

PROGRESS ON THE
move

ANNUAL
REPORT
2019/2020





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A background image of a water treatment facility with concrete channels and a large dam structure. The image is partially obscured by a dark blue circular graphic on the right side.

CORPORATE OBJECTIVE STATEMENT

Establishment of CWA

The Central Water Authority Act 20/1971, declared by proclamation with effect from July 1971, established the Central Water Authority (CWA) and provides for the latter to be administered and controlled by a Central Water Board (CWB).

Objects of CWA

The Authority shall be responsible for the control, development and conservation of water resources.

Duties of CWA

The Authority shall be the sole undertaker for the supply of water for domestic, commercial and industrial purposes throughout Mauritius.

Where we have been & Where we are now

During the last 45 years of its existence, the CWA has strived to make piped potable water universally accessible in Mauritius. Despite countless challenges faced by Government and the CWA over the years, we can boast to be the only country in the region which has achieved nearly 100% water supply coverage. It is worth highlighting that the potable water supplied by CWA is compliant to the norms of the World Health Organisation (WHO) and to the Drinking Water Standards set by the Ministry of Environment. Potable water is supplied across the island through six distribution systems that are organised on a geographical basis.



Mission

To secure and provide an excellent sustainable water supply service of appropriate quality, at a reasonable price, which meets the growing needs of the people, and supports the economic development of the country.



Vision

To excel in the provision of an uninterrupted round the clock service of world class standard throughout the year to the entire population of Mauritius.



Values

Responsiveness, Courtesy, Excellence, Integrity, Teamwork, Quality.

01

CORPORATE STRATEGY

EXCEL IN THE PROVISION OF AN UNINTERRUPTED ROUND THE CLOCK WATER SUPPLY



02

CORPORATE GOALS

- A SUSTAINABLE WATER SUPPLY SERVICE OF APPROPRIATE QUALITY
- EFFICIENT IN DELIVERING WATER PROJECTS
- CREATE AN EXCELLENT CUSTOMER EXPERIENCE
- DEVELOP A SUSTAINABLE BUSINESS MODEL WHICH USES RESOURCES EFFICIENTLY
- BEING AN AGILE, COMPETENT AND LEARNING ORGANIZATION
- LEVERAGE INFRASTRUCTURAL AND TECHNOLOGICAL ADVANTAGES



03

STRATEGIC OBJECTIVES

- ENSURE SECURITY OF WATER SUPPLY WITH ROUND THE CLOCK SERVICE
- SMOOTH EXECUTION AND MONITORING OF WATER INFRASTRUCTURE PROJECTS
- REDUCE NON-REVENUE WATER TO AN ECONOMICALLY ACCEPTABLE LEVEL AND IMPROVE THE NETWORK EFFICIENCY
- SUSTAIN WATER QUALITY IN COMPLIANCE WITH INTERNATIONAL BENCHMARKS
- IMPROVE CUSTOMER SERVICE AND MANAGE CORPORATE IMAGE
- CONSOLIDATE FINANCIAL VIABILITY AND OPERATING IN A COST EFFECTIVE MANNER



04

BUSINESS OPERATIONAL PLANS IN PROGRESS

- FINANCIAL PLAN, COST RATIONALISATION PLAN, ENERGY EFFICIENCY PLAN
- STRATEGIC HUMAN RESOURCE PLAN, SUCCESSION PLAN, PERFORMANCE MANAGEMENT AND HUMAN CAPITAL MANAGEMENT PLAN
- COMMUNICATION PLAN, CUSTOMER EXCELLENCE PLAN, ICT STRATEGIC PLAN,
- INTEGRATED ERP PLAN, APPLICATION OF IT PLAN



OUR STAKEHOLDERS



Consumers

Suppliers / Contractors

Employees / Unions

Media

Government Institutions

Financial Institutions

“The Promise That We Make To Our Customers”

CUSTOMER CHARTER



Wisdom: “Water, A Way Of Life”

Accountability: “We account for activities of the Authority and take full responsibility”

Transparency: “We fulfill our mandate in an ethical and open manner”

