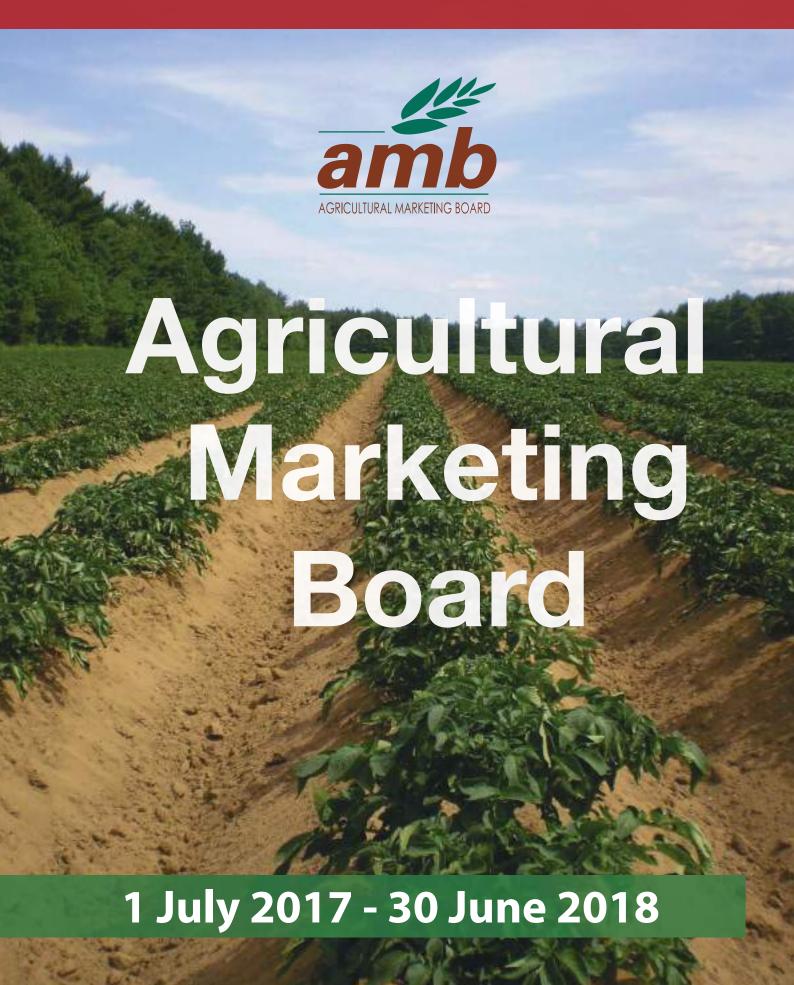
## ANNUAL REPORT



## CONTENTS

Chairman's Statement	2
Assistant General Manager's Review	3
Corporate Governance Report	5
Operational Overview	24
Seeds	27
Table Potatoes	32
Onions	34
Garlic	36
Other Products	37

Financial Statements as at 30 June 2018

## **CHAIRMAN'S STATEMENT**

The Honourable Mahen Kumar Seeruttun 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 am privileged once again to submit our Annual Report for the period July 2017 to June 2018.

I am pleased to inform you that the major projects listed in our Action Plan are being implemented and some are already completed, like the conversion of dryers into cold rooms for additional storage space and the construction of a garlic warehouse to preserve and treat garlic seeds under safer and more hygienic conditions. Closer collaboration with the different stakeholders remains our priority and the renewal of the agreement with COPÉSUD will enable the AMB to procure around 1500 tonnes local potato during the second season harvest this year. The tender evaluation exercise for the award of a contract for the photovoltaic farm is in progress. In-service training is being provided to employees as and when required.

For the local consumers and the public at large, the AMB has ensured the stabilization of prices for controlled products through its presence in seventeen market fairs and retail outlets, including the newly acquired one at Saint Pierre. The intervention of the AMB to import vegetables early in 2018 to counteract shortages due to unfavourable climatic conditions was well appreciated by the consumers.

The Board together with the Management and all employees are leaving no stone unturned to enable the AMB to contribute significantly in the country's endeavour to achieve food security. This Annual Report 2017-2018 clearly reviews the different activities undertaken by the AMB during that period and once again confirms that its financial status is sound.

Thank you, dear Minister for your unflinching support.

Yours faithfully

Dr. K Payandipillay, Chairman

Date: 30 October 2018

## **ASSISTANT GENERAL MANAGER'S REVIEW**

This Annual Report covers the period of 1 July 2017 - 30 June 2018. The report clearly demonstrates the continued growth of the AMB and the viability of its trading undertakings as a self-financed organization.

Amidst the tough economic environment, the Agricultural Marketing Board (AMB) has registered a net profit of MUR 134.8 M over the period 1 July 2017 - 30 June 2018 against a net profit of MUR 53.4 M over 18 months from 1 January 2016 to 30 June 2017. AMB's total equity reached MUR 507 M by 30 June 2018.

Over the years, the AMB has had to adapt to the ever-changing agricultural landscape of Mauritius. As the country's foremost wholesaler of Controlled Products and provider of support to planters of onions, potatoes and garlic, the AMB has ensured that the country is always fully supplied with these basic agricultural products.

Despite numerous fluctuations in the cost of these products, the AMB continued to supply the general public with same at affordable prices.

The AMB had to intervene and import vegetables to counteract shortages on the market, following the adverse weather conditions that prevailed during the period January - February 2018. Some 215.7 tonnes of vegetables (cabbages, cauliflowers, beans and carrots) were imported and put on sale at competitive prices.

During the period of review, the AMB has embarked on several noteworthy projects, inter alia:

- **a) Conversion of dryers into cold rooms** to cater for an additional storage space of 560 tonnes of onions in refrigerated conditions. This initiative increased the total storage capacity for refrigerated onions from 840 to 1,400 tonnes;
- **b)** Construction of a garlic warehouse the project is in line with the Government's objective of boosting up local garlic production. Garlic seeds will not be preserved and treated in a safer and hygienic environment. A local production of 200 tonnes of good quality garlic with larger cloves is targeted;
- c) Signing of a Memorandum of Understanding (MOU) with COPÉSUD (Mauritius) Ltée for the supply of 1,200 tonnes of table potatoes as from October 2017 An MOU was signed with a view to promote commercial dealings between the two organizations and foster collaboration 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.

Traditionally, the AMB has been involved in retailing activities to curb food inflation and to enhance price stabilization in the local market. In 2018, the AMB started to operate two new stalls at the St Pierre market.

In view of boosting up the local production of fruits, flowers and vegetables including onions, potatoes and garlic and on behalf of the Ministry of Agro-Industry and Food Security, the AMB continued successfully to implement and manage the Onion, Potato and Garlic Seed Purchase Schemes and the Freight Rebate Scheme.

The AMB places great emphasis on the development of human talent and skills by investing extensively in training. A total of 554 hours of training were dispensed during the period under review, to employees at different levels and in diverse fields, amongst others on: Post harvest Losses of Fruits and Vegetables, Agribusiness, Food Loss and Food Waste Reduction and Recovery, Sustainable Local Agriculture (MauriGAP), Data Protection Act, Implementation of IPSAS, Food Handlers' Course, E-procurement, Ergonomics and Manual Handling of Heavy Weights and Safety and Health of Employees.

Last but not least, the photovoltaic farm of capacity 500 kW will soon be materialized as the tender evaluation exercise is in progress. The cost of investment will be around MUR 31 M and the whole amount of electricity generated will be used for AMB's own consumption. The estimated payback will be around the sixth year of operation.

On a final note, I wish to express my appreciation to the Chairman and members of the AMB Board, the Ministry of Agro-Industry and Food Security, our stakeholders and our enthusiastic employees for their dedication and commitment to establish a foundation for our future growth. I am confident that the coming year will reinforce the positive goodwill of the AMB within the Mauritian public at large.

B. Ramcharan Assistant General Manager

The Agricultural Marketing Board is a parastatal body operating under the aegis of the Ministry of Agro-Industry and Food Security. It is governed by the Mauritius Agricultural Marketing Act (1963).

The Agricultural Marketing Board is required to comply with the National Code of Corporate Governance for Mauritius, 2016 (the 'Code') by virtue of the provisions of the Financial Reporting Act 2004.

This Corporate Governance Report highlights how the AMB has implemented the recommendations of the Code.

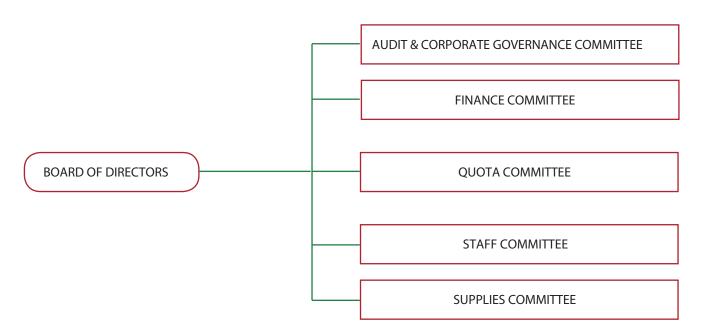
#### Principle ONE - GOVERNANCE STRUCTURE

The Agricultural Marketing Board is managed by a unitary Board which is collectively responsible for its governance, long-term success and reputation. The roles and responsibilities of the Board are set out in the Mauritius Agricultural Marketing Act.

The Board assumes its fiduciary responsibilities whilst complying with all legal and regulatory requirements. In this respect the Board adheres to the following key governance documents:

- Board Powers as per the Act;
- Board Committees Terms of Reference;
- Code of Ethics for Directors; and
- Code of Ethics for Employees.

#### **Board Structure**



#### **Functions of the Board**

- a) Gives strategic direction;
- b) Formulates policies and plans;
- c) Makes decisions;
- d) Gives guidance.

#### **Key Governance Responsibilities and Accountabilities**

The Board ensures that proper standards of Corporate Governance are applied and maintained throughout the organization. The following key governance positions are critical in enabling the Board to fulfill its mission, vision and objectives:

#### 1. Chairman of the Board

The Chairman is non-executive and is appointed by the Minister of Agro-Industry and Food Security as per Section 4(2) of the Mauritius Agricultural Marketing Act (1963):

- a) is primarily responsible for the activities of the Board and its Committees;
- b) acts as the spokesman of the Board and is the principal contact of the General Manager and
- c) encourages and ensures active participation of members in discussions.

#### 2. General Manager

The General Manager is the head of the Agricultural Marketing Board and has the authority and responsibility to manage the overall operations and resources of the organization. He acts as the main point of contact between the Board and the Management. The other responsibilities of the General Manager include among others: to develop and recommend to the Board a long-term vision and strategy for the organization as well as the annual business plans and budgets that support the organization's strategy; to execute and implement the strategy of the Board; to monitor the organization's performance and keep the Board regularly and appropriately informed; to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity, and meets social responsibility objectives and imperatives.

#### 3. Secretary

The main responsibilities of the Secretary include amongst others, facilitating meetings of the Board and its sub committees, preparing and circulating agendas and committee papers; taking minutes; ensuring that the organization complies with its Act and all relevant statutory and regulatory requirements and any procedures set by the Board.

