency translation

#### (i) Measurement and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Mauritian Rupees which is the Board's functional currency.

#### (ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Assets and liabilities denominated in foreign currency are translated in Mauritian Rupees at the exchange rate ruling at the statement of financial position date. Exchange difference arising from the translation of foreign currency balances are dealt with in the statement of comprehensive income. The AMB has forward purchased its garlic requirements for the past few years. The prices of garlic on the international market are at its lowest in the month of July and rise thereafter as the harvest period of garlic in China, our preferred source of procurement, is from April/May to September.

#### (e) Intangible Assets

Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring to use the specific software and amortized using the straight line method over their estimated useful economic life. The estimated useful life of computer software is five years.

#### (f) Non-Current Assets and Depreciation

Property, plant and equipment are initially stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. Cost comprises of any costs directly attributable to bringing the asset to working condition for its intended use.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated lives, using the straight line method as follows:

Fixed assets	Expected useful life (years)	Rates of depreciation per annum
Building	50	2.0%
Plant and machinery	10	10.0%
Stores equipment and palletization	8	12.5%
Motor vehicles	10	10.0%
Motor car	8	12.5%
Office equipment	8	12.5%
Fixtures and fittings	10	10.0%
Computer equipment	5	20.0%
Water proofing	10	10.0%
Computer Software	5	20.0%
Tarmac	10	10.0%

Fully depreciated assets still in use are retained in the financial statements.

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

The gains or losses arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

#### (g) Provisions/Contingent Liabilities

#### (i) Provisions

Provisions are recognized when the Board has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligations and a reliable estimate of the amount of the obligations can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation,



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

its carrying amount is the present value of those cash flows. Where some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the end of the reporting year. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

#### (ii) Contingent Liabilities

A contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. A contingent liability should not be recognized but disclosed.

#### (h) Grants

Asset related grants are treated as deferred income and amortized over the expected useful lives of the related assets on a basis consistent with its depreciation policy.

#### (i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the statement of cash flows, cash and cash equivalents comprises cash in hand and bank balances, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### (j) Retirement Benefit Cost

State Plan

Contributions to the National Pension Scheme are charged to the statement of financial performance in the period in which they fall due.

#### Defined benefit Pension Plan

The defined benefit pension plan is a pension plan which is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, years in service and compensation.

The Board operates a defined contribution retirement scheme at SICOM Ltd. For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

The retirement benefit obligations recognized in the statement of financial position represents the present value of the defined benefit obligations as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

#### Defined contribution pension plan

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

A defined contribution plan is a pension plan under which the Board pays fixed contributions into a separate entity. The Board has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The Board operates a defined contribution retirement benefit plan at SICOM Ltd for all qualifying employees as from year 2015. Payments to deferred contribution retirement plans are charged as an expense as they fall due.

#### **Employee Leaves Entitlement**

Employee entitlements to bank sick leave and vacation leave as defined in the PRB 2013 Report (the regulatory body for remuneration of AMB employees) are recognized as and when they accrue to employees. An accrual is made for the estimated liability for bank sick leave and vacation leave. A provision is made for the estimated liability for vacation leave accumulated for the year.

Employee entitlement to overseas passage benefits are recognized when they accrue to the employees. A provision is also made for the estimated liability for passage benefits. The passage benefits for each staff are valued at year end and included as long term payables.

For the current fiscal year, based on past experience and trend, an amount of some Rs 2M was treated as short term facilities to provide for any forthcoming payments of passage in the next fiscal year.

#### (k) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of products comprises the invoiced value from suppliers, freight, handling charges, transport and other direct charges. Cost of spare parts consists of invoice value only. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

#### (1) Related parties – IAS 24

Related parties are considered to be related if one party has ability to control the other party in making financial operating decisions.

All transactions undertaken with related parties are at commercial terms and conditions. In 2015 a new board was constituted with one member mentioning his interest in By-Catch fish in the name of Tripod Fish Limited. The storage fee related to Tripod Fish Limited for 2016/17 amounted to some Rs 29,892.

