



Utility Regulatory Authority
Annual Report 2017-2018

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INCORPORATING THE CERTIFICATE OF DIRECTOR OF AUDIT ON THE FINANCIAL STATEMENTS OF THE UTILITY REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE 2018

REPORTING WITH INTEGRITY

In accordance with Section 27 (1) of the Utility Regulatory Authority (URA) Act 2004 (as amended):

“The Authority shall as soon as practicable, but not later than six months after the expiry of the financial year, submit to Parliament, through the Minister, a report concerning its activities during that financial year.”

The Board of the URA has oversight responsibility on the preparation of the annual report and financial statements in accordance with the Statutory Bodies (Accounts and Audit) Act to fairly present the state of affairs of the Authority. Thus, the annual report has been prepared in compliance with the financial reporting and accounting standards issued under section 72 of the Financial Reporting Act.

The responsibility of the Board extends to keeping adequate accounting records, explaining URA’s transactions and disclosure, with reasonable accuracy. The Board is also required to take reasonable steps to prevent and detect fraud and other irregularities.

CHAIRPERSON'S MESSAGE



It is with pleasure that I present on behalf of the Board of the Utility Regulatory Authority (URA) the URA's annual performance report for the Financial Year ending 30th June 2017.

URA has continued to build on the foundation laid following the launch of its operations in 2016. The focus in the year under review has been the consolidation of the regulatory tools and frameworks which are driven by the URA's regulatory principles and values which will guide and lead to URA's realization of its mission of becoming a leader in utility

regulation with robust, transparent, accountable, forward-looking with ethical practices.

The URA embarked on a phased recruitment process of qualified and capable regulatory staff that will handle the next critical stages of the regulatory process focusing on licensing of existing and new operators in the power market, compliance monitoring and the review of electricity tariff proposals and review of Power purchase agreements. During the period under review, the Board recruited the Chief Executive Officer and six other key staff.

Understanding the importance of seamless transition into the new regulatory environment, URA has continued with its stakeholder engagement process.

"... I would like to call upon all our stakeholders for their continued support and cooperation as we build the foundations for a grounded and coherent regulatory framework."

The interactions with stakeholders through meetings, briefings and workshops conducted in the review period assisted the Authority in profiling its mandate and also provided the stakeholders with a platform for raising issues and concerns that require the attention of the regulator for seamless regulation of the electricity sector. Regulation, being a dynamic and continuing process, the path to developing a fully-fledged regulatory framework from its initial stages to a fully functional one requires a lot of time and effort, especially with regard to acquiring and building the necessary tools and developing internal capacity with the requisite skills through recruitment and training. In light of this, I would like to call upon all our stakeholders for their continued support and cooperation as we build the foundations for a grounded and coherent regulatory framework.

My sincere appreciation goes to the Ministry of Energy and Public Utilities for their continued guidance and support during the formative years of URA and our efforts of taking the URA regulatory activities to the next level. I finally wish to thank my fellow Board members, the Management and all staff of the URA for their undivided commitment, dedication and hard work during the year under review.



Philip Ah-Chuen
Chairperson
Utility Regulatory Authority



WHO WE ARE

In 2004, the Government of Mauritius approved the setting up of a Utility Regulatory Authority (URA) to regulate utility services, namely the electricity, water and wastewater sectors.

The URA Act was enacted in November 2004 to set up the framework required for the URA to carry out its regulatory function. While keeping in view the pending proclamation on Water & Waste Water Regulation, means that the regulation of the electricity sector has been the URA's initial area of priority in the review period.

The URA Board did not immediately become operational when the URA Act was enacted in November 2004 as there were some amendments that had to be made to the Act in 2008 with regard to the method of appointment of the Chairperson and Commissioners. In 2016, further amendments were made, this time with regard to the qualifications and experience of the Chairperson and Commissioners. The URA Board only became operational after the appointment of the Board on 14th September 2016 and the first URA Staff were recruited in May 2017.