#### 4. Management Team

General Manager	Mr. A. S. Jeehoo (Up till 14.02.18)	MSc (Project Management) BEng (Hons) Mechanical Engineering Certificate in Sugarcane Technology
Assistant General Manager	Mr. B. Ramcharan (as from 14.02.18)	MBA (Logistics and Supply Chain Management) BSc (Hons) Economics
Administrative Secretary and Secretary to the Board	Mrs. A. D. 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/Senior Accountant	Mr. M. Perianen	FCCA
Human Resource Management Officer	Mr. N. A. Hasowa	BCom with specialization in Human Resource Management
IT Officer	Mrs. K. Rawa Lungtoo	BSc Information Systems
Internal Auditor	Mrs. G. Nothoo (as from 03 November 2017)	ACCA

#### **Professional Services**

#### Auditors



The National Audit Office

#### Banks



State Bank of Mauritius Ltd

Barclays Bank Ltd

MauBank Ltd

Bank One Ltd

Banque des Mascareignes

SBI (Mauritius) Ltd

#### Consultants



Servansingh Jadav & Partners Consulting Engineers Ltd.

#### Principle TWO – THE STRUCTURE OF THE BOARD AND ITS SUB-COMMITTEES

As per the provisions of the Mauritius Agricultural Marketing Act (1963), the Board consists of Ex Officio and as well as independent members with a view to ensure a right balance of skills, experience and diversity. The Independent members, come from diverse business backgrounds. They thus provide a blend of knowledge, skills, experience and commitment to make sound judgements on various key issues relevant to the business of the Company.

The sub committees of the Board are chaired by members who have relevant knowledge and experience in these key governance roles.

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

Dr K. Payandi Pillay	Chairman
Mrs. I. Rugjee	Representative of the Ministry of Agro Industry and Food Security
Mr. C. Singelee	Representative of the Ministry of Finance and Economic Development (till February 2018)
Mr. V. Ramkelawon	Representative of the Ministry of Finance and Economic Development (as from March 2018)
Mr L. M. Monvoisin	Representative of the Registrar of Co-operative Societies
Mrs. B. 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. M. P. Bisesar	Independent Member
Mr L. Seegoolam	Independent Member
Mr. N. Nabeeamode	Independent Member
Mr. B. K. Seetaram	Independent Member

#### ATTENDANCE AT BOARD MEETING AND COMMITTEE MEETINGS

Below is a record of all Board and Sub-Committee meetings held during the financial year 2017/2018

	Jul 2017 to June 2018
Board Meeting	10
Special Board Meeting	10
Finance and Tender Committee	7
Quota Committee	9
Staff Committee	10
Supplies Committee	26
Technical Committee	3
Total	75

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

In view of the complexity of administrative and operational matters at the AMB, and in line with the Code, the Board has set up the following Sub-Committees with specific mandates to assist the Board in discharging its duties and responsibilities:

- Audit and Corporate Governance Committee
- Finance Committee
- Quota Committee
- Staff Committee and
- Supplies Committee

#### **Audit and Corporate Governance Committee - Terms of Reference**

The Audit and Corporate Governance Committee gives the Board a means to monitor an effective internal control system and reinforces 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 and Corporate Governance Committee include:

- overseeing the integrity of the financial statements of the organization regarding accounting estimates judgements 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 achievment of the organization's objectives;
- monitoring and reviewing the effectiveness of the organization'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 and Corporate Governance Committee - Composition**

#### Chairperson

Mr. V. Ramkelawon – Representative of the Ministry of Finance and Economic Development

#### **Members**

Mrs. F. Chamroo-Jaddoo	Representative of the Ministry Consumer Protection	of Industry, Commerce and
Mr. S. S. A. M. Goolaub	Independent Member	_
Mr. H. Woodun	Independent Member	
Mr. L. Seegolam	Independent Member	-

#### Finance Committee - Terms of Reference

The role of the Finance Committee is to consider, review and recommend to the Board:

- on all matters pertaining to the financial position of Agricultural Marketing Board;
- on procurements to be made after ensuring that they are in accordance with the provisions of the Public Procurement Act and other relevant legislations;
- tenders and procurement contracts other than those for controlled produce with an estimated value exceeding MUR 100,000;
- evaluation reports submitted by the Bid Evaluation Committees and the Departmental Bid Committees for the award of tenders;
- Requests from Management for additional/reallocation of funds to enable it to meet financial obligations arising from day-to-day management.

#### **Finance Committee**

#### 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. V. Ramkelawon	Representative of the Ministry of Finance and Economic Development
Mr. S.S.A.M. Goolaub	Independent Member
Mr. L. Seegoolam	Independent Member

#### **Quota 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, in consultation with Management, decides on the quantum of imports to be liberalized and all criteria to be adhered to for registration and import. Hence, the Quota Committee ensures:

- 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 import requirements;
- that a strategic buffer stock 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.

#### **Quota Committee - Composition**

#### Chairperson

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

#### **Members**

Mrs. I. Rugjee	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 from recruitment until retirement of employees including dismissal, resignation, etc. In the exercise of its functions, the Staff Committee works in consultation with Management.

#### **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 decides, in consultation with Management, about the procurement of all Controlled Products that is: the volume, variety, source, timing and price of all orders to be placed with a view to ensure that there is adequate supply of quality products on the market.

In the exercise of its functions, the Supplies Committee shall, in consultation with Management, ensure that 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.

#### **Supplies Committee - Composition**

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. V. Ramkelawon	Representative of the Ministry of Finance and Economic Development
Mr. S.S.A.M Goolaub	Independent Member
Mr. B.K Seetaram	Independent Member

#### **Other Committees**

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

A Technical Committee has been set up since 4 May 2016 to enable the Board to, inter alia, implement the following:

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

For the Period 1 July 2017-30 June 2018 the Technical Committee met three 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.

#### Principle THREE - APPOINTMENT OF MEMBERS

As per the Mauritius Agricultural Marketing Act, the Board consists of:

- 1. A Chairman
- 2. A representative of the Ministry of Agro-Industry and Food Security
- 3. A representative of the Ministry of Finance and Economic Development
- 4. A representative of the Ministry of Industry, Commerce and Consumer Protection
- 5. The Registrar of Co-operative Societies or his representative
- 6. Not more than seven nor less than five 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.

#### Principle FOUR - REMUNERATION, DUTIES AND PERFORMANCE OF MEMBERS

Members are aware of their legal duties and observe and foster high ethical standards and a strong ethical culture in the organization. Conflicts of interest are disclosed and managed. The Board is responsible for the governance of the organization's information strategy, information technology and information security. The Board and Sub-Committees are supplied with information in a timely manner and in an appropriate form and quality in order to perform to required standards.

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

The monthly fees of the Chairman 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 MUR 29,925.

Board Members are paid a fee of MUR 890 per sitting. A member other than the Chairperson, who is called upon to chair Sub-Committees, is paid an additional fee of MUR 305 per sitting, subject to a maximum of MUR 1,220 monthly. Members of Sub-Committees of the Board are paid a fee of MUR 815 per sitting.

#### Principle FIVE -Risk Governance And Internal Control

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 in accordance with International Public Sector Accounting Standards (IPSAS).

The objective of risk management is not to eliminate risks altogether but to mitigate them to an acceptable level in line with the objectives of the Board. While the latter is responsible for the overall risk management and internal control systems, oversight of the organisation's risk management process and internal control systems have been delegated to the Audit and Corporate Governance Committees. Risk reports are presented by the Internal Auditor to the Audit & Corporate Governance Committee on a quarterly basis for discussion and material matters are reported to the Board. The risk management framework, including policies and systems in place to ensure a systematic and continuous identification and evaluation of risks and actions to terminate, transfer, accept or mitigate each risk to achieve a prudential balance between the risks and potential returns to stakeholders is explained in the Risk Report section of this report.

The Internal Audit Section is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal controls and risk management. Internal Audit reports are considered at all Audit and Corporate Governance Committees and the Head of Internal Audit has ready and regular access to the Chairperson of the said Committee. The systems in place are geared towards the implementation, maintenance and monitoring of the internal controls and the processes by which the Board derives assurance that the internal audit systems are effective.

Board Members	Fees (MUR) (July 2017 – June 2018)
Dr K. Payandi Pillay	305,232
Mrs. I. Rugjee	62,844
Mrs. K. Jugroo (Alternate to Mrs I. Rugjee)	9,689
Mr. K. Govind	14,195
Mr. C. Singelee	24,446
Mr. V. Ramkelawon	8,440
Mrs. B. F. Chamroo-Jaddoo	26,587
Mr. S. China Appadu (Alternate to Mrs B. F. Chamroc	-Jaddoo) 4,849
Mr. L.M. Monvoisin	11,786
Mr. K. Hulloowan (Alternate to M. Monvoisin)	1,513
Mr. S.S.A.M. Goolaub	59,784
Mr. H. Woodun	36,797
Mr. M. P. Bisesar	24,956
Mr L. Seegoolam	16,261
Mr. N. Nabeeamode	38,747
Mr. B. K. Seetaram	24,402
Mrs. J. Sauzier	6,681
Total	677,209

#### **LEGAL DUTIES**

All members of the Board including an alternate member are made aware of their fiduciary duties at the time of their appointment.

#### **CODE OF ETHICS**

Both members and employees are apprised of the requirements of their Code of Ethics.

#### **CODE OF CONDUCT**

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

#### **CONFLICT OF INTEREST**

The Board makes every effort to ensure that members disclose any interest in writing to the Board. They should also disclose any Related Party Transactions.

#### **RELATED PARTY TRANSACTIONS**

The particulars in respect of Related Party Transactions have been disclosed in Note 2.2(n) of the Financial Statements

#### Principle SIX - REPORTING WITH INTEGRITY

The Board has presented a fair, balanced and understandable assessment of the organization's financial, environmental, social and governance position, performance and outlook in its Annual Report. The Board's core values include customer care, first class products and services, teamwork, empowering our human capital for success, innovation and community support. The AMB's culture embraces customer-centricity, employee well-being and empowerment, as well as operational excellence through innovation and work towards market success.

#### **Financial Capital**

The organization is self-sufficient and supports its business through its activities and funds generated. These are used to sustain income and financial returns of the organization, reinforce its financial stability and on a broader scale, contribute to the growth of Mauritian Agri-Business.

#### **Human Capital**

Human capital is an asset for the Company as the skills, knowledge and approach of its people are vital to the success of the business. The organization is committed to recruit high level professionals with appropriate knowledge, experience and qualifications.

#### **Intellectual Capital**

The organization makes use of intellectual assets to ensure the best possible performance and operational efficiency. The organization continuously invests in technology solutions and IT tools to help manage documents, facilitate knowledge sharing, improve delivery of services to customers, and safeguard customer and corporate data.

#### **Manufactured Capital**

The organization makes use of manufactured capitals such as physical buildings and IT infrastructure to carry out its business activities. Apart from the Head Office building at Moka, the AMB also owns other assets.

#### **Social Capital**

For the organization, relationships with the various stakeholders such as customers, dealers, employees, government, and the community are of key importance. Through its activities, it builds relationships to further the business.