#### (m)Financial Instruments

Financial instruments are initially measured at cost. Subsequently, these instruments are measured in their particular recognizing methods as disclosed below:

#### Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities are recognized on the Board's Statement of Financial Position when the Board becomes a party to the contractual provisions of the instrument.

The carrying amount of the financial assets and financial liabilities approximate their fair values due.

#### (i) Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost.

#### (ii) Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts through the expected life of the debt instrument or where appropriate, a shorter period to the net carrying amount on initial recognition. Income is recognized on effective interest basis for debt instruments other than those financial assets classified as at FVTPL.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

#### (iii) Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Board's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. When a trade receivable is considered uncollectible, it is written off against the allowance account.

#### (iv) De-recognition of financial assets

If the Board retains substantially all the risks and rewards ownership of a transferred financial asset, the Board continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

#### (n) Financial Abilities and Equity Instruments

#### (i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### (ii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Board are recognized at the proceeds received, net of direct issue costs.

#### (iii) Financial Liabilities

Financial Liabilities including borrowings are initially measured at fair net value of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective method, with interest expense recognized on an effective yield basis.

#### (iv) De-recognition of Financial Liabilities

The Board derecognizes financial liabilities when, and only when, the Board's obligations are discharged, cancelled or they expire.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

#### (o) Risk Management Policies

The Board adopts a conservative approach to Risk Management. A description of the significant risk factors are given below together with the relevant risk management policies:

#### (i) Foreign Exchange Risk

The Board is exposed to foreign exchange risk arising from various currencies exposures primarily with respect to US dollar and the EURO. The Board dealing in foreign currencies purchases is managed by seeking the best rates.

#### (ii) Credit risk

The Board's activities expose it to financial credit risk. This is primarily attributable to its trade receivables. There is no significant concentration of credit risk with exposure spread to a large number of customers. The Board has policies in place to ensure that credit risk is given to customers with an appropriate credit history.

#### (iii) Interest Risk

The Board's interest risk arises from cash at bank and bank overdraft. The Board has no other exposures to interest rate risk. It does not use the financial instruments to hedge interest rate risk.

#### (iv) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and monitors rolling forecast of reserve, cash and cash equivalents on the basis of expected cash flow in order to ensure that it meets operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Board does not breach borrowing limits or covenants where applicable on its borrowing facilities.

#### (v) Market Risks

The Board is exposed to market risk arising from changes in prices of imported controlled products and the incidence of exchange rate. This rise will directly impact on future proceeds.

#### (vi) Operational Risk Management

Operational risk, which is inherent in all organizations activities, is the risk of financial loss and business instability arising from failures in internal controls, operational processes or the system that supports them. It is recognized that such risks can never be entirely eliminated and the costs of controls in minimizing these risks may outweigh the potential benefits. AMB is dealing in perishable products requiring downgrading of impaired stocks of products resulting in revenue losses as products had to sell below their cost. There is also a policy for AMB to hold buffer stock during the whole year required products to be sold for long periods, thereby leading to impairment in stocks and considerable loss in sales value.



#### 2. Significant Accounting Policies (Cont'd)

#### 2.4 The principle accounting policies adopted by the Board are set out below:

#### (vii) Legal risk

Legal risk is the risk that:

- (a) Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency.
- (b) Actual or potential violations of law or regulation (including activities unauthorized for the Board and which may attract a civil or criminal fine).
- (c) Failure to protect the Board's property (including its interest in its premises).
- (d) The possibility of civil claims (including acts or other events which may lead to litigation or other disputes).

The Board identifies and manages legal risk through effective use of its legal adviser.

#### (p) Impairment

At each balance sheet date, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Board estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### (q) Borrowing costs

Borrowing costs are recognized as an expense on an accruals basis.

#### (r) Reclassifications

Certain reclassifications have been made to the financial statements for the fiscal year ended 31 December 2015 to conform to the current period presentation. The reclassifications had no effect on the previously reported surplus.