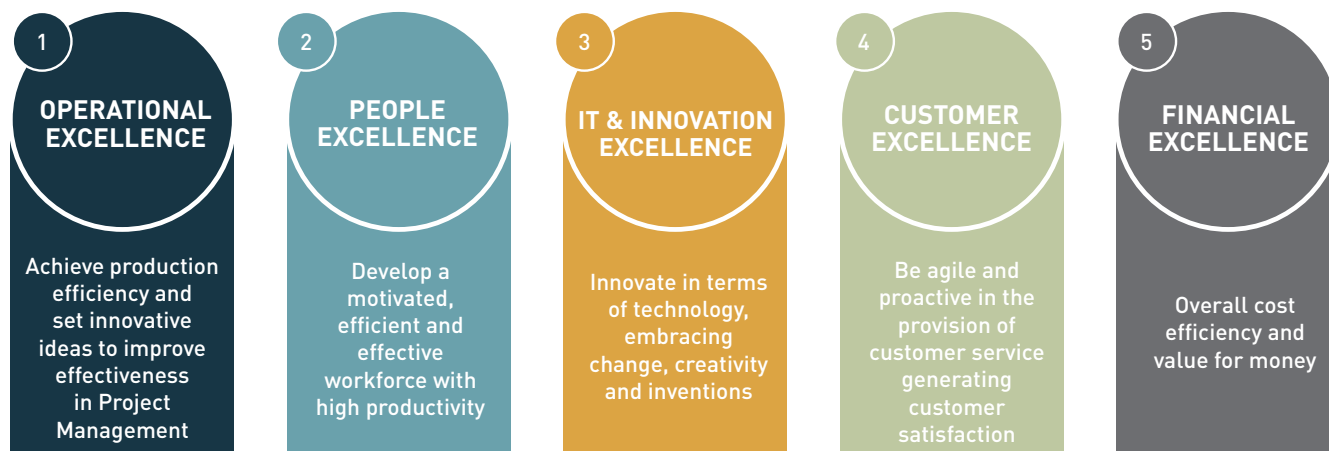
Excellence: “We are leaders and innovators in our sector who get it right on time everytime”

Respect: “We respect each other as well as our customers and the needs of the public”

In 2018, the Central Water Authority embarked on a 3-Year Restructuring Plan (2018-2021) with the ultimate objective of reversing the negative situation. The main focus of the Restructuring Plan has been on the 5 main pillars, namely:

- Operational Excellence – Achieve production efficiency and set innovative ideas to improve effectiveness in Project Management.
- People Excellence – Develop a motivated, efficient and effective workforce with high productivity.
- IT and Innovation Excellence – Innovate in terms of technology, embracing change, creativity and inventions.
- Customer Excellence – Be agile and proactive in the provision of customer service generating customer satisfaction.
- Financial Excellence – Overall cost efficiency and value for money.

OUR 5 PILLARS OF EXCELLENCE



- During the FY 2019/20, the major blocking factor towards the progress of projects in all divisions of the Authority has been the aftermath of Covid-19. The CWA has not been spared from Covid-19 since the country has been under national confinement of nearly 2 months since 20 March 2020. This has resulted in delaying the completion / implementation of several projects.
- However, it is worth noting that the frontliners of the CWA have left no stone unturned to ensure a regular supply of water to the population during the lockdown period.
- What the Authority did during the FY 2019/20 to work towards the 5 pillars of excellence are more fully explained in the Operation Review Section of the annual report.

BOARD'S RESPONSIBILITY STATEMENT

The Central Water Board is responsible for the proper keeping of accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Central Water Authority (CWA).

In line with the Statutory Bodies (Accounts and Audit) Act as subsequently amended, the Authority shall, not later than four months after the end of every Financial Year, prepare and submit an annual report, including the financial statements to the Auditor.

Financial Statements

The Board is responsible for the preparation of financial statements in accordance with Accrual IPSAS.

The Board is also responsible for the integrity of these annual financial statements and for the objectivity of any information presented therein.

In preparing these financial statements, the Board has:

- maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority;
- ensured that the financial statements provide an integral and transparent state of affairs, Income and Expenditure Account and cash flows of the Authority;
- selected suitable accounting policies and applying them consistently;
- safeguarded the assets of the Authority by maintaining appropriate internal control systems and procedures;
- taken reasonable steps to prevent and detect fraud and any other irregularities;
- prepared same on a going concern basis;
- made judgments and estimates that are reasonable and prudent.
- ensured compliance with the Code of Corporate Governance and provide reasons in case of non-compliance with any requirement of the Code

INTERNAL CONTROL

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

The Authority has an established Internal Audit department which assists management in effectively discharging its responsibilities. The Internal Audit is an independent function that reports functionally to the Audit & Risk Committee and administratively to the General Manager.