Our Functions

In accordance with Section 6 of the URA Act 2004 (as amended), the powers and functions of the Authority shall be to:

(a) implement the policy of Government relating to applicable utility services;

(b) grant, vary and revoke licenses in respect of a utility service;

(c) enforce the conditions laid down in an undertaking authorisation;

(d) regulate tariffs and other charges levied by a licensee in accordance with any rules specified in the relevant Utility legislation;

(e) mediate or arbitrate disputes between a customer and a licensee, or between 2 or more licensees;

(f) determine whether a licensee has an obligation to extend a utility service to customers or to an area not adequately supplied with such utility service;

(g) establish an appropriate procedure for receiving and enquiring into complaints by customers in relation to any utility services; and

(h) establish and implement adequate systems for monitoring the compliance by licensees with standards and applicable regulations, and making such information publicly available.

(i) take measures for the better protection of customers in relation to any utility services;

(j) take measures to suppress any abusive, illegal or dishonourable practices in relation to any activity of a licensee;

(k) take measures and make recommendations to a licensee in respect of any Power Purchase Agreement which a licensee proposes to enter into; and

(l) examine and make recommendations to a licensee in respect of any management services contract, operation and maintenance contract or any other contract which a licensee proposes to enter into in relation to water services or waste water disposal services.

WHERE TO FIND US



**Address: 8th Floor, 1 Cyberville
Building, Ebene, Mauritius
Website: www.uramauritius.mu
Email: info@uramauritius.mu
Tel: +230 454 8070 /454 8079
Fax: +230 489 2796**

CORPORATE GOVERNANCE

The URA Board is committed to fully implement corporate governance standards, and monitor and ensure compliance with relevant laws and regulations. It also aims to maintain a high standard of reporting and disclosure, keeping in mind the best interests of all stakeholders. In line with its commitments, the Board aspires to develop and align policies, systems and processes to embed sound corporate governance principles as laid down by the URA Act.

Throughout the year ending 30th June 2018, and to the best of the Board's knowledge, the URA has complied with the Corporate Governance Code 2016 for Mauritius. The below is a summary of the demonstration of the URA Board Commitment in the application of the principles set out in the Code.

Structure/Composition of the Board

Section 8 of the URA Act 2004 (as amended) states that:

- (1) The Authority shall be administered and managed by the Board.*
- (2) The Board shall consist of –*
 - (a) a Chairperson; and*
 - (b) 3 Commissioners,*

Accordingly, the URA Board appointment was in line the provisions of Section 9 of the URA Act.

In line with this provision the following was the composition of the Board

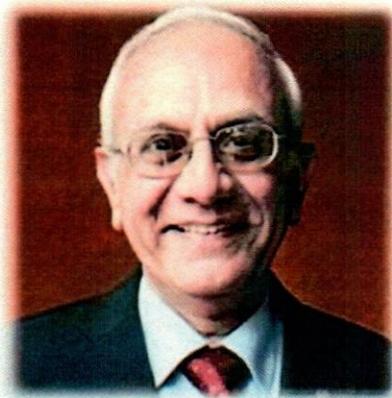
During the period 1st July 2017 to 22nd February 2018, the URA board was headed by Professor Goolamhussen Mohamedbhai, GOSK and had three commissioners namely; Mr. Philip Ah-Chuen, Mr. Rampiar Luchmun- Roy and Mr. Sadatmanund Narain.

Following the resignation of Professor Goolamhussen Mohamedbhai on 22nd February 2018, the Board was chaired by Mr. Philip Ah-Chuen on an acting ship basis, until his official appointment as Chairperson on 15th May 2018. To fill Mr. Ah-Chuen's post as commissioner, Mrs. Rosemary Elizabeth Winifred Anodin was appointed on 12th May 2014 in an effort to further gender balance and to have a legal expert on board.

PROFILE OF BOARD MEMBERS

The Board is mainly responsible for providing the overall strategic direction of the Authority and through Executive Management oversee the operations and management of the URA that will facilitate the Board role in granting of Licenses, Tariff determination and approval, Staff recruitments and setting of remuneration packages and levels.

The Section 8 of the URA Act provides for the composition of the board which shall constitute of the Chairperson and three Commissioners. The Board members are diverse in their academic qualifications, industry knowledge and experience, providing the Board with the relevant judgement to work effectively. As a pre-requisite for their appointment, the board members should be persons of high moral and professional integrity. The Board is appointed by the President and on the advice of the Prime Minister given after consultation with the Leader of the Opposition as directed by section 9 of the URA Act.