#### (s) Operating Lease

Lease where a significant portion of the risks and rewards of ownership are retained by the Lessor is classified as operating lease. Rental income is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.



#### 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continuously evaluated and are based on historical expenditure and other factors including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 Critical Accounting Estimates and Assumptions

In the application of the Board's accounting policies, which are described in note 2.4, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognized in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 3.2 Key Sources of Estimation Uncertainty

With regards to the nature of the company's business, there were no key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (i) Useful lives and residual values on Non-Current Assets

Determining the carrying amount of non-current assets and the Board are separated into their significant parts and estimates of the useful lives and residual values thereof are made for the purpose of calculating depreciation. The estimates of useful economic lives and residual values carry a degree of uncertainty. The Board has used historical information in order to best determine the useful lives and residual values of non-current assets.

#### (ii) Allowance for Doubtful Debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers are based on several factors including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions.



NOTES TO THE FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2017 4. PROPERTY, PLANT AND EQUIPMENT	2% Building ,Tarmac & Infrastructure	10% Plant and machinery	12.5% Stores equipment and palletisation	10% Motor vehicles	12.5% Motor car	12.5% Office equipment	10% Furniture and fit- tings	20% Computer equipment	Total
COST/ VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 01 January 2015	133,957,000	111,715,000	22,700,500	870,000	1,600,000	304,800	703,699	562,400	272,413,399
Additions	1	5,073,225	1	2,772,300	870,000	162,516	170,371	282,326	9,330,738
Revaluation	•	1	•	•	•	1	1	•	1
Disposal	(1,889,209)	1	1	1	1	1	1		(1,889,209)
Transfer	1	1	1	1	1	1	1		1
Impairment	1	1		ı	ı	•	•	ı	ı
Revaluation Adjustment	1	1		ı	ı	•	•	ı	ı
At 31 December 2015	132,067,791	116,788,225	22,700,500	3,642,300	2,470,000	467,316	874,070	844,726	279,854,928
At 01 January 2016	132,067,791	116,788,225	22,700,500	3,642,300	2,470,000	467,316	874,070	844,726	279,854,928
Additions	2,339,507	1,923,950	3,107,931	•	ı	673,583	291,469	1,208,775	9,545,215
Adjustments	1,889,209					•			1,889,209
Transfer			ı			(13,760)		13,760	ı
Transfer			35,075			(35,075)			ı
Transfer	(4,775,400)					1,800		(1,800)	(4,775,400)
Disposal				•	(1,600,000)	(1,700)	•	•	(1,601,700)
At 30 June 2017	131,521,107	118,712,175	25,843,506	3,642,300	870,000	1,092,164	1,165,539	2,065,461	284,912,252
DEPRECIATION									
At 01 January 2015	1	1	1	•	ı	•	•	•	1
Charge for the year	11,689,806	14,574,947	4,070,630	277,230	337,321	78,846	131,826	235,596	31,396,202
(Over)/Under Depreciation	•	1	•	1	1	•	•	1	1
Revaluation Adjustment	•	1	•	1	1	•	•	1	1
Transfer	•	1	•	•	•	1	1	1	1
Disposal	(1,246,567)	1	•	1	•	1	1		(1,246,567)
At 31 December 2015	10,443,239	14,574,947	4,070,630	277,230	337,321	78,846	131,826	235,596	30,149,635
At 01 January 2016	10,443,239	14,574,947	4,070,630	277,230	337,321	78,846	131,826	235,596	30,149,635
(Over)/Under Depreciation	(296,643)		826,600			225	1,100	672	531,954
Disposal			1	•	(228,571)	(820)	•	•	(229,421)
Transfer			4,384			(6,104)		1,720	ı
Adjustments	1,246,567					1			1,246,567
Charge for the year	18,686,974	31,269,680	7,203,437	1,285,845	163,125	159,135	227,519	418,580	59,414,297
At 30 June 2017	30,080,137	45,844,627	12,105,051	1,563,075	271,875	231,252	360,446	656,568	91,113,033
NET BOOK VALUE									
At 30 June 2017	101,440,970	72,867,548	13,738,455	2,079,225	598,125	860,912	805,093	1,408,893	193,799,220
At 31 December 2015	121,624,552	102,213,278	18,629,870	3,365,070	2,132,679	388,470	742,244	609,130	249,705,293

Note: The Board is of the opinion that the net book value of the property, plant and equipment approximates its fair value.