Approved by the Central Water Board on 20 December 2020 and signed on its behalf by:



A.K. Nilamber
Chairperson, CWB



S. Appanah
Member, CWB



CORPORATE GOVERNANCE

Report

INTRODUCTION

Corporate Governance is a framework of processes and attitudes within an organisation that focusses on adding value to the business, ensuring its long-term continuity and success and building its reputation. In fact, it is the cornerstone of any good business. Good corporate governance creates a transparent set of rules and controls in which stakeholders, directors and officers have aligned incentives. Effective corporate governance practices are essential to achieving and maintaining high level of public trust, corporate success and sustainable economic growth.

Public Interest Entities ("PIE") as defined by the Financial Reporting Act 2004, are required to report on corporate governance have to apply all the principles contained in the Code and to explain in their annual reports how these principles have been applied, in line with the National Code of Corporate Governance 2016, which is a departure from the 'comply-or-explain' approach to the 'apply-and-explain' methodology.

The Central Water Authority (CWA), qualified as a Public Interest Entity as defined under the Financial Reporting Act 2004, is bound to apply the eight governance principles contained in the Code and to explain how these principles have been applied.

The implementation of the Code at the level of the CWA has been based on the 'Guidance of Statutory Bodies' of the National Code of Corporate Governance for Mauritius (2016).

PRINCIPLE 1: GOVERNANCE STRUCTURE

By virtue of the Central Water Authority Act (Act 20 of 1971), the Central Water Authority (CWA) was established as a body corporate, responsible for the control, development and conservation of water resources. In relation to the exercise of the powers of the Authority under the aforesaid Act, the Minister may give such directions to the Authority as he considers necessary in the public interest and the Authority shall comply with such directions. The CWA is administered and controlled by a Board, which is accountable and responsible for the performance and affairs of the Authority and in meeting all legal and regulatory requirements.

THE CENTRAL WATER BOARD ("The Board")

The Central Water Authority (CWA) is administered and controlled by a Central Water Board (the "Board").

The four (4) main functions of the Board are as hereunder:

- To approve, monitor, review and evaluate the implementation of strategies, policies and business plans;
- To prepare a statement of corporate objectives;
- To ensure that the organization complies with the highest standards of governance and that it has an effective system of controls in place so that risks can be properly assessed and managed;
- To ensure that communication of all material information to the stakeholders be made in a transparent way.

Mandate

Being responsible in promoting the long-term success of the Authority, the Board endeavours, inter-alia, to:

- exercise leadership, intellectual honesty, integrity and judgment in directing the Authority with a view to achieving sustainable prosperity whilst ensuring both performance and integrity.
- continuously review the processes and procedures in place to ensure the effectiveness of the Authority's internal systems of control to safeguard the Authority's assets and reputation.
- set the strategic direction and long-term goals and ensuring that adequate resources are available for the Authority to implement the strategic plan.
- ensure that the Authority complies with all relevant laws, regulations and codes of best business practice

Through its vision, core values and formal policies, which set out what the CWA expects from employees in the running of its businesses, the Board seeks to engender a culture where business ethics, integrity and fairness are values that all employees endorse and apply in their everyday conduct.

BOARD CHARTER

The Board Charter, which was approved by the Board in April 2018 has been worked out in line with provisions of the Central Water Authority Act (1971), has been maintained for the FY 2019/20.

The Board Charter, which provides the Terms of Reference for the Board also describes the duties and powers of the Board, the supervision of financial reporting, the decision making process and other general provisions in connection with conflict of interest, remuneration, induction of board members and confidentiality of information.

The Board Charter can be consulted on the CWA's Website (<http://cwa.govmu.org>).

Code of Ethics

A Code of Ethics for Directors has been adopted by the Board on 05 April 2018. The purpose of the Code is to:

- provide guidance to Directors and help them recognising and dealing with ethical issues; and
- help to foster a culture of honesty and accountability and mechanisms to report unethical conduct.

The Code of Ethics clearly describes the responsibilities of Directors on issues pertaining to their duties as Directors, conflict of interest, corporate opportunities and fair dealings.

Corporate Objective Statement

The 3-Year Restructuring Plan (2018/19 to 2020/21) on which the CWA embarked was based on an integration of five strategic pillars, namely Financial Excellence, People Excellence, Operational Excellence, IT and Innovation Excellence, and Customer Excellence, with a view to improving efficiency and effectiveness of the Authority and to transform it into a more economically improved and healthier organization with the ultimate objective of value creation vis-à-vis its stakeholders.