#### **Health and Safety**

The AMB firmly believes that the security and health of its employees are essential. As a caring employer the AMB is committed to provide and maintain a healthy, safe, and secured working environment for its employees as well as for its stakeholders in general. During the year under review, the AMB 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 and Health Act 2005, Safety and Health Committees were conducted at regular intervals to look into all aspects of health and safety pertaining the AMB.

#### **Political and Charitable Donations**

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

#### **Corporate and Social Responsibility**

The AMB recognizes the need to be socially involved and supportive of the wider needs of the community and more specifically those of less fortunate citizens. During the review period AMB has provided: Potatoes, Onions, Garlic, Cardamom, Ginger, Turmeric powder at wholesale prices to a number of charitable organizations.

#### Transparency, Accountability and Integrity

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

#### **Principle SEVEN - AUDIT**

Organizations normally should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the Management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organization's internal and external auditors.

#### **Internal Audit**

The AMB has an Internal Audit function which has the overall responsibility of providing independent and objective assurance designed to add value and improve the organization's operations. The scope of work of the Internal Audit is to enable the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control, information systems and governance processes.

The Internal Audit function is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management. It is not responsible for the implementation of controls.

The Internal Auditor reports administratively to the General Manager and functionally to the Audit and Corporate Governance Committee. This reporting structure allows the Internal Auditor to remain independent and report all items of significance to the Audit and Corporate Governance Committee. The scope of work of the Internal Audit function encompasses:

- 1. assessing financial and operating information and the means used to initiate, authorize, record, process and report such information to validate the reliability and integrity of the process;
- 2. ascertaining the extent of compliance with good internal accounting controls, established policies and procedures, laws and regulations;
- 3. reviewing the means to safeguard assets as well as the adequacy and effectiveness of applicable policies and practices;
- 4. appraising the economy and efficiency with which processes are executed and resources are employed;
- 5. reviewing operations and programs to ascertain whether results are consistent with established objectives; and
- 6. participating in special assignments as directed by Audit and Corporate Governance Committee.

The Internal Audit plan, which is approved by the Audit and Corporate Governance Committee, is based on the principles of risk management to ensure that the scope of work is aligned with the degree of risks attributable to the areas audited.

#### **External Audit**

The Auditor of the AMB is the National Audit Office and they rotate their auditors every 3 years. The Audit and Corporate Governance Committee reviews the appropriateness of accounting standards and makes appropriate estimates and judgement taking into account the views of external auditors. The Committee also examines and reviews the quality and integrity of the financial statements, including the Annual Report. The Auditors' remuneration for the year 2017/18 was MUR 275,000.

#### **Principle EIGHT - RELATIONS WITH STAKEHOLDERS**

#### **Employees**

The Board maintains constant dialogue with its employees. Employees are syndicated. Management keeps an open communication channel with their Unions. Employees are also members of a Sports and Welfare Committee. Training needs of employees are regularly assessed and addressed.

#### Customers

The AMB places its customers at the centre of its activities and maximizes consumer satisfaction by providing high quality and innovative products and services reliably and cost effectively. It operates in different locations through its retail outlets and fairs for the customers. The AMB ensures that its staff members and intermediaries possess the necessary skills, experience and knowledge to serve its customers better with transparent advice and timely service delivery while abiding with all relevant legislation, rules, codes and guidelines.

#### **Suppliers**

The Company engages with suppliers of produce based on ethical commitments ensuring that value for money goods and services are rendered to the AMB in an efficient way.

#### **Dealers**

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. Apart from its own channel, the distribution of our products is effected through dealers. The Board ensures that at all times the dealers distribute its products diligently to customers.

#### **Financial Partners**

Communication with financial institutions and the financial community in general is actively pursued and usually takes place through meetings and presentations. The Annual Report is posted on the Company's website.

#### **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 currently 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 at present the Deputy Permanent Secretary at the Ministry of Agro Industry and Food Security.

#### MR. VIKRAJ RAMKELAWON (Ex- Officio Member)

Mr. V. Ramkelawon holds a Master's degree from the University of Mauritius in Electronic Business and is also a member of the Association of Chartered and Certified Accountants (ACCA). He has a wide experience in the Finance Sector and he is currently the Lead Analyst at the Ministry of Finance and Economic Development.

## MR. LOUIS MARIO MONVOISIN

(Ex- Officio Member)

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

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

Mrs. B.F. Chamroo-Jadoo holds a BSc Honours in Public Administration and Management. She has wide experience in the public sector and is currently Assistant Permanent 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 currently General Secretary of the Mauritius Chamber of Agriculture.

#### **BOARD MEMBERS' PROFILE (Cont')**

## 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 currently the Chairperson of FAREI.

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

Holder of an MSc Crop Science and Plant Biotechnology, BSc Agriculture, and Diploma in Agriculture/Sugar Technology, Mr. S. A. Goolaub is at present Acting Assistant Director of 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. NAGUIB 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 plantation of tea and is currently employed at the Mauritius Tuna Fishing Ltd.

## MR. BASOODEO KUMAR SEETARAM (Independent Member)

Mr. B. Seetaram is a 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.

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

The Board is responsible for the preparation and fair representation of the financial statement in accordance with International Public Sector Accounting Standards and in compliance with the requirements of prevailing statutes and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. Any deviations on the above will be reported in the independent auditor's report attached to the financial statements. The Board is also responsible for the integrity of these Annual Financial Statements and for the objectivity of any information presented therein.

In the preparation of the financial statements, the Board has:

- adopted the going concern concept;
- made judgements and estimates that are reasonable and prudent.
- maintained proper and adequate 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, regarding income and expenditure and cash flows of the Institution;
- adopted suitable accounting policies and applied them consistently;
- safeguarded the assets of the Board by maintaining appropriate control systems and procedures;
- took reasonable steps to prevent and detect fraud and any other irregularities;

Subsequently the external auditors have reviewed the financial statements and have confirmed that they have been fairly presented.

The Board Members have taken note of the report and are satisfied that:

- 1. adequate accounting records and an effective system of internal controls and risk management have been maintained,
- 2. appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently,
- 3. the Code of Corporate Governance has been adhered to where applicable,

#### **Statement of Compliance**

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

Dr. K.Payandi Pillay Chairman Signature:

Mrs. I Rugjee Board Member

Date: 12 06 19

## **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:



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

During the local harvest periods, 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.

As far as other products like garlic, turmeric powder 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.



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 refrigerants.

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 and humidity are controlled, with a view to optimize 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.

#### 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 m<sup>3</sup>. The temperature goes down to +2° Celsius except for one cold room of capacity 330 m<sup>3</sup>, which goes down to -8° Celsius. The Airport Cold Store offers a 24-hours, 7 days' service.

# Trou Fanfaron Cold Store

The Trou Fanfaron Fish Cold Store operates from Monday to Friday and provides 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.

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

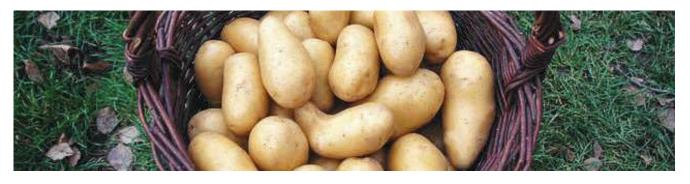
#### **Other Stores**

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

#### **OPERATIONAL REVIEW**

#### **AMB'S RETAILING UNITS**

Location	Days	Stalls No
Quatre Bornes Fair	Wednesdays and Saturdays	215
Vacoas Fair	Tuesdays and Fridays	457, 458
Curepipe, Forum	Wednesdays and Saturdays	418, 419
Curepipe, Jan Palach	Mondays, Tuesdays and Thursdays	56
Rose Hill Central Market	Tuesdays	68, 69
Mahebourg Fair	Mondays	16, 17
Chemin Grenier Fair	Wednesdays and Sundays	58
Central Flacq Market Fair	Wednesdays	11
Rose Belle Fair	Wednesdays and Sundays	
Moka Retail Outlet	Every day except Sundays	
Quartier Militaire Retail Outlet	Sundays	
Rivière des Anguilles Retail Outlet	Saturdays	
Vallée Des Prêtres Retail Outlet	Thursdays and Saturdays	
Montagne Blanche Retail Outlet	Saturdays	
Triolet Retail Outlet	Every day except Sundays	
St Pierre Market Fair	Wednesdays and Sundays	257,258
Port Louis Market Fair	Monday to Saturday	240,241



## **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 for the potato planting community. All seeds are produced in conformity with the standards laid down by the Food and 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 MUR 31,555/tonne for the period July 2017 - June 2018.

For the year 2017/2018, 677,910 kg 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 45,000/t for Spunta (local and imported) and Delaware (imported) seeds.

#### PURCHASE OF LOCAL SEED POTATO BY AMB CAMPAIGN 2017/18

Producer	Quantity (kg) - Spunta
Terragri Ltd.	290,540
D K Agro Alimentaire Co Ltd.	150,460
ENL Agri Ltd.	83,100
Medine Ltd.	56,790
Cie. Sucrière de St Antoine	97,020
Total	677,910



#### **IMPORTED SEED POTATO FOR WARE PRODUCTION**

		Qty(t) 2017/18		
AMB	Imp Spunta	82	HZPC	The Netherlands
	Imp Spunta	25	Southern Packers	Australia
	Imp Spunta (Oversize)	25	Southern Packers	Australia
	Safari	81	Stet Holland	The Netherlands
	Delaware	100	Southern Packers	Australia
	Delaware (Oversize)	15	Southern Packers	Australia
	-	328		
MCA c/o	Spunta	190	Stet Holland	The Netherlands
Bluefrog		82.5	TPC	The Netherlands
		30	Southern Packers	Australia
	Safari	0.5	Stet Holland	The Netherlands
	New Varieties	1	Stet Holland	The Netherlands
	Delaware	20	Southern Packers	Australia
Sub - total	-	324		
COPÉSUD	Spunta	95	Southern Packers	Australia
		110	Scea Du Fayet	France
	Delaware	242	Southern Packers	Australia
		50	Lake Jasper	Australia
	Mondial	40	Wesgrow Ltd.	South Africa
Sub - total		537		
Medine SE	Spunta	55	Scea Du Fayet	The Netherlands
Elife Ltd c/o Ellayah P	Spunta	26	Southern Packers	Australia
	Spunta	40	Southern Packers	Australia 25t (Oversize)
	Delaware	40	Southern Packers	Australia
ENL Agri Ltd	Spunta	82.5	Scea Du Fayet	France
Cie. de Gros Cailloux Ltee.	Spunta	82.5	Scea Du Fayet	France
Sub - total		326		
Sub - total (P	rivate Imports)	1187		
Grand - total	=	1515		

#### SEEDS

## COST OF IMPORTED SEED POTATO FOR WARE PRODUCTION BY AMB FOR PERIOD 1 JULY 2017 - 30 JUNE 2018

Variety	Origin	Average Price C & F (MUR/tonne)	Invoice Quantity (t)
Delaware	Australia	35,380.13	100
Spunta Normal	Australia	35,707.50	25
Safari	The Netherlands	29,516.38	81.125
Oversize Spunta	Australia	27,772.50	25
Oversize Delaware	Australia	27,688.50	15
Spunta Normal	The Netherlands	25,593.90	82
Total			328.125

#### SALE OF SEED POTATO FOR WARE PRODUCTION FOR PERIOD 1 JULY 2017 - 30 JUNE 2018

Producer Groups	Spunt Local	a (t) Imported	Delaware(t)	Safari(t)	Total(t)
Small Planters	399	73	108.9	30	610.9
FAREI	1.2			0.6	1.8
AMB	10.5	25		0.3	35.8
Sugar Estates	231.5	13	12	50	306.5
Total	642.2	111.0	120.9	80.9	955.0

#### SALE OF SEED POTATO FOR SEED PRODUCTION

For the period 1 July 2017 -30 June 2018, 220 tonnes of the Basic Spunta seeds were imported from the Netherlands and allocated for seed production at the selling price of MUR 39,200/tonne.