	18 month period ended 30 June 2017	Year ended 31 December 2015
5. INTANGIBLE ASSETS	Rs.	Rs.
Computer Software:		
Cost		
Balance at start of period	6,213,916	5,999,219
Revaluation Adjustment 2015	(5,940,217)	- -
Acquisitions	903,504	11,500.00
Revaluation	- -	203,197.00
Balance at end of period	1,177,203	6,213,916
Amortisation and impairment losses		
Balance at start of period	5,954,716	5,940,216
Adjustment 2015	(5,940,217)	-
Adjustment for under provision in 2015	215,900	-
Charge for the year	289,476	14,500
Balance at end of period	519,875	5,954,716
Carrying amounts:		
At end of period	657,328	259,200
The estimated useful life of computer software is five year	rs.	
6. LOANS RECEIVABLE		
Loans and receivables are non derivative financial assets granted to staff.	with fixed or determinable payments wi	th respect to loan
Staff Car Loans-Note 6(a)	1,659,291	839,260
Staff personal Loans-Note 6 (b)	194,871	357,880
	1,854,162	1,197,139
(a) Staff Car Loans		
Current assets:		
Amount receivable within one year	357,271	275,682
Non-Current assets:		
Amount receivable after one year	1,302,020	563,578
	1,659,291	839,260
(b) Staff personal Loans	<del></del> =	
Current assets:		
Amount receivable within one year	111,193	206,384
Non-Current assets:		
Amount receivable after one year	83,678	151,496
	194,871	357,880
7. INVENTORIES		
Agricultural products	59,441,504	82,569,551
Stationery understated	655,162	573,905
Spare parts	10,738,862	10,331,880
	70,835,528	93,475,336
	. 0,000,000	75,175,550

Note: All stocks are at cost

All costs of inventories have been expensed during the year.



	18 month period ended 30 June 2017	Year ended 31 December 2015
8. TRADE AND OTHER RECEIVABLES	Rs.	Rs.
Trade Receivables	30,321,906	17,437,236
Other Receivables	732,032	988,009
Prepayments	61,649,415	33,679,170
	-	
Food Security Fund	33,781,582	12,895,531
	126,484,935	64,999,946

Trade receivables are shown in the Financial Statements at expected realisable value less estimates for doubtful debts amounting to some **Rs 30M** at end of period.

The ageing analysis of the Trade Receivables is as follows:	Rs.	Rs.
After ten years	2,945,579	4,388,872
After five years before ten years	4,187,853	16,022,212
After one year before five years	11,294,989	12,767,490
Current year	23,772,268	7,274,467

The exercise of Prudence is the inclusion of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such as assets or income are not overstated and liabilities or expenses are not understated. In disclosing trade and other receivables, a provision of **Rs 11.8 M** were provided for the eighteen month period.

#### 9. MEDICAL ASSISTANCE FUND

This fund is made up of contributions by the Board and its employees and of interest accruing on the Savings account. This Fund is comprised of the following:

Medical assistance fixed deposit account	-	5,474,556
Medical assistance savings account	-	-
	-	5,474,556
10. FIXED DEPOSIT INVESTMENT		
Short Term Fixed Deposit	150,000,000	100,000,000
	150,000,000	100,000,000
11. CASH AND CASH EQUIVALENTS		
Cash in hand	20,000	72,332
Cash at bank	218,430,155	169,083,098
Bank overdraft	-	-
	218,450,155	169,155,430
12. RETAINED EARNINGS		
Balance at start of period	353,711,885	287,953,564
Amount written back	(377,741)	147,918
Adjustments relating to VRS 2005 -staff cost	-	212,445
Adjustments relating to VRS 2005 -opening figure		(508,394)
Adjustments relating to VRS 2013		976,611
Adjustments relating to VRS 2013-Bonus		(306,180)
Retained surplus for the year	67,872,747	61,406,883
Adjustment to Capital Grant received for Building & Plant and Machinery at Cluny	(1,683,061)	2,576,240
Grant for Building Cluny adjusted for underprovision of depreciation in year 2014	-	50,329
Impairment of fixed assets		1,614,667
Adjustment of under/over provision for Fixed Assets and depreciation charged	(798,191)	
Adjustment of Grant -Building Cluny		(412,200)
Balance at end of period	418,725,637	353,711,885



	18 month period ended 30 June 2017	Year ended 31 December 2015
	Rs	Rs
13. REVALUATION RESERVES		
Balance at start of period	179,537,570	106,656,919
Revaluation surplus	(1,888,718)	-
Adjustment to Opening Balance		72,880,651
Balance at end of period	177,648,852	179,537,570
14. OTHER RESERVES		
Balance at start of period	(94,188,179)	(72,880,651)
Remeasurement of the defined benefit scheme	(14,477,462)	(21,307,528)
Balance at start of period	(108,665,641)	(94,188,179)
15. EMPLOYEE BENEFITS OBLIGATIONS		
The non current liabilities include sick leave and passage benefits accrued to staff as p 2 (l) on Employee leave entitlements above.	provided in the PRB report a	s referred to in Note
(a) The sick leave is payable as follows:		
Current liabilities		
Payable within one year	700,000	1,427,012
Non-current liabilities		
Payable after one year	13,187,115	11,769,590
	13,887,115	13,196,602
(b) The passage benefit is payable as follows:		
Current liabilities		
Payable within one year	2,000,000	1,580,521
Non-current liabilities		
Payable after one year	1,148,697	1,613,915
	3,148,697	3,194,435
An amount of some Rs1.6M has been paid as passage benefit for year 2015		
(c) The vacation leave is payable as follows:		
Current liabilities		
Payable within one year	600,000	-
Non-current liabilities		
Payable after one year	13,912,574	13,183,933
	14,512,574	13,183,933
(d) Annual Leaves for Contract Officers	138,709	-

#### 16. RETIREMENT BENEFIT OBLIGATIONS

The Board operates a defined benefit scheme for qualifying employees which is managed by SICOM Ltd. Under the scheme, the employees are entitled to retirement benefits at 66.6 per cent of their final salary on attainment of retirement age. The schemes are funded schemes.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2013 by SICOM Ltd. The present value of the defined benefit obligation, the related current service costs and past service costs were measured using the projected unit credit method.

Amount charged to the surplus or deficit	(5,803,181)	(3,957,979)
Amount charged to other comprehensive income	(14,477,462)	(21,307,528)



	18 month period ended 30 June 2017	Year ended 31 December 2015
16. RETIREMENT BENEFIT OBLIGATIONS (Continued)	Rs.	Rs.
Amounts recognised in the statement of financial position at end of year:		
Defined benefit obligation	260,122,027	239,603,665
Fair value of plan assets	(92,202,205)	(91,964,486)
Liability recognised in the statement of financial position	167,919,822	147,639,179
Amounts recognised in profit or loss:		
Service cost:		
Current service cost	6,867,853	4,486,314
Employee Contributions	(3,278,926)	(2,047,795)
Fund expenses	223,680	143,220
Net Interest expense /( income)	14,707,980	9,271,636
Profit and Loss Charge	18,520,587	11,853,375
Remeasurement		
Liability (gain) / loss	12,485,607	15,722,762
Assets (gain) / loss	1,991,855	5,584,766
Total Other Comprehensive Income (OCI) recognised	14,477,462	21,307,528
	32,998,049	33,160,903
Movement in liability recognised in statement of finacial position:		
At start of year	147,639,179	122,373,672
Amount recognised in Profit and Loss	18,520,587	11,853,375
Actuarial reserves transferred in		-
Contributions and direct benefits paid by employer	(12,717,406)	(7,895,396)
Amount recognised in OCI	14,477,462	21,307,528
At end of year	167,919,822	147,639,179
Actual return on plan assets:	7,352,606	1,307,587

The plan is a defined benefit arrangement for the employees and it is wholly funded. The assets of the funded plan are held independently and administered by The State Insurance Company of Mauritius Ltd.