The progress on the Action Plan for the implementation of the proposed measures has been continuously monitored / updated.

The Corporate Objectives Statement including, inter alia, the purpose of the CWA, its value drivers, 3-Year Corporate Vision, its objectives forms part of this report.

Position Statements

The key roles and responsibilities of the Chairperson of the Board and the Board Committees have been clearly defined in the Board and the Board Committee Charters. The role of the Chairperson of the Board is distinct and separate from that of the General Manager and there is clear division of responsibilities with the Chairperson leading the Board and the General Manager managing the day-to-day business of the organization. The key roles and responsibilities as hereunder:

Chairperson

- Acts as the spokesperson for the Board;
- Provides overall leadership to the Board;
- Ensures that the Board is effective in its duties of setting out strategies and implementing Government policies;
- Ensures that Board meetings are chaired in an effective manner;
- Ensures that committees are properly structured with appropriate terms of reference;
- Ensures that Board Members receive accurate, timely and clear information;
- Ensures that development needs of Board Members are identified and appropriate training is provided to continuously update the skills and knowledge of the latter;
- Maintains sound relations with stakeholders

General Manager

Acts in accordance with such directions as he may receive from the Board or any delegate appointed by the Board under Section 17 of the CWA Act.

- Manages the day-to-day affairs of the Authority;
- Executes plans and strategies in line with the policies set by the Board;
- Provides leadership and direction to senior management;
- Ensures that the decisions of the Board are executed;
- Acts as a liaison between Management and the Board;
- Ascertains a proper working environment for the Staff of the organization;

Secretary

- Ensures compliance with relevant statutory and regulatory requirements;
- Develops and circulates the agenda and relevant documents for Board and Board Committee meetings in a timely manner;
- Facilitates induction of Board Members and provides guidance to them in terms of their roles and responsibilities;
- Assists the Chairperson in governance processes.

Organisational Chart

The key senior positions as well as the reporting lines are depicted in the Authority's Organisational Chart. The Senior Management Team of the Authority for the year under review is published on its website and forms part as annex to this report.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

In accordance with Section 7(2) of the Central Water Authority Act 1971 the Board comprises six (6) members:

- a Chairperson;
- a representative of the Ministry responsible for the subject of finance;
- a representative of the Ministry responsible for the subject of energy;
- a representative of the Ministry responsible for the subject of labour and industrial relations; and
- two (2) members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, appointed by the Minister.

In line with Section 7(3) of the CWA Act, every ex-officio member shall remain a member for as long as he holds the office by virtue of which he became a member and every appointed member shall hold office for not more than 2 years but shall be eligible for reappointment.

As per Section 7(4) of the CWA Act, the Chairperson shall be appointed by the Minister on such terms and conditions as he thinks fit.

As per Section 12 of the CWA Act, the General Manager shall attend every meeting of the Board and may take part in its deliberations but he shall not be entitled to vote on any question before the Board.

As per Section 14 of the CWA Act, the General Manager shall:

1. be appointed by the Minister on such terms and conditions as he thinks fit;
2. act in accordance with such directions as he may receive from the Board or any delegate appointed by the Board under Section 17 of the said Act.



Board Composition

(a) The **Central Water Board** comprised as hereunder from **01 July 2019 to 02 April 2020**:

Chairperson	Gaston François Desmarais
A representative of the Ministry responsible for the subject of finance	Sadhna Appanah (Mrs) Hemnish Urdhin [Alternate Member]
A representative of the Ministry responsible for the subject of energy	Devika Moosoohur (Mrs)
A representative of the Ministry responsible for the subject of labour and industrial relations;	Prakash Beekawoo Vijay Kumar Mudhoo [Alternate Member]
Two (2) members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, appointed by the Minister.	Geean Mahadeea Jagadhambal Ratna Vydelingum

The appointments of **Mr. G.F. Desmarais**, Chairperson, and **Mrs J.R. Vydelingum**, Member of the Central Water Board were renewed for a further period of six (6) months with effect from **03 October 2019**.