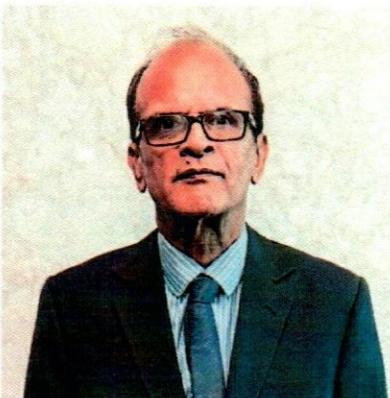
Professor Goolamhussen Mohamedbhai, GOSK, Departing Chairperson from 14th September 2016 to 22nd February 2018

Goolamhussen (Goolam) Mohamedbhai, aged 72, obtained a BSc (Hons) and a PhD in Civil Engineering from the University of Manchester, UK. He later undertook postdoctoral research at the University of California, Berkeley. He joined the University of Mauritius in 1972 and served successively as Head of Department of Civil Engineering, Dean of Faculty of Engineering, Pro-Vice Chancellor and finally Vice-Chancellor from 1995 to 2005. He served as Secretary-General of the Association of African Universities in Accra, Ghana from 2008-2010. He was also President of the International Association of Universities and a member and Vice-Chair of the governing Council of the United Nations University, head quartered in Tokyo. He is the recipient of several honorary doctorates and awards. He is currently a member of the Council of the National University of Lesotho, the Council of the Mauritius Academy of Science and Technology (MAST), the Board of the Centre for Higher Education Trust (CHET) (South Africa) and the Board of the University World News (Africa).



Mr. Philip Ah-Chuen, succeeding Chairperson from 12th May 2018 to present

Philip Ah-Chuen, aged 68, studied and worked in the UK from where he obtained a BTech (Hons) from Brunel University and an MSc in Industrial Administration from Aston University. He is a Fellow of both the Mauritian Institute of Management (FMIM) and the Mauritius Institute of Directors (FMIoD). He has been a Lecturer in Management Studies at the University of Mauritius (1976-1980), a management consultant at De Chazal Du Mee & Co. (1980-1985) and the Executive Director of ABC Motors Co. Ltd (1985-1993). He has also been Chairman of the Mauritian Institute of Management (1990,1991,1995,1996,2014 and 2015) and Chairman of the Senior Appointments Committee of the Mauritius Institute of Education (2007-2015). He is presently the Executive Director of Allied Motors Co. Ltd, a non-executive director of Chue Wing & Co. (ABC Foods), an independent, non-executive director of SBM Bank (Mauritius) Ltd. and a Commissioner of the Public Service Commission.



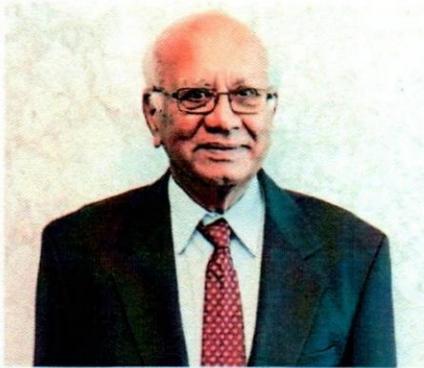
Mr. Rampiar Luchmun- Roy, Commissioner

Rampiar (Ram) Luchmun-Roy, aged 70, was admitted Fellow of the Association of Chartered Certified Accountants (UK) in 1983. In 1984-85, he followed the International Tax Program at the Harvard Law School, USA. He joined the Income Tax Department as Junior Assessor in 1971 and, after working for a few years as Accountant at the Ministry of Finance, he returned to the Income Tax Department where he was appointed first Investigating Officer, then Deputy Commissioner of Income Tax. He served briefly as Acting Commissioner of Income Tax in 1991-92 and then left the public service to join Pricewaterhouse Coopers, first as Tax Manager, then Senior Manager and finally Tax Director. He retired in 2008. From 1988-1997, he was part-time lecturer in Accounting and Taxation at the University of Mauritius. He is currently a member of the Assessment Review Committee at the Ministry of Finance and Economic Development.