	18 month period ended 30 June 2017	Year ended 31 December 2015
. RETIREMENT BENEFIT OBLIGATIONS (Continued)		
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of period	239,603,665	215,526,364
Current service costs	6,867,853	4,486,314
Interest costs	23,361,357	16,164,477
Benefits paid	(22,196,455)	(12,296,252)
Liability (gain) / loss	12,485,607	15,722,762
Present value of obligations at end of period	260,122,027	239,603,665
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	91,964,486	93,152,692
Expected return on plan assets	8,653,377	6,892,841
Employer contributions	9,714,544	5,829,295
Employee contributions	3,278,926	2,047,795
Actuarial reserves transferred in		-
(Benefits paid and other outgo)	(19,417,273)	(10,373,371)
Asset gain/(loss)	(1,991,855)	(5,584,766)
Fair value of plan assets at end of period	92,202,205	91,964,486
Distribution of plan assets at end of period	Jun-17	Dec-15
Percentage of assets at end of year		
Fixed securities and cash	56.6%	58.10%
Loans	4.4%	4.30%
Local equities	15.8%	15.90%
Overseas bonds and equities	22.6%	21.00%
Property	0.6%	0.70%
Total	100%	100%
		2015
Additional disclosure on assets issued or used by the reporting entity		
Percentage of assets at end of year	%	%
Assets held in the entity's own financial instruments	0%	0%
Property occupied by the entity	0%	0%
Other assets used by the entity	0%	0%



	18 month period ended 30 June 2017	Year ended 31 December 2015
16. RETIREMENT BENEFIT OBLIGATIONS (Continued)	Rs.	Rs.
Components of the amount recognised on OCI		
Asset experience gain / (loss) during the period	(1,991,855)	(5,584,766)
Liability experience gain / (loss) during the period	(12,485,607)	(15,722,762)
	(14,477,462)	(21,307,528)
Year 2018: Expected employer contributions	Rs 6.5M	Rs 6.2M
Weighted average duration of the defined benefit obligation		14 years
( Calculated as a % change in PV of liabilities for a 1% change in discount		

rate)

The plan is exposed to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

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

	18 month period ended 30 June 2017	Year ended 31 December 2015		
Discount rate	6.5%	7.5%		
Future salary increases	4.00%	5.00%		
Future pension increases	3.00%	3.00%		
Mortality before retirement	A 6770 Ultin	mate Tables		
Mortality in retirement	PA (90) Tables rate	PA (90) Tables rated down by 2 years		
Retirement age	As per Second Scheo Bodies Pensio	•		

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

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 28.9M (increase by Rs 35.1M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 11.7M (decrease by Rs 10.4M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 7.2 M (decrease by Rs 7.2M) if all assumptions were held unchanged.

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

17. VOLUNTARY RETIREMENT SCHEME	18 month period ended 30 June 2017	Year ended 31 December 2015
The VRS Scheme is payable as follows:		
Current liabilities	Rs	Rs
Payable within one year	3,371,801	2,374,889
Non-current liabilities		
Payable after one year	3,789,256	8,157,970
	7,161,058	10,532,859
		· ·



18. DEFERRED INCOME	18 month period ended 30 June 2017	Year ended 31 December 2015
	Rs.	Rs.
Balance at start of period	16,538,855	16,519,025
Prior year Adjustment	(1,153,293)	2,286,980
Transfer to Income Statement	(1,700,194)	(2,267,150)
Balance at end of period	13,685,368	16,538,854
Classification:		
Non current liabilities	11,985,173	14,271,702
Current liabilities	1,700,194	2,267,151
	13,685,368	16,538,854

Capital grants, received by way of building, plant, machinery and equipment, are capitalised under fixed assets and the value of the equipment are treated as deferred revenue, a portion equivalent to the estimated annual use being released to the statement of financial performance every year.