#### IMPORT OF BASIC SPUNTA SEEDS FOR MULTIPLICATION

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

Variety	Origin	Average Price C & F (MUR/tonne)	Quantity(tonne)
Spunta	The Netherlands	28,324.50	213



For the period, 1 July 2017 to 30 June 2018, the AMB procured 5.65 tonnes of the popular Long Tom and Bison variety of bean seeds from its international supplier Pop Vriend Seeds B. V. for sale at a competitive price to planters.

Variety	Origin	Average Price C & F (MUR/tonne)	Quantity (t)
Long Tom	Tanzania	185,298.69	4.65
Bison	USA	240,189.26	1

#### SALE OF BEAN SEEDS BY AMB FOR PERIOD 1 JULY 2017 -30 JUNE 2018

MONTH	QTY (kg)
July 2017	146.5
August 2017	28
September 2017	42
October 2017	20
November 2017	43.5
December 2017	38
January 2018	29.5
February 2018	1591.5
March 2018	180
April 2018	995.5
May 2018	524
June 2018	490
TOTAL	4128.5



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.

•	Variety	Price (MUR/kg)	Qty (kg)
Nun 7272		21,000	1
Pantera Ros	sa	13,600	24
Rosada		19,200	13
Bellarose	Grade 1	4,500	2
Bellarose	Grade 2	3,000	11
Francia	Grade 1	5,500	41
Francia	Grade 2	4,500	1
Total			93



So as to continue with the Government policy to increase local production of garlic, the AMB had for period 1 July 2017 - 30 June 2018 purchased 11,552 kg of garlic to be used as seeds from local producers at MUR 135/kg. Garlic Seeds were sold at a subsidized price of MUR 105/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**

During period 1 July 2017 - 30 June 2018 13,860 tonnes of table potatoes were harvested.



	LOCAL PRO	LOCAL PRODUCTION		
Months	Area Harvested (Hectare)	Quantity (tonne)	Quantity (tonne)	
July 2017	50.8	788	308	
August 2017	73.7	1,489	644	
September 2017	125	2,678		
October 2017	175.6	3,523		
November 2017	159.1	3,508		
December 2017	103.5	1,829		
January 2018	4.0	45		
Febuary 2018			1,708	
March 2018			924	
April 2018			616	
May 2018			924	
June 2018			1,316	
Total	691.7	13,860	6,440	

Source: Statistics Mauritius and AMB

#### TABLE POTATOES

#### PURCHASE OF LOCAL WARE POTATOES BY AMB

To regulate better 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 prices of:

- 1. MUR 24,500/t (1st grade ware potatoes from Spunta and Delaware seeds)
- 2. MUR 21,800/t (mixed grade)

#### IMPORTS OF TABLE POTATOES

As in previous years, import of table potatoes was undertaken by both the AMB and private importers for the period 1 July 2017 -30 June 2018. The private importers were allocated quotas for import, only during periods when local production was not available so as to encourage local producers.

For the period 1 July 2017 - 30 June 2018, the AMB imported 6,440 tonnes of table potatoes while private parties imported 3,640 tonnes.

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

Country of Origin	Quantity (tonne)	Weighted Average C&F (MUR/tonne)
India	6,440	15,828.73

#### SALE OF TABLE POTATOES BY AMB

Wholesale of table potatoes at the AMB was effected only during the off-season. As soon as the 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.

For the period 1 July 2017 - 30 June 2018, AMB purchased 236.2 tonnes of local onions from planters.



	LOCAL PRODUC	CTION	IMPORTS
Months	Area Harvested (Ha)	Quantity(t)	Quantity (t)
July 2017	2.3	22	476
August 2017	3.7	68	311.75
September 2017	39.7	1,174	200
October 2017	104.2	2,053	140
November 2017	72.4	1,444	196
December 2017	19.1	271	1,546
January 2018	3.7	65	1,422
Febuary 2018			1,344
March 2018			924
April 2018			308
May 2018			476
June 2018			1,120
Total	245.1	5,097	8,463.75

Source: Statistics Mauritius and AMB

#### **PURCHASE OF LOCAL ONIONS BY AMB**

#### IMPORTS AND COST OF IMPORTS - ONIONS FOR PERIOD 1 JULY 2017 - 30 JUNE 2018

Country of Origin	Quantity (t)	Weighted Average C&F (MUR/tonne)
India	5,404	20,751.36
Egypt	795.75	22,636.67
South Africa	134	22,349.48
The Netherlands	2,100	26,241.61
Madagascar	30	25,093.40

The weighted average cost of imports (C&F) for AMB for period 1 July 2017 -30 June 2018 was MUR 22,331.53/tonne.

#### **IMPORTS BY AMB VS PRIVATE IMPORTERS**

In order to ensure regular supply on the local market, onions were imported for the period 1 July 2017 - 30 June 2018, both by the AMB (8,463.75 tonnes) and private parties (5,124 tonnes).

#### **ONIONS FROM RODRIGUES**

AMB continued to purchase onions from Rodrigues at floor price. For the period 1 July 2017 - 30 June 2018, a total of 77.4 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 the private operators was depleted, sales at AMB rose again but started to fall anew and reached its lowest point in November when the 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 96 tonnes for period 1 July 2017 - 30 June 2018.

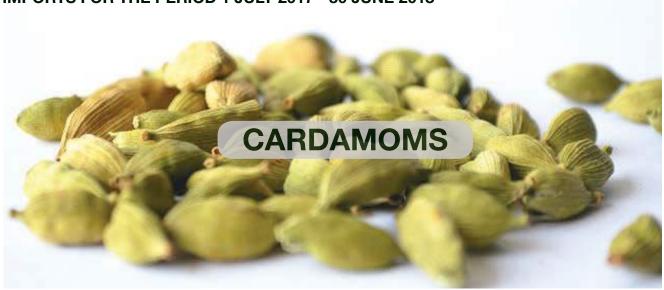
Months	LOCAL PRODU Area Harvested (Ha)	CTION Quantity(t)	IMPORTS Quantity(t)
July 2017	-	-	104
August 2017	0.2	1	208
September 2017	3.7	23	78
October 2017	6.3	47	208
November 2017	2.5	18	104
December 2017	1.0	7	208
January 2018			208
Febuary 2018			104
March 2018			
April 2018			286
May 2018			104
June 2018			132
Total	14	96	1,744

Source: Statistics Mauritius and AMB

The sale of garlic averaged 145 tonnes/month.

# **OTHER PRODUCTS**

#### IMPORTS FOR THE PERIOD 1 JULY 2017 - 30 JUNE 2018



India 0.5



India 9

For the period 1 July 2017 - 30 June 2018, 160,000 units of polymesh bags were imported by AMB from India for its own use as well as for sale to planters.



#### OTHER PRODUCTS

#### **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 the period July 2017 - 30 June 2018, the AMB imported 129,696 units of 100 mL and 50,832 units of 200 mL glass jars and caps.

## CARROTS, BEANS, CABBAGES AND CAULIFLOWERS



As local production was affected due to adverse weather in Mauritius, for the period 1 July 2017 - 30 June 2018, AMB imported the following vegetables:

- 70 tonnes of carrots from South Africa;
- 46.75 tonnes beans from South Africa:
- 94 tonnes cabbages from India and
- 4.95 tonnes cauliflower from South Africa.

# PREPORT OF THE DIRECTOR OF AUDIT

On the Financial Statements of the Agricultural Marketing Board as at 30 June 2018

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 41 to 69 in the accompanying Annual Report, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of budgets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

#### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibility 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 Agricultural Marketing Board in accordance with the INTOSAI Code of Ethics 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of Matter

I draw attention to the following matters.

#### Trade Equalisation Reserve- Rs 327,798,478

At Note 15 of the financial statements it was mentioned that in the absence of a General Fund and pending a policy decision to be taken on its implementation, the Trade Equalisation Reserve was being maintained. Section 15 of the Mauritius Agricultural Marketing Act stipulates that surplus of income over expenditure from dealings in Controlled products shall be credited to a Trading equalization reserve. In the absence of legal provision in the Act regarding the establishment of a General Fund, the retained profit for the year ended 30 June 2018 was wholly included in the Trade Equalisation Reserve, for both Controlled and Non-Controlled products.

14th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis - Mauritius Tel.: 212 2096-97/211 0836 Fax: (230) 211 0880.

#### Property, Plant and Equipment- Rs 222,923,569

At Note 9 of the financial statements, the Item 'Buildings, Tarmac and Infrastructure' amounting to Rs 91,265,895 included Buildings for storage purposes erected by the Agricultural Marketing Board on leasehold lands, namely a Cold Store at Trou Fanfaron, a Potato Store at Cluny and Onion Stores at Belle Mare, Palmar and La Chaumière. These were reported as owned by the Board. Lease agreements between the Agricultural Marketing Board and the lessors have yet to be entered into.

#### Land-Rs 5 million

A plot of land at Petit Sable valued at Rs 5 million was included under Non-Current Assets in the statement of financial position. Title Deed was not seen. The Agricultural Marketing Board has made representation that it has satisfactory title to that plot of land.

My opinion is not modified in respect of these matters.

#### 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.

#### Other Matter

#### Absence of Legal Provision for Financing of the Agricultural Marketing Board's activities

The Agricultural Marketing Board's attention was drawn to the fact that the Mauritius Agricultural Marketing Act did not provide for the "mode" of financing of the Board's administrative expenses and of its operations and other activities. These were being financed from its own internally generated funds. Legal amendments would be necessary for accounting treatment purposes.

#### 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 IPSAS, 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 Agricultural Marketing Board'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 for 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 east 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

#### Management's Responsibility for Compliance

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

#### Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them. This responsibility includes performing procedures to obtain audit evidence about whether the Agricultural Marketing Board's expenditure and income have been applied to the purposes intended by those charged with governance. Such procedures include the assessment of the risks of material non-compliance.

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

#### Opinion on Compliance

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

Section 7 of the Statutory Bodies (Accounts and Audit) Act requires the submission of an Annual Report including the financial statements, duly approved by the Board, to the National Audit Office not later than four months after the end of every financial year. The Annual Report of the Agricultural Marketing Board for the year ended 30 June 2018 was approved by the Board on 30 October 2018 and submitted on 31 October 2018. The financial statements were subsequently amended. The Annual Report including the amended financial statements were resubmitted on 14 June 2019.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Act.