Mrs. Rosemary Elizabeth Winifred Anodin, Commissioner

Rosemary Elizabeth Winifred Anodin, aged 65, has had a long career in the legal profession. She has a Certificate in Legal Studies from the University of Mauritius as well as an Attorney's Diploma. She was appointed Crown Attorney in 1991 and was promoted to Senior State Attorney in 1996. She has also served as Chief Legal Secretary towards the end of her career. As part of her responsibilities, Mrs. Anodin was in charge of the Administrative Division of the Attorney General's Office and the Office of the Director of Public Prosecutions. She is also a part time member of the Human Rights Commission.



Mr. Sadatmanund Narain, Commissioner

Sadatmanund Narain, aged 78, obtained a B.E. (Electrical Engineering) from the University of Roorkee, India, after which he proceeded to the UK for practical training with different firms, including the South Wales Electricity Board. He joined the Central Electricity Board (CEB) of Mauritius in 1964 as Assistant Engineer. In 1969, he followed a Post-Graduate Diploma in Electrical Power Systems Engineering at the University of Manchester Institute of Science and Technology, UK. He then continued his career at the CEB and successively served as Senior Engineer, Transmission and Distribution Engineer, Administrative Manager/Secretary, Assistant General Manager and finally Deputy General Manager. Over the period 1983-1985, he was appointed Secrétaire Générale of the Ecole Supérieure Inter-Africaine de l'Electricité, Bingerville, Cote d'Ivoire. He retired from the CEB in 2003. He is Member of the Institution of Electrical Engineers, UK (MIEE), Chartered Engineer of the Council of Professional Engineers, UK (C.Eng) and a Registered Professional Engineer, Mauritius (RPEM).

MANAGEMENT

Executive Management and Staff of URA of the URA

Section 14 of the URA Act 2004 (as amended), states that the Board shall appoint its Director, who shall also be the Chief Executive Officer. Following a recruitment exercise which took place in the previous financial year (ending 30th June 2017), Mr. Alfred Dusenge Byigero officially joined URA in October 2017. Four other key staff were also recruited in administration and finance functions in the period under review.

Profile of Chief Executive Officer



Eng. Alfred D. Byigero, aged 51, joined URA after serving as Deputy Director General in charge of Energy, Water and Sanitation Regulation, from 2012 to 2017 at the Rwanda Utilities Regulatory Authority (RURA). He has a BSc (Hons) in Electrical Engineering from University of Garyounis, Libya and holds a Masters in Energy & Environmental Business Management from the University of Twente, The Netherlands. He has over 15 years of extensive experience – at both national and international levels – with proven skills in high-level energy sector and water regulation, policy formulation and implementation, climate change as well as social and economic development.



FUNCTIONING OF THE BOARD

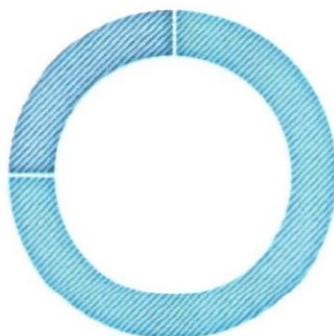
Board meetings

In accordance with Section 13 (1) of the URA Act 2004 (as amended), the Board is required to meet at least once every 3 months.

For the Financial year ending 30th June 2018, the Board held a total number of nine (9) normal Board meetings and seven (7) extra ordinary board meetings. The commissioners were all present for all the meetings held for the financial year under review. Pursuant to Section 14 (5) of the URA Act 2004 (as amended), the Chief Executive Officer/Director attended a total of twelve (12) meetings.

BOARD COMPOSITION AND GENDER SPREAD

■ Male ■ Female



Board Committees

In order to facilitate Board functioning and effective management and administration of the URA, as well as to assist the Board in discharging its duties and responsibilities, the URA Board created three Board Committees which operate within clearly defined terms of reference. The following Committees chaired by the three URA Commissioners, namely Mr. Sadatmanund Narain, Mr. Rampiar Luchmun-Roy and Mrs. Rosemary Elizabeth Winifred Anodin were established:

- i. Appointment, Remuneration and Corporate Governance Committee;
- ii. Audit, Risk and Finance Committee; and
- iii. Technical, Licensing and Tariffs Committee.

The Board Committees are advisory in nature, and their deliberations are submitted to the Board for approval. The terms of reference for the various committees are as summarized below.

Appointment, Remuneration and Corporate Governance Committee

The committee are required to meet each month, with the purpose of setting a formal and transparent mechanism of appointment and remuneration of employees and board members. The committee is additionally assigned with the responsibility to provide an appropriate oversight for the effective implementation of corporate governance principles. The schedule of meetings will be reviewed after the formative years and when the Authority has achieved a critical mass on recruitments.