#### 19. TRADE AND OTHER PAYABLES

Trade payables	8,947,407	18,321,613
Other payables	14,612,069	4,393,178
Accruals	2,714,215	1,705,150
Provision for sick leaves	700,000	1,427,012
Provision for passage benefits	2,000,000	1,580,521
Provision for vacation leaves	600,000	-
Provision for VRS	3,371,802	2,374,889
Deposits on rental of AMB cold rooms	3,358,632	2,704,035
Payment on account	99,920	425,700
Food Security Fund	29,186,893	12,895,531
	65,590,938	45,827,630



#### 20. TURNOVER

An analysis of the organisation's turnover is as follows:

	1	d ended 30 June 017		31 December 015
PRODUCE	Quantity	Amount	Quantity	Amount
	TONS	RS	TONS	RS
Imported Potatoes	8313	191,932,871	5786	142,887,388
Local Potatoes	4422	100,283,147	1591	40,668,996
Imported Onions	11692	298,554,099	7142	196,501,553
Local Onions	805	19,702,172	1025	28,346,785
Rodrigues Onions	114	3,637,980	116	3,144,117
Imported Seed Potatoes	1057	41,362,863	744	31,420,689
Local Seed Potatoes	1545	60,893,620	678	28,363,397
Imported Garlic	2513	277,110,170	1640	180,719,564
Local Garlic	16	1,494,719	24	1,498,352
Imported Bean Seeds	11	2,089,860	5	1,030,900
Imported Onion Seeds	0.6	3,282,500	0.436	2,921,200
Local Onion Seeds	7.0	1,291,424	0.182	799,576
Imported Cardamom	2	1,173,086	1.75	803,071
Imported Carrots	20.47	1,023,500	26.7	959,363
Imported Turmeric Powder	8	1,170,830	5	654,000
Others		6,113,465		3,410,491
TOTAL TURNOVER		1,011,116,307		664,129,442

21. COST OF PRODUCTION	18 month period ended 30 June 2017	Year ended 31 December 2015
Cost of sales:	Rs	Rs
Opening stock	82,569,551	109,002,585
Purchases	761,009,226	488,460,586
Closing stock	(59,441,504)	(82,569,551)
	784,137,273	514,893,620
Operating expenses (storage cost):		
Staff Costs	79,791,674	45,158,082
Electricity and water	52,032,212	35,152,611
Insurance	1,666,493	1,868,778
Repairs and maintenance	7,772,849	5,420,829
Security services	2,268,363	2,094,282
General expenses - store	648,423	531,108
Waste Disposal	78,400	68,700
Compensation to dealers	1,457,430	640,423
Motor vehicle running expenses	919,468	364,689
Other operating expenses	1,576,390	-
Depreciation	47,763,016	25,128,562
Impairment of Assets		1,614,667
	980,111,992	632,936,350