#### Mauritius Agricultural Marketing Act

According to Section 4(8) of the Mauritius Agricultural Marketing Act the constitution of the Board and any change in it shall be published in the Gazette. The Board as constituted on 11 July 2017 was not published in the Gazette.

Section 8 of the Act requires notice of any order made or direction issued by the Board or by a committee of the Board under that Act to be given as soon as may be in the Gazette and in such other manner as the Board thinks necessary for bringing it to the notice of all persons who, in the opinion of the Board ought to have notice of the order or direction. No such gazetting was made.

Non-Gazetting of above matters was not in line with the Act.

In my opinion, except for the above matters, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Act.

#### 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 Corporate Governance Report is consistent with the requirements of the Code.

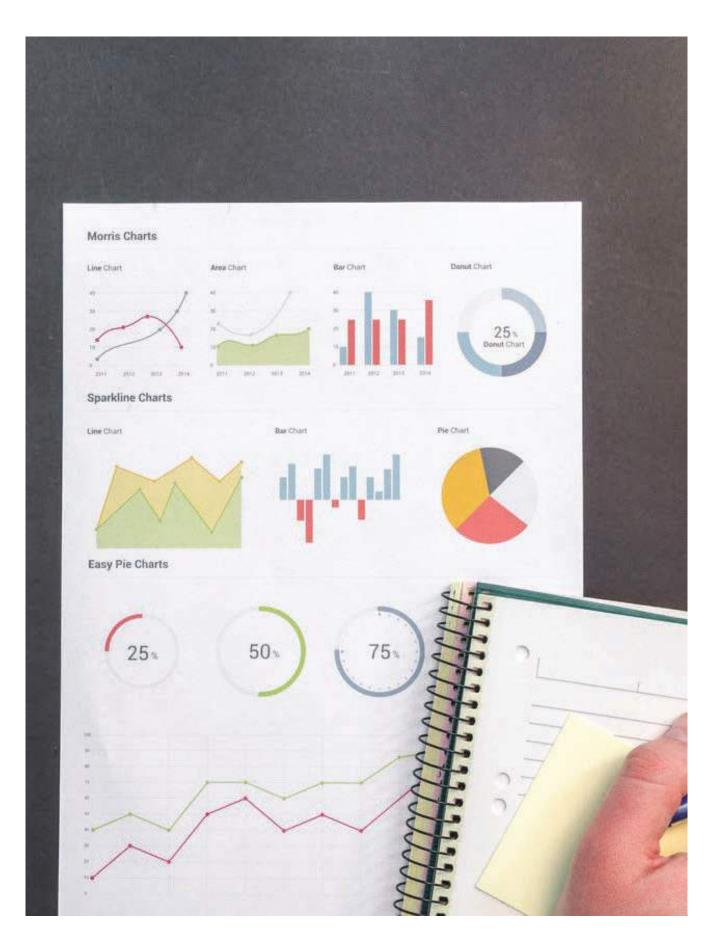
K.C. TSE YUET CHEONG (MRS)

Director of Audit

National Audit Office Level 14, Air Mauritius Centre PORT LOUIS

16 July 2019

# Financial Statements as at 20 June 2018



			18 month
	TAT 4		period
	Notes		ended 30 June
		Year ended	2017
		30 June 2018	RESTATED
<u>ASSETS</u>		Rs.	Rs.
Current Assets			
Cash and cash equivalents	4	158,134,512	218,450,155
Cash - Food Security Fund Scheme	4.1	13,709,360	-
Fixed Deposit Investment	5	300,000,000	150,000,000
Receivables from Exchange Transactions	6	133,936,668	128,339,097
Inventories	7	71,917,683	70,835,528
TOTAL CURRENT ASSETS		677,698,223	567,624,780
Non-Current Assets			
Intangible assets	8	473,216	646,641
Property, plant and equipment	9	222,923,566	193,799,218
Land	9	5,000,000	5,000,000
TOTAL NON CURRENT ASSETS		228,396,782	199,445,859
TOTAL ASSETS		906,095,005	767,070,639
LIABILITIES			
Current Liabilities			
Trade and other payables from Exchange Transactions	10	15,373,258	58,919,136
Trade and other payables from Non-Exchange Transactions	11	5,510,354	8,371,996
TOTAL CURRENT LIABILITIES		20,883,612	67,291,132
Non-Current Liabilities			
Advance-Food Security Fund Scheme	11.1	52,895,847	-
Non current payables	12	28,670,377	28,387,095
Retirement benefit obligations	13	293,355,907	167,919,822
Voluntary Retirement Scheme	14	3,043,214	3,789,256
TOTAL NON CURRENT LIABILITIES		377,965,345	200,096,173
TOTAL LIABILITIES		398,848,957	267,387,305
NET ASSETS		507,246,049	499,683,335
NET ASSETS/EQUITY			
Trade Equalisation Reserve	15	327,708,478	320,145,764
Revaluation reserves	16	179,537,571	179,537,571
TOTAL NET ASSETS/EQUITY		507,246,049	499,683,335
			_

The notes on pages 46 to 69 form part of these financial statements

Approved by Board on 12 06 19

JRMAN BOARD MEMBER

TOR THE TEAR ENDED 30 JUNE 2010	Notes	Year ended 30 June 2018	18 month period ended 30 June 2017 RESTATED
		Rs.	Rs.
<u>Revenue</u>			
Revenue from Non Exchange Transactions			
Administrative fee		58,450	18,240
Strategic Buffer Fee		19,314,600	33,386,315
Stategie Barier 100		19,373,050	33,404,555
Revenue from Exchange Transactions		10,010,000	33,131,033
Turnover	17	737,487,847	1,011,116,307
Commission on By-Catch Fish	<i>-</i> ,	1,284,105	1,185,147
Interest on bank balances and bank deposits		6,746,817	6,607,685
Interest on staff Loan		125,542	112,701
Rental Income		35,738,180	39,882,421
Compensation from suppliers		1,521,778	9,513,610
Finance Income - Outstanding Receivables		113,308	222,376
Insurance Claims		1,468,094	27,412
Other Income		5,805,861	11,362,672
		790,291,532	1,080,030,331
TOTAL REVENUE		809,664,582	1,113,434,886
<u>Expenses</u>			
Cost of sales	18	522,981,444	784,137,273
Staff costs	19	72,750,682	114,363,847
Electricity, water and telephone		35,444,559	52,804,685
Repairs and maintenance		7,120,498	10,600,332
Insurance		1,063,281	1,666,493
Legal and professional fees		621,027	2,035,881
Motor vehicles running expenses		759,496	1,313,526
Board members fees		871,514	1,384,595
Security services		1,649,483	2,268,364
Consultancy fees		-	1,776,439
Donations		-	242,400
Bad Debts		11,137	5,311,829
Other Operating Expenses	20	1,095,949	3,760,643
Other general and administrative expenses	21	3,752,713	4,396,667
Depreciation		28,543,918	59,703,770
Total expenses		676,665,701	1,045,766,744
Other gains/(losses)			
Gain on sale of assets		-	164,613
Gain on uncertified seeds		2,667,835	-
Gain on foreign exchange transactions		(877,553)	39,992
Remeasurement of defined benefit obligation		(,)	33,332
adjusted as per IPSAS		-	(14,477,462)
Surplus for the year		134,789,163	53,395,285
		,,.	,,=

The notes on pages 52 to 64 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

LON HIE IEAN ENDED 30 JOINE 2010					
	Medical Assistance Fund	Trade Equalisation Reserve	<b>Revaluation</b> reserve	Other Reserves	Total
•	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1st January 2015	5,356,066	287,953,564	106,656,919	•	399,966,549
Movement in medical assistance fund	118,490	•	•	•	118,490
Net surplus for the year	•	61,406,883	•	•	61,406,883
Impairment of Fixed Assets adjustment 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	353,711,884	179,537,570	(94,188,179)	444,535,831
Net surplus for the year	1	67,872,750	ı	ı	67,872,747
Movement in Medical Scheme Fund	(5,474,556)	•	1		(5,474,556)
Adjustment Revaluation of Fixed Asset in 2016/17	1	(2,481,252)	(1,888,718)	ı	(4,369,970)
Amount written back in 2016/17	1	(377,743)	ı	ı	(377,743)
Amount Restated in 2018		(98,579,874)	(72,880,651)		(96,691,156)
Adjustments in 2018			74,769,369		74,769,369
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	1	320,145,764	179,537,571	(108,665,641)	391,017,694
Net surplus for the year	1	134,789,163	ı	1	134,789,163
Adjustments in 2018	•	(127,226,449)		108,665,641	(18,560,808)
Balance at 30 June 2018	•	327,708,478	179,537,571		507,246,049

The notes on pages 46 to 69 form part of these financial statements. Balance at 30 June 2018

		Year ended 30 June 2018	18 month period ended 30 June 2017
	Notes	Rs.	Rs.
Cash flow from operating activities			
Net surplus for the year	12	134,789,163	67,872,747
Adjustments for:-			
Depreciation, amortisation and Impairment		28,545,356	59,703,773
(Over)/Under Depreciation		(1,440)	747,854
Retirement benefit obligations		125,436,085	5,803,181
Employees benefit		283,282	6,707,497
Gain on uncertified seeds		(2,667,835)	-
(Gain)/loss on disposal		-	(164,613)
Other Non Cash Items		(124,640,039)	(10,572,504)
Revaluation Adjustment		-	45,054
Adjustment rental		150	-
Adjustment		37,535,891	-
Foreign exchange loss/(gain)-payables		877,553	(39,992)
Interest receivable-others		(6,985,667)	(6,942,762)
Operating surplus before working capital changes		193,172,499	123,160,235
Decrease / ( increase ) in trade and other receivables		(5,597,571)	(61,484,989)
Decrease/ (Increase) in inventories		(1,082,155)	22,639,808
(Decrease)/ Increase in Revaluation Reserve		-	(1,888,718)
Decrease/ (Increase) in Medical Scheme		-	5,474,556
(Decrease)/Increase in VRS		(746,042)	(4,368,713)
(Increase)/Decrease in staff loans		(1,993,162)	(657,023)
( Decrease ) / increase in trade and other payables		(43,545,878)	19,763,308
Cash generated from operations		140,207,690	102,638,464
Net cash flows from operating activities		140,207,690	102,638,464
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2,320,879)	(10,448,719)
Purchase of Intangible assets		(21,250)	
Proceeds from disposal of non current assets		-	894,250
Assets Under Construction		(55,166,870)	-
Interest received		6,985,667	6,210,730
Net cash from investing activities		89,684,358	99,294,724
Cash flows from financing activities			
Net increase in cash and cash equivalents		89,684,358	99,294,724
Movements in cash and cash equivalents		000 170 157	000 177 107
Cash and cash equivalents at the beginning of the year		368,450,155	269,155,430
Cash and cash equivalents at the end of the year		458,134,512	368,450,155
Net increase in cash and cash equivalents		89,684,358	99,294,724