Finance, Audit and Risk Committee

The Committee meets at least four times a year at appropriate intervals and focus on finance, audit and risk management. The Committee is mandated to review budgets and develop appropriate procedures for its operations. This Committee furthermore ensure regular and accurate monitoring and accountability of funds and report on any financial irregularities and concerns to the Board.

The audit side oversees the financial reporting and disclosure process and monitor the choice of accounting policies and principles. In line with the audit principles of the code, the committee will conduct periodic internal checks on key processes to ensure compliance with the established procedures, and report to the Board on the findings and recommendations for improvements.

The risk facet of the committee is assigned to manage URA's risk appetite, risk tolerance and strategy. In so doing, the committee reviews and approves the URA's risk management framework, monitoring its effectiveness and adherence to the various risk policies. The committee also keeps under review the adequacy and effectiveness of the Authority's systems of internal control. It also ensures that the internal audit process is going on smoothly.

Technical, Tariffs and Licensing Committee

The objective of this committee is to supervise the proper functioning of the licensing framework and efficient regulation of the utility services. The committee reviews quarterly technical performance and appraisal reports of the entire power system coupled with making relevant proposals on the most appropriate interventions. The technical committee reviews reports on audit visits to power supply companies to ensure compliance. On the economic regulation part, the committee reviews and assesses tariff methodologies, studies and guidelines whilst on licensing the committee has oversight and will undertake all licensing process, powers and duties as conferred to URA by the relevant legislation.

Relations with Stakeholders

The URA is dedicated to build open and trusted relationships with stakeholders and the public at large through regular engagement. A roadmap of forecasted activities was developed which are anticipated to be carried out over the Financial Year beginning 1st July 2018, with stakeholder engagement being one of the Roadmap's key focus areas.

OPERATIONAL PERFORMANCE REVIEW

What affects us

The need for ongoing harmonization of laws governing various agencies with different roles in the utility sector will require that URA continuously works to develop various forms of regulations and Memorandum of Understanding to fill the gaps in the laws, provide clarity and complementarity of roles among various key players in the utility service sector. This may have a dampening effect on the pace at which URA rolls out its regulatory mandate.

URA Logo

Following a national Logo competition organized in October 2016, a URA Logo launching ceremony took place in October 2017 at the Voila Hotel. During the ceremony, the winner of the logo competition, Mr Kooshalnath Bhungy was officially presented with his award by the honorable Minister. The logo launching marked a milestone in URA's journey of regulating the utility sector and also provided a platform for raising the URA profile.

URA office Space

Following the securing of 330 square meters office space on lease at 1 Cybercity Building, Ebene, in May 2017 on a 5-year lease, URA during this review period secured contracting services for partitioning of the open office space to suit URA needs.

The work, which commenced in June 2018, was completed during the first quarter of the financial year beginning 1 July 2018.

Besides providing the office space to staff, URA has equipped that all staff are equipped with necessary equipment and tools such as stationary, computers, printers, and telephones to facilitate their work process.

Phased Staff Recruitment

One of the key assets for URA is competent and capable staff. In the period under review, the URA embarked on a phased implementation of staff recruitment, consistent with the demands on the grounds. For the year ending 30th June 2018, 9 members of staff were recruited. In addition to the recruitment of the Chief Executive Officer, support staff were recruited in October 2017, namely one Finance Officer, one Management Support Officer, and one Driver/Attendant.

Further recruitments were done in May 2018, which brought the Legal and Licensing Officer, the Information and Technology Officer, and the Consumer Affairs and Public Relations Officer. In addition, one Human

Resources Officer and one Economic Analyst joined the URA in June 2018. This brought the total count of staff to 10 by the end of the Financial Year.

Financial Support from AfDB

In November 2017, in its endeavors to explore avenues of financial assistance and support from International bodies, URA reached out to the African Development Bank (AfDB) and African Legal Support Facility (ALSF). This successfully resulted in the provision of full funding for 6-month technical assistance services to be provided to URA by a Consultant.