22. SEGMENT REPORTING

	POT	POTATOES		SNOINO	W	/5	GARLIC	SEED	SEED POTATO	ONIO	ONION SEED	IMPORTED IMPORTED	IMPORTED	IMPORTED		
	LOCAL		LOCAL	IMPORTED LOCAL IMPORTED	RODRIGUES	1	LOCAL IMPORTED LOCAL	LOCAL	IMPORTED	LOCAL	LOCAL IMPORTED	TURMERIC	SEEDS	0	OIMERS	O AL
								e ez	RS M							
REVENUE	114.2	221.1	22.2	336.9	4.0	9.1	285.9	62.9	45.6	1.3	3.3	1.2	2.1	1.2	7.2	1,113.6
COST OF OPERATIONS	(125.7)	(216.4) (24.0)	(24.0)	(300.7)	(4.4)	(3.1)	(186.0)	(58.7)	(45.5)	(1.3)	(3.1)	(0.8)	(1.9)	(1.0)	(7.4)	(980.1)
OPERATING SURPLUS/ (DEFICIT)	(11.5)	4.6	(1.8)	36.2	(0.4)	(1.6)	6.66	7.3	0.1	0.01	0.2	0.4	0.2	0.2	(0.3)	133.5
OTHER EXPENSES	(8.9)	(18.7)	(1.6)	(24.6)	(0.2)	(0.04)	(5.6)	(3.2)	(2.7)	(0.02)	(0.001)	(0.02)	(0.02)	(0.01)	(0.02)	(65.7)
NET SURPLUS/ (DEFICIT)	(20.4)	(14.0)	(3.4)	11.6	(0.6)	(1.6)	94.3	4.0	(2.6)	(0.02)	0.2	0.3	0.2	0.2	(0.3)	67.9

The AMB has identified as separate segments each distinguishable activity or group of activities by product for which financial information is reported, for purposes of:

(a) evaluating the past performance of the entity in achieving its objectives, and
(b) making decisions about the allocation of resources by the entity.

The surplus of <u>Rs67.9M</u> for the eighteen month period ending 30 June 2017 is made up as shown above. Deficits on these products are cross subsidized from surpluses on sales of other products.



#### 23. OTHER OPERATING INCOME

	18 month period ended 30 June 2017	Year ended 31 December 2015
	Rs	Rs
Strategic Buffer Fee	33,386,315	16,632,000
Administrative fee	18,240	7,490
Commission on By-Catch Fish	1,185,147	822,308
Rental Income	39,882,421	26,075,852
Interest on credit sales	222,376	579,107
Gain on uncertified seeds	-	6,413
Compensation from suppliers	9,513,610	20,837,619
Gain on FOREX	39,992	4,524,278
	84,248,101	69,485,066

<sup>(</sup>i) Strategic Buffer Stock Fee of Rs 2.20 per kg, claimed on all private imports of potatoes and onions, is kept as a cost of holding a buffer stock of at least two and a half weeks consumption.

#### 24. ADMINISTRATIVE EXPENSES

Staff Costs	34,196,432	19,353,464
Overseas travelling	39,604	32,980
Motor vehicle running expenses	394,058	156,295
Postage, printing and stationery	1,413,173	631,283
Advertising	601,055	350,327
Telephone	772,473	400,184
Legal and professional fees	2,035,881	1,123,980
Training expenses	375,741	61,000
Audit fees	300,000	275,000
Consultancy fees	1,776,439	-
General expenses	1,966,495	1,124,777
Repairs and maintenance- IT	2,827,483	586,280
Board members fees	1,384,595	777,806
Bad Debts	5,311,829	19,200,000
Donation	242,400	8,753
Rent of leasehold land	76,340	22,500
Depreciation	11,940,754	6,282,140
	65,654,752	50,386,769

<sup>(</sup>ii) Commission received on By-Catch Fish of Rs 3/kg directly upon weighing of goods at AMB Trou Fanfaron Fish Cold Store.



	18 month period ended 30 June 2017	Year ended 31 December 2015
	Rs	Rs
25. INVESTMENT AND OTHER INCOME		
Interest on bank balances and bank deposits	6,607,685	4,758,562
Interest on Sinking Fund	-	777,004
Interest on staff Loan	112,701	83,249
Insurance Claims	27,412	20,167
Ex-Tobacco Board	-	2,650,942
Gain/(loss) on sale of Fixed Asset	164,613	(269,600)
Deferred income	1,700,194	2,267,151
Other Income	9,662,478	836,637
	18,275,083	11,124,112
Other Income includes certain non -cash adjustmen	ts relating to prior years.	

#### **26. FINANCE COSTS**

Interest on long term loans from Government of	-	8,568
Mauritius and EDF		
Interest on bank overdraft and import loans	-	50
	-	8,617



## **AGRICULTURAL** MARKETING BOARD

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