STATEMENT OF BUDGETS FOR THE YEAR ENDED 30 JUNE 2018

	Original Budget 2017/2018	Revised Budget 2017/2018	Actual 2017/2018	Difference
	Rs	Rs	Rs	Rs
<u>Revenue</u>				
Revenue from Non Exchange Transactions				
Administrative fee	11,120	31,050	58,450	27,400
Strategic Buffer Fee	17,740,800	18,307,000	19,314,600	1,007,600
	17,751,920	18,338,050	19,373,050	1,035,000
Revenue from Exchange Transactions	000 000 400	745 000 007	<b>707 407 047</b>	04.050.050
Turnover	666,309,100	715,830,897	737,487,847	21,656,950
Commission on By-Catch Fish	780,000	780,000	1,284,105	504,105
Interest on bank balances and bank deposits	4,456,396	3,776,969	6,746,817	2,969,848
Interest on staff Loan	130,000	130,000	125,542	(4,458)
Rental Income	27,400,000	23,807,647	35,738,180	11,930,533
Compensation from suppliers Finance Income - Outstanding Receivables	125 000	125,000	1,521,778 113,308	1,521,778
Insurance Claims	125,000	125,000	1,468,094	(11,692)
Other Income	- 1,126,255	- 11,179,914	8,473,695	1,468,094 (2,706,219)
Other meome	700,326,751	755,630,427	792,959,366	37,328,939
TOTAL REVENUE	718,078,671	773,968,477	812,332,416	38,363,939
Less Expenses				
Cost of sales	524,262,805	551,914,329	522,981,444	(28,932,885)
Staff costs	95,895,758	97,136,158	72,750,682	(24,385,476)
Electricity, water and telephone	37,116,000	37,116,000	35,444,559	(1,671,441)
Repairs and maintenance	11,394,380	10,153,980	7,120,498	(3,033,482)
Insurance	1,400,000	1,400,000	1,063,281	(336,719)
Legal and professional fees	960,000	960,000	621,027	(338,973)
Motor vehicles running expenses	1,518,200	1,518,200	759,496	(758,704)
Board members fees	1,800,000	1,800,000	871,514	(928,486)
Security services	1,800,000	1,800,000	1,649,483	(150,517)
Consultancy fees	1,650,000	1,650,000	-	(1,650,000)
Bad Debts	-	-	11,137	11,137
Other Operating Expenses	732,000	808,084	1,095,949	287,865
Other general and administrative expenses	3,998,910	4,455,479	3,752,712	(702,767)
Depreciation	35,000,000	35,000,000	28,543,918	(6,456,082)
Finance Costs	2,400	800	-	(800)
Total expenses	717,530,453	745,713,030	676,665,699	(69,047,331)
Other gains/losses				
Loss on foreign exchange transactions	100,000	935,021	877,554	(57,467)
	717,630,453	746,648,051	677,543,253	(69,104,798)
Surplus for the year	448,218	27,320,426	134,789,163	107,468,737

#### Notes to Financial Statements for the year ended 30 June 2018

#### 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 at competitive rates to importers, exporters and other operators.

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.

#### 2. Adoption of the International Public Sector Accounting Standards (IPSASs)

#### 2.1 Standards Adopted

The Board is adopting the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board in line with amendments made in the Statutory Bodies (Account and Audit) Act for this financial year.

IPSAS 33 provide guidance and exemption for entities that are transitioning to accrual basis IPSASs and will have no impact on AMB's financial statements as the latter already comply with the accrual basis of accounting.

#### 2.2 Significant Accounting Policies

The principal accounting policies adopted by the Board are as follows:

#### (a) Statement of Compliance

The financial statements comply with International Public Sector Accounting Standards (IPSASs) for accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluations of assets.

The accounting policies have been applied consistently throughout the period.

The Financial statements have been prepared on a going concern basis.

Comparative information for the Statement of Financial Performance and the Statement of Cash Flow has been provided.

The Financial Statements comply with the Statutory Bodies (Accounts and Audit) Act and with the Financial Reporting Act. The preparation of the financial statements in conformity with IPSAS requires management to make estimate and assumptions that affect amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

#### Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (b) Basis of Preparation

The Board has adopted relevant new and revised IPSAS that are relevant to its operations for the year ended 30<sup>th</sup> June 2018, namely:

- IPSAS 1- Presentation of Financial Statements.
- IPSAS 2- Cash Flow Statements.
- IPSAS 2- Cash Flow Statements.
- IPSAS 3- Accounting Policies. Changes in Accounting Estimates and Errors
- IPSAS 4- The Effects of Changes in Foreign Exchange Rates.
- IPSAS 7- Investments in Associates.
- IPSAS 9- Revenue from Exchange Transactions.
- IPSAS 12- Inventories.
- IPSAS 13- Leases.
- IPSAS 14- Events After the Reporting Date.
- IPSAS 15- Financial Instruments: Disclosure and Presentation; (superse ded by IPSAS 28 and PSAS 30)
- IPSAS 17- Property, Plant, and Equipment.
- IPSAS 18- Segment Reporting.
- IPSAS 19- Provisions, Contingent Liabilities and Contingent Assets.
- IPSAS 18- Segment Reporting.
- IPSAS 19- Provisions, Contingent Liabilities and Contingent Assets.
- IPSAS 20- Related Party Disclosures.
- IPSAS 21- Impairment of Non-Cash-Generating Assets.
- IPSAS 23- Revenue from Non Exchange Transactions.( Taxes and Transfers )
- IPSAS 24- Presentation of Budget Information in Financial Statements.
- IPSAS 25- Employee Benefits.-(superseded by IPSAS 39)
- IPSAS 26- Impairment of Cash Generating Assets.
- IPSAS 28- Financial Instruments: Presentation.
- IPSAS 29- Financial Instruments: Recognition and Measurement.
- IPSAS 30- Financial Instruments: Disclosures.
- IPSAS 31- Intangible Asset.
- IPSAS 33- First time Adoption of Accrual Basis IPSAS
- IPSAS 39- Employee Benefits

# In addition to the above mentioned standards, the following standards have been issued but Not adopted by the Board

- **IPSAS 5- Borrowing Costs**
- IPSAS 6- Consolidated and Separate Financial Statements.
- IPSAS 8- Interest in Joint Ventures.
- IPSAS 10- Financial Reporting in Hyperinflationary Economies.
- IPSAS 11- Construction Contracts.
- IPSAS 16- Investment Property.
- IPSAS 22- Disclosure of Financial Information about the General Government Sector.
- IPSAS 27- Agriculture.
- IPSAS 32- Service concession arrangements: Grantor.
- IPSAS 34- Separate Financial Statement
- IPSAS 35 Consolidated Financial Statements.
- IPSAS 36- Investments in Associates and Joint Ventures.
- IPSAS 37-Joint Arrangements.
- IPSAS 38- Disclosure of interest in other entities

Notes to Financial Statements for the year ended 30 June 2018

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

#### (c) Basis of Accounting

The principle accounting policies adopted are set out below. 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 IPSAS 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 to change in presentation in the current year.

The financial statements are presented in Mauritian Rupees because that is the currency of the primary economic environment in which the Board operates.

#### (d) Cash and cash equivalent

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 that are readily convertible to cash and subject to insignificant risk of changes in value.

#### (e) 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. Shrinkages were accounted as expenses and cost of inventories were reduced. Thus, the operating profit has been decreased by shrinkages amounting to Rs 15.8M.

#### (f) Intangible Assets

Acquired computer software licenses 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.

#### Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (g) Revenue recognition

#### (i) Exchange Transactions

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.

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.

#### (ii) Non-Exchange Transaction

Assets and revenue arising from transfer transactions are recognized in accordance with the requirements of IPSAS 23, Revenue from Non-Exchange Transaction (Taxes and Transfers). 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.

#### (h ) Foreign currency translation

The organization is exposed to certain currency exchange, credit, interest rate and liquidity risks.

#### (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.

Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (i) Accounts Receivable

Accounts receivable are stated at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amount at year end.

#### (j) Property Plant and Equipment

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.

Building (held for administrative purpose and stores) and Plant and Equipment are stated in the Statement of Financial Position at cost less accumulated depreciation. 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 anum
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 amont 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 retirment of an item of property, plant and equipment is determined the difference between the sales proceeds and the carrying amount of the asset and is recognized as the statement of profit or loss and other comprehensive income.

All existing assets were value at fair value (current market value) at time of revaluation carried out by Mega Design consultant and all new assets were valued at cost.

Also a full year's depreciation has been charged in the year of acquisition and no depreciation has been charged in the year of disposal.

# A G R I C U L T U R A L M A R K E T I N G B O A R D Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (k) Trade Payables

Trade payables are not interest bearing and are stated at their nominal value.

#### (I) Retirement Benefit

#### State Plan

For those employees holding a permanent and pensionable post, AMB contributes to the Family Protection Scheme managed by SICOM Ltd. It also contributes to the National Pension Scheme for those working on contract the contribution are expensed to the Statement of Financial Performance in the period in which they fall due.

AMB operates both a defined benefit pension plan and a defined contribution pension scheme.

#### Retirement Benefits under Defined Benefit Pension Plan

The assets of the defined benefit pension plan are managed by the SICOM Ltd and the cost of providing the benefit is determined in accordance with actuarial review. The present value of the defined benefit obligations is recognized in the Statement of Financial Position as a non-current liability or non-current asset after adjusting for fair value of plan assets, any unrecognized past service cost. The current service cost and any unrecognized past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

#### **Defined contribution pension Scheme**

The Board operates a defined contribution retirement benefit plan at SICOM Ltd for all qualifying employees as from year 2015. Contributions to defined contribution retirement benefit scheme are recognized as an expense when employees have rendered service entitling them to the contributions. The contributions are charged to the Statement of Financial Performance in the period to which they relate.

#### (m) 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.

Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (n) Related parties - IPSAS 20

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 as at 30 June 2018 amounted to some Rs 28,665.00.

#### (o) Provisions/Contingent Liabilities and Assets

#### (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, 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 and Assets

According to IPSAS 19 provisions, contingent assets and contingent liabilities, a contingent asset arises when the inflow of economic benefits or service potential is probable, but not virtually certain, and occurrence depends on an event outside the control of the entity. An amount of USD 162,910 was expected to be refunded following case won by AMB. 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.

#### (p) Post Balance Sheet Adjusting Event

The last Actuarial Investigation Report of the AMB as at 30.6.17 was carried out in January 2018. The valuation results produced on the "ongoing basis" showed that the Fund was in deficit of some Rs 126M and given the funding level was only 42%, it was considered as "underfunded". Thus, AMB opted to increase the contribution rate to 25% of the pensionable emoluments and to inject approximately Rs 12.88M annually over the next ten years.

Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (q) 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 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.

#### (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.

#### Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

#### (r) 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.

#### (s) 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 operates internationally and 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. Credit risk relates to the possibility of default by customers and suppliers in settling their obligations to the Board, 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 and having a good track record and as there are well-established payment schedules the possibility of material loss arising is considered to be mitigated,

#### 2.2 Significant Accounting Policies (Cont'd)

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

#### (iii) Interest Rate Risk

The Board's interest risk arises from cash at bank and bank overdraft. The Board has no other exposures to interest rate risk. These risks are to some extent mitigated as the Board maintain a cash surplus that is invested in short- term deposits following invitation from Financial Institutions to submit their best interest rate. 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. In order to ensure adequacy of its funding cash flow forecasts are prepared regularly and actions taken appropriately.