Engagement of Consultancy services financed by AfDB

Through support provided by the African Development Bank (AfDB) and African Legal Support Facility (ALSF), in June 2018, a Power sector regulation expert was appointed to provide URA with the technical assistance and support required in its initial phase of operationalization. This covered development of the URA 3-year strategic plan, URA licensing framework, stakeholder consultative workshop and high-level seminar on regulation.

Management Information System and Regulatory Data Base

URA values the role of ICT and Management Information System (MIS) in its management of the regulatory database some of which contains sensitive and classified information. To ensure URA has a credible and reliable information database which can easily be stored, processed and retrieved in support of URA decision process, URA has in the period under review embarked on a process of developing a more compressive Website which will provide a gateway for communication between the authority and all stakeholders. Besides the development of the website, the Authority also embarked on an ambitious MIS project that will lead to the automation and computerization of the operations of URA. This project is receiving support from the UNDP basket funding coming through MARENA. MIS project when concluded will provide the ICT backbone with supporting modules for accounting and payroll, Licensing application and Processing module, and Consumer and Customer Complaint Module and an interactive platform where the Authority will send and receive feedback from stakeholders on matters of interest on real time basis. The MIS backbone is being created to have a lot of flexibility to add future modules to cater for URA future needs.



**CERTIFICATE OF THE
DIRECTOR OF AUDIT**

**the Financial Statements
the Utility Regulatory Authority
the year ended 30 June 2018**

NATIONAL AUDIT OFFICE

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

TO THE BOARD OF THE

UTILITY REGULATORY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Utility Regulatory Authority, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, the statement of cash flows and the statement of changes in general fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Utility Regulatory Authority as at 30 June 2018, and of its financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards for Small Entities (FRSSE).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report. I am independent of the Utility Regulatory Authority 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.

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 no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Utility Regulatory Authority 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 FRSSE, 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 Utility Regulatory Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Utility Regulatory Authority'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 Utility Regulatory Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Utility Regulatory Authority'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 Utility Regulatory Authority 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 Responsibilities for Compliance

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible to ensure that the Utility Regulatory Authority's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.

Auditor's Responsibilities

In addition to the responsibility to express an opinion on the financial statements described above, I am also responsible to report to the Board whether:

- (a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit;
- (b) the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (c) in my opinion, and, as far as could be ascertained from my examination of the financial statements submitted to me, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;
- (d) in my opinion, the Utility Regulatory Authority has been applying its resources and carrying out its operations fairly and economically; and
- (e) the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I performed procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibilities.

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

Statutory Bodies (Accounts and Audit) Act

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

Late Submission of Annual Report

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of every Statutory Body to submit to the Board for approval an annual report which includes the financial statements, not later than three months after the end of every financial year. The Chief Executive Officer is also required to submit, after approval by the Board, the annual report to the auditor, not later than four months after the end of every financial year.

The financial statements of the Utility Regulatory Authority for the year ended 30 June 2019 were submitted to my Office on 27 March 2019, that is some five months after the necessary time limit.

Due to errors, these financial statements had to be amended. The amended set of financial statements, approved by the Board on 11 March 2020, was submitted to my Office on 22 May 2020.

The annual report of the Utility Regulatory Authority was submitted on 10 June 2020.

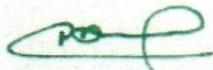
Except for the late submission of the annual report and the financial statements, the Utility Regulatory Authority has complied with the Statutory Bodies (Accounts and Audit) Act and any directions of the Minister in so far as they relate to the accounts.

Based on my examination of the accounts of Utility Regulatory Authority, nothing has come to my attention that indicates that:

- (a) any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (b) Utility Regulatory Authority has not applied its resources and carried out its operations fairly and economically.

Public Procurement Act

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.



C. ROMOAH
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

11th June, 2020

FINANCIAL PERFORMANCE REVIEW



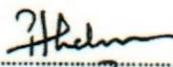
FINANCIAL STATEMENTS FOR THE YEAR 1 JULY 2017 TO 30 JUNE 2018

UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
OF JULY 2017 TO 30 JUNE 2018

Statement of Financial Position
as at 30 June 2018

	Notes	30-Jun-18 Rs.	30-Jun-17 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment (P.P.E)	1	<u>1,952,602</u>	<u>121,669</u>
		<u>1,952,602</u>	<u>121,669</u>
Current Assets			
Cash and Cash Equivalent	2	<u>4,183,470</u>	<u>1,212,689</u>
		<u>4,183,470</u>	<u>1,212,689</u>
TOTAL ASSETS		<u><u>6,136,072</u></u>	<u><u>1,334,358</u></u>
FINANCED BY			
General Fund		4,135,512	
Capital Grant	7	<u>1,830,933</u>	<u>1,105,594</u>
		<u>5,966,445</u>	<u>1,105,594</u>
Current Liabilities			
Trade and other Payables	3	<u>169,627</u>	<u>228,764</u>
		<u>169,627</u>	<u>228,764</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,136,072</u></u>	<u><u>1,334,358</u></u>

The Financial Statements were approved and authorized for issue by the Utility Regulatory Authority Board at its meeting held on 11 March 2020


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Chairperson
Mr Ah-Chuen, Philip




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Commissioner
Mr Rampiar Luchmun Roy

Date: 21 April 2020

Date: 21 April 2020

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

Statement of Financial Performance
for the year ended 30 June 2018

		30-Jun-18	30-Jun-17
	Notes	Rs.	Rs.
Revenues	4		
Recurrent Grant		14,760,511	5,000,000
Deferred Income		208,556	-
		14,969,067	5,000,000
Expenses			
Operating Costs	5	11,171,025	3,795,728
Administrative Costs	6	768,124	98,678
		11,939,149	3,894,406
Surplus for the year		3,029,918	1,105,594
Other Comprehensive Income		-	-
Total Comprehensive Income		3,029,918	1,105,594

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

Statement of Changes in General Fund
for the year ended 30 June 2018

	General Fund
	Rs.
Balance at 01 July 2016	-
Surplus for the Year	<u>1,105,594</u>
Balance at 30 June 2017	<u><u>1,105,594</u></u>
	Rs.
Balance at 01 July 2017	1,105,594
Surplus for the Year	<u>3,029,918</u>
Balance at 30 June 2018	<u><u>4,135,512</u></u>

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

Statement of Cash Flows
for the year ended 30 June 2018

	Note	30-Jun-18 Rs.	30-Jun-17 Rs.
OPERATING ACTIVITIES			
Surplus for the year		3,029,918	1,105,594
Adjustment for items not involving cash			
Depreciation on P.P.E		208,556	1,031
Deferred Income		<u>(208,556)</u>	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		<u>3,029,918</u>	<u>1,106,625</u>
WORKING CAPITAL CHANGES			
Increase/Decrease in Trade and other Receivables		-	-
Increase/Decrease in Trade and other Payables		<u>(59,137)</u>	<u>228,764</u>
NET MOVEMENT IN WORKING CAPITAL		<u>(59,137)</u>	<u>228,764</u>
INVESTING ACTIVITIES			
Purchase of PPE		<u>(2,039,489)</u>	<u>(122,700)</u>
NET CASH IN INVESTING ACTIVITIES		<u>(2,039,489)</u>	<u>(122,700)</u>
FINANCING ACTIVITIES			
Capital Grant		<u>2,039,489</u>	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>2,970,781</u>	<u>1,212,689</u>
CASH AND CASH EQUIVALENTS AT PREVIOUS YEAR		<u>1,212,689</u>	-
CASH AND CASH EQUIVALENTS FOR THE YEAR ENDED	2	<u>4,183,470</u>	<u>1,212,689</u>

UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018

Notes to financial Statements
for the year ended 30 June 2018

General Information

The Utility Regulatory Authority (URA) is an independent body set up by the Government of Mauritius to regulate the utility services, namely electricity, water and wastewater. Its objects are to ensure the sustainability and viability of the utility services; protect the interests of consumers; promote efficiency in both operations and investments in respect of utility services; and promote fair competition in the utility services industry. URA Act was enacted on 2004 and subsequently amended in September 2008. The Act was again amended in June 2016 and gazetted on 29 June 2016 to allow for the appointment of the Chairperson and the Commissioners. The Board was finally set up in September 2016.

a) Accounting Policies

Financial Statements have been prepared on a historical cost basis and in compliance with the Financial Reporting Standards for Small Entities (FRSSE) issued by the Financial Reporting Council. They have been prepared on a going concern basis.

b) Revenue Recognition

Re-current Government grants are recognised on accrual basis as income is matched against the Re-current expenses of the entity.