#### (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. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on the risk e:g entering to some extent in forward purchase. Sensitivity analysis in respect of market risk demonstrate the effect of change in a key assumption while other assumptions remain unchanged. In reality there is a correlation between the assumption and other factors.

#### (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.

#### (vii) Legal risk

Legal risk is the risk that the

- (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 or the Board and which may attract a civil or criminal fine.

#### Notes to Financial Statements for the year ended 30 June 2018

#### 2.2 Significant Accounting Policies (Cont'd)

- (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.

#### (t) 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.

#### (u) Borrowing costs

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

#### (v) Reclassifications

Certain reclassifications have been made to the financial statements for the fiscal year ended 30 June 2018 to conform to the current period presentation.

#### (w) 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.

#### (x) Food Security Fund

The amount of Rs 13,709,856 represents fund provided by the Ministry Of Agro Industry and Food Security and refund from debtor's scheme.

# A G R I C U L T U R A L M A R K E T I N G B O A R D Notes to Financial Statements for the year ended 30 June 2018

#### 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.

#### (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 un-collectability. 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.

#### 3.3 Comparison of Budget with Actual

(i) **Revenue** - The difference of **Rs 38.4M** in revenue is explained as follows:

REVENUE	RS M
Increase in revenue from Non-Exchange	1.18
Transactions	1.10
Increase in Turnover	21.65
Increase in commission By-catch	0.5
Interest on bank deposits and balances	2.96
Increase in Rental Income	11.93
Compensation from suppliers	1.52
Insurance claims	1.46
Decrease in other income	(2.8)
TOTAL	38.4

Increase in Turnover cannot be ascertained at time of preparation of Budget and same was understated. Increase in Rental Income also cannot be foreseen. No estimates were made for compensation from suppliers (Rs 1.52M) and Insurance Claims (Rs 1.46M) as same were not expected at time of preparation of Budget following the prudence concept.

#### (ii) Expenditure Budget

AMB present its Financial Statements and expenditure budget on an accrual basis. Following the changes in the Statutory Bodies (Accounts and Audit) for the purpose of presentation of budget information on a comparative basis, the Financial Statement is prepared on a twelve month basis ending **30**<sup>th</sup> **June 2018**. Consequently both budget and Financial Statement is aligned to the same period.

#### (iii) Recurrent Expenditure Budget

The difference between the original recurrent expenditure budget and actual (excluding provision for employee benefits) represents the % of budgeted amount and major variances are explained as follows:

- Cost Of sales The original estimate was Rs 524M and due to the forecast for an increase in the purchase of produce, the cost of sales has been revised to Rs 551M.
   Taking into consideration the fluctuation in purchase price the cost of sales was overstated by Rs 24M.
- Salaries and staff costs The net saving of Rs24.3M is mainly due to actual
  expenditure which include a provision of Rs12.88M in respect of retirement benefit
  obligation based on actuarial valuation of pension fund as at 30<sup>th</sup> June 2018 and a
  provision of Rs 13M and Rs 14M or bank of sick leave and vacation leave respectively.
- **Electricity, water and telephone** Saving of **Rs 1.6M** is mainly attributable to provision made for an increase of 5% in the rate of these utilities.
- Repairs and Maintenance Savings of Rs 3M was due to a buffer budget allocated for repairs and maintenance of our major assets ( which has already reached their optimum life cycle, to cater for any breakdown-such as cold room ,machines and forklifts).
- Consultancy fee Saving of Rs 1.6M due to payment not effected to consultant as claim was not submitted.
- Depreciation Depreciation overstated as some projects amounting to Rs55M have not yet been completed and could not be capitalized during the year.

4 CASH AND CASH EQUIVALENTS Cash in hand	Rs. 36,080	Rs. 183,160
Cash at bank	158,098,432	218,266,995
Casii at bank	158,134,512	218,450,155
	100,104,012	210,400,100
4.1 Cash - Food Security Fund Scheme	13,709,360	
5 FIXED DEPOSIT INVESTMENT	Rs.	Rs.
Short Term Fixed Deposit	300,000,000	150,000,000
4	300,000,000	150,000,000
	300,000,000	130,000,000
6 RECEIVABLES FROM EXCHANGE TRANSACTIONS	Rs.	Rs.
Trade Receivables	30,921,652	29,521,906
Other Receivables	4,849,749	732,032
Prepayments	54,331,455	61,649,415
Refundable Security Deposit	800,000	800,000
Staff Car Loans	3,659,896	1,659,291
Staff personal Loans	187,429	194,871
Food Security Fund		
rood Security rund	39,186,487	33,781,582
	133,936,668	128,339,097
7 INVENTODIES		
7 INVENTORIES	Rs.	Rs.
Agricultural products	60,046,644	59,441,504
Stationery	479,737 11,391,302	655,162 10,738,862
Spare parts	11,391,302	10,730,002
	71,917,683	70,835,528
8 INTANGIBLE ASSETS	Rs.	Rs.
Computer Software:	N3.	113.
Cost		
Balance at start of period	1,165,330	6,213,916
Revaluation Adjustment 2015	-	(5,940,217)
Acquisitions	21,250	891,630.00
Balance at end of period	1,186,580	1,165,330
Amortisation and impairment losses		
Balance at start of period	518,689	5,954,716
Adjustment 2015	-	(5,940,217)
Adjustment for under provision in 2015	-	2,300
Charge for the year	194,676	501,889
Balance at end of period	713,365	518,689
Carrying amounts:	470.045	040.044
At end of period	473,215	646,641

AGRICULTURAL MARKETING BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 PROPERTY, PLANT AND EQUIPMENT	PMENT									
	2%	10%	12.5%	10%	12.5%	12.5%	10%	20%		
	Building ,Tarmac & Infrastructure	Plant and machinery	Stores equipment and palletisation	Motor vehicles	Motor car	Office equipment	Furniture and fittings	Computer equipment	Assets Under Construction	Total
COST/ VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
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	Ì	279,854,928
Additions	2,339,507	1,923,950	3,107,931	ı	ı	673,583	291,469	1,208,775	İ	9,545,215
Adjustments	1,889,209	ı	I	ı	ı	1	i	i	ı	1,889,209
Transfer	ı	ı	1	ı	i	(13,760)	1	13,760	ı	1
Transfer	1	1	35,075	1	ı	(35,075)	1	ı	ı	1
Transfer	(4,775,400)	1	ı	1	ı	1,800	1	(1,800)	ı	(4,775,400)
Disposal	1	1	ı	1	(1,600,000)	(1,700)	ı	1	1	(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
At 01 July 2017	131,521,107	118,712,175	25,843,506	3,642,300	870,000	1,092,164	1,165,539	2,065,461	Î	284,912,252
Additions	ı	1,564,000	244,374	1	ı	106,065	127,482	278,958	55,166,870	57,487,749
Disposal	•	1	-	•	1	•	•	•	•	•
At 30 June 2018	131,521,107	120,276,175	26,087,880	3,642,300	870,000	1,198,229	1,293,021	2,344,419	55,166,870	342,400,001
DEPRECIATION										
At 01 January 2016	10,443,239	14,574,947	4,070,630	277,230	337,321	78,846	131,826	235,596	ı	30,149,635
(Over)/Under Depreciation	(296,643)	1	826,600	1	Ĩ	225	1,100	672	Į	531,954
Disposal	1	1	ı	1	(228,571)	(820)	1	1	Į	(229,421)
Transfer	1	1	4,384	1	İ	(6,104)	ı	1,720	Ī	ı
Adjustments	1,246,567	ı	ı	1	ı	1	1	ı	ı	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	1	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
At 01 July 2017	30,080,137	45,844,627	12,105,051	1,563,075	271,875	231,252	360,446	656,568	ı	91,113,033
(Over)/Under Depreciation						1	ı	(1,440)	Į	(1,440)
Disposal									Ī	ı
Adjustments						14,560	(400)	ı	ı	14,160
Charge for the year	10,175,075	14,084,559	2,968,458	277,230	108,750	152,201	135,688	448,719	ı	28,350,680
At 30 June 2018	40,255,212	59,929,186	15,073,509	1,840,305	380,625	398,013	495,734	1,103,847	•	119,476,433
NET BOOK VALUE At 30 June 2018	91,265,895	60,346,989	11,014,371	1,801,995	489,375	800,216	797,287	1,240,572	55,166,870	222,923,569
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

Notes:

Depreciation has not been applied on Assets Under Construction

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

	Year ended 30 June 2018	18 month period ended 30 June 2017
	Rs	Rs
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACT	TIONS	
Trade payables	3,564,176	8,947,407
Other payables	5,222,734	14,612,069
Accruals	2,652,039	2,714,215
Deposits on rental of AMB cold rooms	3,929,309	3,358,632
Payment on account	5,000	99,920
	3,000	
Food Security Fund Scheme	15,373,258	29,186,893 58,919,136
11 TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRAN	SACTIONS Rs	Rs
Provision for sick leaves	791,000	700,000
Provision for passage benefits	2,000,000	2,000,000
Provision for vacation leaves	600,000	600,000
Provision for VRS	2,058,922	3,371,802
Provision for Annual leaves	60,432	-
Provision for other Income		1,700,194
	5,510,354	8,371,996
11 Advance-Food Security Fund Scheme	52,895,846.91	_
11 Auvance-Pool Security Puna Scheme	32,033,040.31	

	18 month
	period
Year ended 30	ended 30 June
<b>June 2018</b>	2017
Rs	Rs

#### 12 EMPLOYEE BENEFITS OBLIGATIONS

The non current liabilities include sick leave and passage benefits accrued to staff as provided in the PRB report as referred to in Note 2 (l) on Employee leave entitlements above.

#### (a) The sick leave is payable as follows:

Trade and other payables from Non-Exchange Transactions		
Payable within one year	791,000	700,000
Non-current liabilities		
Payable after one year	13,545,978	13,187,115
	14,336,978	13,887,115
(b) The passage benefit is payable as follows:		
Trade and other payables from Non-Exchange Transactions		
Payable within one year	2,000,000	2,000,000
Non-current liabilities		
Payable after one year	1,195,561	1,148,697
	3,195,561	3,148,697
(c) The vacation leave is payable as follows:		
Trade and other payables from Non-Exchange Transactions		
Payable within one year	600,000	600,000
Non-current liabilities		
Payable after one year	13,928,838	13,912,574
	14,528,838	14,512,574
(d) Annual Leaves for Contract Officers	60,432	138,709

#### 13 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 December 2017** 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. A provision of **Rs 126.1M** was made to cater for the underfunded as per actuarial report.