Interest and other income are recognised on an accrual basis.

c) Expenditure

Expenditure is recognised on accrual basis.

UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018

d) **Property, Plant and Equipment**

Property, Plant and Equipment are stated at historical cost less depreciation. Depreciation is the systematic allocation of funds representing the use of an asset over its useful life. Depreciation is provided on the straight-line basis so as to write off the depreciation value of the assets over their expected useful economic lives.

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

d) **Property, Plant and Equipment (continued)**

❖ Equipment	❖ 20%
❖ Furniture and Fixtures	❖ 10%
❖ Computer and Software	❖ 20%
❖ Motor Vehicle	❖ 20%

Depreciation was charged in the year of purchase on a pro-rata basis.

e) **Cash and Cash Equivalent**

Cash and Cash Equivalent comprise of bank balances and cash in hand. Cash equivalent are short-term balances readily available.

f) **Provisions**

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

g) **Comparative figures**

The current Financial Statements are prepared for a period of 12 months same as the previous Financial Statements.

Figures of last year 2017 confirm to current year's presentations.

h) **Currency and Rounding Off of Figures**

The figures in the Financial Statements are in Mauritian Rupees and have been rounded off to the nearest rupee.

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

i) Related Party Transactions

Related Parties are individual and Companies where the related party or the authority has the ability directly or individually to control the other party or exercise significant influence over the other party in making financial and operating decision. For the year under review, payments were effected to the Board comprising the Chairperson and Commissioners.

1. Property, Plant and Equipment (P.P.E)

All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to acquisition of the items.

	Motor Vehicle	Equipment	Furniture and Fittings	Total
Cost	Rs.	Rs.	Rs.	Rs.
At 1 July 2017	-	20,000	102,700	122,700
Additions during the year	1,199,000	651,190	189,299	2,039,489
At 30 June 2018	1,199,000	671,190	291,999	2,162,189
Depreciation				
At 1 July 2017	-	289	742	1,031
Charge for the year	122,199	61,216	25,141	208,556
At 30 June 2018	122,199	61,505	25,883	209,587
Net Book Value 30 June 2018	1,076,801	609,685	266,116	1,952,602
Net Book Value 30 June 2017	-	19,711	101,958	121,669

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

2. Cash and cash Equivalents

	30-Jun-18	30-Jun-17
	Rs.	Rs.
SBM Bank Balance	4,177,356	1,212,689
Cash in hand	6,114	-
	4,183,470	1,212,689

3. Trade & other Payables

	30-Jun-18	30-Jun-17
	Rs.	Rs.
Accruals:		
Electricity June 18	14,730	-
Telephone May & June 18	17,687	-
PAYE June 18	98,474	191,754
NPS June 18	24,650	-
TDS June 18	8,336	37,010
Uniconsults Ltd June 18	5,750	-
	169,627	228,764

4. Revenues

The Revenues are grants received from the Ministry.

**UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018**

5. Operating Costs

	30-Jun-18 Rs.	30-Jun-17 Rs.
Fees to Board Members	-	2,284,865
URA staff salary & Board Members' fees	6,882,022	90,871
Allowances to MEPU staff	-	100,611
Electricity	149,325	-
Telephone	257,741	-
Stationaries	78,984	-
Maintenance	97,532	-
Office Sundries	41,644	-
PAYE	973,152	229,211
NPS	163,196	-
TDS	98,096	-
Accruals	-	228,764
Rent	2,215,992	672,100
Depreciation for PPE	208,556	1,031
Agency fee	-	187,040
Bank Charges	4,785	1,235
	11,171,025	3,795,728

6. Administrative Costs

	30-Jun-18 Rs.	30-Jun-17 Rs.
Publicity	108,549	91,264
Miscellaneous expenses	659,575	7,414
	768,124	98,678

UTILITY REGULATORY AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR
01 JULY 2017 TO 30 JUNE 2018

7. Capital Grant

	30-Jun-18
	Rs
Capital Grant	2,039,489
Amortisation	<u>(208,556)</u>
	<u>1,830,933</u>

8. Pending Litigation

There was no litigation pending

9. Events after the Statement of Financial Position date

There have been no other material events after Statement of Financial Position date which would require disclosure or adjustment to the 30 June 2018 Financial Statements.