	Year ended 30 June 2018	18 month period ended 30 June 2017
13 RETIREMENT BENEFIT OBLIGATIONS (Continued)	Rs.	Rs.
Amounts recognised in the statement of financial position at end of year:		
Defined benefit obligation	264,027,192	260,122,027
Fair value of plan assets	(96,771,285)	(92,202,205)
Liability recognised in the statement of financial position	167,255,907	167,919,822
Amounts recognised in profit or loss:		
Service cost:		
Current service cost	4,518,160	6,867,853
Employee Contributions	(2,122,916)	(3,333,131)
Fund expenses	232,757	223,680
Net Interest expense /( income)	11,320,246	14,724,245
Profit and Loss Charge	13,948,247	18,482,647
Remeasurement		
Liability (gain) / loss	(3,420,456)	12,485,607
Assets (gain) / loss	(3,210,107)	1,641,939
Net Assets / Equity (NAE)	(6,630,563)	14,127,546
TOTAL	7,317,684	32,610,193
Movement in liability recognised in statement of finacial position:		
At start of year	167,919,822	147,639,179
Amount recognised in Profit and Loss	13,948,247	18,482,647
Contributions and direct benefits paid by employer	(7,981,599)	(12,329,550)
Amount recognised in NAE	(6,630,563)	14,127,546
At end of year	167,255,907	167,919,822

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.

Current service costs Interest costs Interest costs Benefits paid Liability (gain) / loss  Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  A 17  A 264  A	0,122,027 4,518,160 7,298,114 4,490,653) 3,420,456)	239,603,665 6,867,853 23,361,357 (22,196,455) 12,485,607
Present value of obligation at start of period Current service costs Interest costs Benefits paid Liability (gain) / loss  Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  260  261  262  263  264  264  265  266  267  268  268  269  27  288  290  290  200  201  201  202  203  203  204  205  206  207  208  208  208  208  208  208  208	4,518,160 7,298,114 4,490,653) 3,420,456)	6,867,853 23,361,357 (22,196,455) 12,485,607
Current service costs Interest costs	4,518,160 7,298,114 4,490,653) 3,420,456)	6,867,853 23,361,357 (22,196,455) 12,485,607
Interest costs Benefits paid Liability (gain) / loss  Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  17  (14  (14  Liability (gain) / loss  (3  264  264  Reconciliation of fair value of plan assets  5  5  6  6  (12  (13  (14  Liability (gain) / loss)  (3  (14  Liability (gain) / loss  (15  Liability (gain) / loss  (16  Liability (gain) / loss  (17  Liability (gain) / loss  (18  Liability (gain) / loss  (19  Liability (gain) / loss	7,298,114 1,490,653) 3,420,456)	23,361,357 (22,196,455) 12,485,607
Benefits paid Liability (gain) / loss  Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  (14  (14  (14  Liability (gain) / loss  (264  (36  (37  (37  (37  (37  (37  (37  (37	1,490,653) 3,420,456)	(22,196,455) 12,485,607
Liability (gain) / loss  Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period  Expected return on plan assets  Employer contributions  Employee contributions  (Benefits paid and other outgo)  Asset gain/(loss)  (3  264  264  264  Reconciliation of fair value of plan assets  5  5  6  6  6  6  7  7  8  7  8  8  8  8  8  8  8  8  8	3,420,456)	12,485,607
Present value of obligations at end of period  Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  264  264  Reconciliation of fair value of plan assets  52  53  64  65  67  67  68  68  69  69  69  60  60  60  60  60  60  60		
Reconciliation of fair value of plan assets  Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  (12	1,027,192	260 422 027
Fair value of plan assets at start of period Expected return on plan assets Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  92  (53  (64  (74  (75  (75  (75  (75  (75  (75  (7		260,122,027
Expected return on plan assets  Employer contributions  Employee contributions  (Benefits paid and other outgo)  Asset gain/(loss)  5  6  6  7  7  7  7  8  7  8  8  8  8  8  8  8		
Employer contributions Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  (12	2,202,205	91,964,486
Employee contributions (Benefits paid and other outgo) Asset gain/(loss)  (12	5,977,868	8,637,112
(Benefits paid and other outgo) Asset gain/(loss)  (12	6,085,612	9,326,688
(Benefits paid and other outgo) Asset gain/(loss)  (12	2,122,916	3,333,131
Asset gain/(loss)	2,827,423)	(19,417,273)
Enimales of also appets at and of a mind	3,210,107	(1,641,939)
Fair value of plan assets at end of period 96	6,771,285	92,202,205
Distribution of plan assets at end of period Jun	1-18	Jun-17
Percentage of assets at end of year		
Fixed securities and cash	59.5%	56.60%
Loans	3.7%	4.40%
Local equities	14.6%	15.80%
Overseas bonds and equities	21.6%	22.60%
Property	0.6%	0.60%
Total	100%	100%
Additional disclosure on assets issued or used by the reporting entity		
• • • •	%	%
Assets held in the entity's own financial instruments	%	0%
·	%	0%
	%	0%

	Year ended 30 June 2018	18 month period ended 30 June 2017
13 RETIREMENT BENEFIT OBLIGATIONS (Continued)  Components of the amount recognised on NAE	Rs.	Rs.
Components of the amount recognised on NAL		
Asset experience gain / (loss) during the period	3,210,107	(1,641,939)
Liability experience gain / (loss) during the period	3,420,456	(12,485,607)
	6,630,563	(14,127,546)
Year 2018: Expected employer contributions	Rs 6.5M	Rs 6.5M
Weighted average duration of the defined benefit obligation		12 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:

	Year ended 30 June 2018	18 month period ended 30 June 2017
Discount rate	6.65%	6.5%
Future salary increases	4.00%	4.00%
Future pension increases	3.00%	3.00%
Mortality before retirement	A 6770	Ultimate Tables
Mortality in retirement	PA (90) Tables rated	down by 2 years
Retirement age	As per second Schedule in Pension Fund	•

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 28.2M (increase by Rs 34.1M) 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 10.9M (decrease by Rs 9.7M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 7.3 M (decrease by Rs 7.3M) 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.

14 VOLUNTARY RETIREMENT SCHEME	Year ended 30 June 2018	18 month period ended 30 June 2017
The VRS Scheme is payable as follows:		
Trade and other payables from Non-Exchange Transactions	Rs	Rs
Payable within one year	2,058,922	3,371,802
Non-current liabilities		
Payable after one year	3,043,214	3,789,256
	5,102,136	7,161,058

	Year ended 30 June 2018	18 month period ended 30 June 2017 RESTATED
	Rs.	Rs.
15 TRADE EQUALISATION RESERVE	Rs.	Rs.
Balance at start of period	320,145,764	353,711,885
Amount written back	-	(377,741)
Retained surplus for the year	134,789,163	67,872,746
Adjustment to Capital Grant received for Building & Plant and Machinery at Cluny	-	(1,683,061)
Adjustment of under/over provision for Fixed Assets and depreciation charged	-	(798,191)
Adjustments in 2018	(127,226,449)	(98,579,874)
Balance at end of period	327,708,478	320,145,764

In the absence of a General/Accumulated Fund and pending a policy decision to be taken on its implementation the Trade Equalisation Reserve is being maintained.

Following transition from IFRS to IPSAS the following adjustments have been made to reinstate the 18 month period ended 30th June 2017:

(i) A negative amount of Rs 21,307,528 in 2015 and Rs 14,477,462 in 2016/2017 representing Other Comprehensive Income have been written back to Trade Equalisation Reserve.

16 REVALUATION RESERVES	Rs.	Rs.
Balance at start of period	179,537,570	179,537,570
Balance at end of period	179,537,570	179,537,570

#### 17 TURNOVER

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

	Year ended 30 June 2018		18 month period ended 30 June 2017	
PRODUCE	Quantity	Amount	Quantity	Amount
	TONS	RS	TONS	RS
Imported Potatoes	5698	148,316,926	8313	191,932,871
Local Potatoes	3186	83,392,583	4422	100,283,147
Imported Onions	7679	240,397,874	11692	298,554,099
Local Onions	236	6,353,701	805	19,702,172
Rodrigues Onions	73	2,358,528	114	3,637,980
Imported Seed Potatoes	527	20,310,395	1057	41,362,863
Local Seed Potatoes	503	22,459,095	1545	60,893,620
Imported Garlic	1774	194,792,271	2513	277,110,170
Local Garlic	8	758,403	16	1,494,719
Imported Bean Seeds	4	837,540	11	2,089,860
Imported Onion Seeds	0.1	603,400	0.6	3,282,500
Local Onion Seeds	30	1,329,477	7	1,291,424
Imported Cardamom	1	876,783	2	1,173,086
Imported Carrots	97	5,747,915	20	1,023,500
Imported Turmeric Powder	7	906,610	8	1,170,830
Others	-	8,046,346	-	6,113,465
TOTAL TURNOVER		737,487,847		1,011,116,307

18 COSTOF SALES	Year ended 30 June 2018	18 month period ended 30 June 2017
Cost of sales:	Rs	Rs
Opening stock	59,441,504	82,569,551
Purchases	523,586,584	761,009,226
Closing stock	(60,046,644)	(59,441,504)
	522,981,444	784,137,273
19 STAFF COSTS	Rs	Rs
Salaries ,Wages and other benefits	72,655,332	113,988,106
Training	95,350	375,741
	72,750,682	114,363,847

20 OTHER OPERATING EXPENSES	Rs	Rs
General expenses - store	534,587	648,423
Waste Disposal	146,410	78,400
Compensation to dealers	347,618	1,457,430
Other operating expenses	67,334	1,576,390
	1,095,949	3,760,643
21 OTHER GENERAL AND ADMINISTRATIVE EXPENSES	Rs	Rs
Overseas travelling	274,218	39,604
Postage, printing and stationery	1,147,096	1,413,173
Advertising	430,994	601,055
Audit fees	412,500	300,000
General expenses	1,347,133	1,966,495
Rent payable	140,772	76,340
	3,752,713	4,396,667

AGRICULTURAL MARKETING BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

# 22 SEGMENT REPORTING

	POT,	POTATOES		ONIONS		GA	GARLIC	SEED	SEED POTATO	ONIO	ONION SEED					
	LOCAL	IMPORTED	LOCAL		IMPORTED RODRIGUES	LOCAL	IMPORTED	LOCAL	IMPORTED	LOCAL	IMPORTED	IMPORTED TURMERIC	BEAN SEEDS	IMPORTED CARDAMOM	OTHERS	TOTAL
								_	RS M							
REVENUE	94	172	7	268	3	7	201	25	23	1	1	1	1	1	14	812
Less: COST OF OPERATION	(62)	(132)	(7)	(234)	(3)	(2)	(115)	(21)	(24)	(1)	(1)	(1)	(1)	(1)	(37)	(641)
OPERATING SURPLUS/ (DEFICIT)	32	40	1	34	(0.1)	(1)	86	4	(1)	(0.05)	0.03	0.41	(0.1)	0.2	(23)	171
Less: OTHER EXPENSES	5	11	0.4	13	0.12	0.02	3	1	1	0	0.1	0.01	0.00	0.01	0.02	36
NET SURPLUS/ (DEFICIT)	27	28	0.16	20	(0.2)	(1)	83	2	(2)	(0.05)	(0.03)	0.40	(0.11)	0.18	(23)	135

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 some **Rs135M** for the year ended 30 June 2018 is made up as shown above. Deficits on these products are cross subsidized from surpluses on sales of other products.

**75** 