(b) In accordance with Section 7 of the Central Water Authority Act, the Deputy Prime Minister, Minister of Energy and Public Utilities, has re-constituted the Board of the Central Water Authority for a period of two (2) years with effect **from 22 May 2020**, as hereunder:

Chairperson	Geean Mahadeea
A representative of the Ministry responsible for the subject of finance	Sadhna Appanah (Mrs)
A representative of the Ministry responsible for the subject of energy	Devika Moosoohur (Mrs)
A representative of the Ministry responsible for the subject of labour and industrial relations;	Prakash Beekawoo
Two (2) members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, appointed by the Minister.	Jagadhambal Ratna Vydelingum (Mrs) Vishnoo Gopaloodoo

PROFILE OF BOARD MEMBERS

CHAIRPERSON

Mr. Gaston François Desmarais

Date of first appointment: April 2015

Appointment renewed for a further period of 2 years with effect from October 2017.

Appointment renewed for a further period of six (6) months with effect from 03 October 2019.

Mr. Desmarais graduated from the Institut d'Etudes Politiques de Paris in 1978. He also followed a programme for Management Development (PMD 57) at the Harvard University in 1989.

He has a wide experience in the private sector for having spent 33 years at Ireland Blyth Ltd (IBL). He joined IBL in 1979 as Co-ordinator Commercial Division and had occupied several posts at Management / Top Management Level – Assistant Manager, Manager, Associate Director.

In 1993, he was appointed as Executive Director Board of Management at IBL where he was in charge of the Commercial Division.

Following the re-engineering of the Group in 2004, he was appointed Chief Operations Officer of Large Projects Property & Services. From 2004 till his retirement on 31 December 2012, he led major projects and strategic partnerships in the field of Real Estate Development and Public Utilities – water, sanitation, waste management, power generation and water treatment.

Mr. Geean Mahadeea

Board Member :

Appointed as Chairperson with effect from 22 May 2020.

Certificate in Draughtsmanship and Design Principles (Mechanical and Electrical Engineering);
Teacher's Diploma (Industrial Arts)
Educator since 1969
Union Leader (UPSEE)
Deputy Mayor (Town Council of Beau Bassin / Rose Hill) -1991

During the year under review he was also Board Member of the Mauritius Examination Syndicate.

BOARD MEMBER RESPONSIBLE FOR THE SUBJECT OF ENERGY

Mrs. Devika Moosoohur

Date of Appointment: 14 September 2016.

She holds a BSc (Hons) Degree in Business Administration. During the year under review she was the Assistant Permanent Secretary at the Ministry of Energy & Public Utilities.

- She was also a Board Member of the Board of Irrigation Authority.

BOARD MEMBER RESPONSIBLE FOR THE SUBJECT OF FINANCE

Mrs. Sadhna Appanah

Date of Appointment: 18 February 2016.

She holds a Master Degree in Business Administration (MBA) Finance with Distinction from the University of Leicester, UK and a BA Hons in Economics and Management Studies from the Napier University, Edinburgh.

During the year under review, she was Lead Analyst at the Ministry of Finance, Economic Planning and Development.

- She was also a Board Member on the Board CEB Facilities Co. Ltd and National Real Estate Ltd.

BOARD MEMBER RESPONSIBLE FOR THE SUBJECT OF LABOUR & INDUSTRIAL RELATIONS

Mr. Prakash Beekawoo

Date of Appointment: September 2019.

Deputy Permanent Secretary, Ministry of Labour, Industrial Relations and Employment.

APPOINTED MEMBERS

Mr. Geean Mahadeea

First Appointment: 05 February 2016 for a period of 2 years.

Appointment renewed for another period of 2 years with effect from February 2018.

He has a wide teaching experience in the field of Design & Technology in Secondary Schools in Mauritius and Seychelles.

He is also a Member on the Board of Mauritius Examination Syndicate (MES).

Mrs. Jagadhambal Ratna Vydelingum

Date of Appointment: 03 October 2017;

Appointment renewed for a further period of six (6) months with effect from 03 October 2019.

Mrs. Vydelingum has a long career in the Civil Service. She joined the Civil Service as Clerical Officer in 1965.

She moved to the Income Tax Department in 1972 as Junior Assessor and was appointed Assistant Commissioner of the Income Tax Department in 1994 till 2003.

From 2003 to 2016, she was a Member of the Assessment Review Committee.

She holds a Diploma in Public Financial Management & Accounting.

Mr. Vishnoo Gopaloodoo

Appointed with effect from 22 May 2020.

Chartered Institute of Logistics and Transport

National Transport Authority

1984 – 2002 – Senior Planning Assistant

2002 – 2013 – Assistant Transport Planner

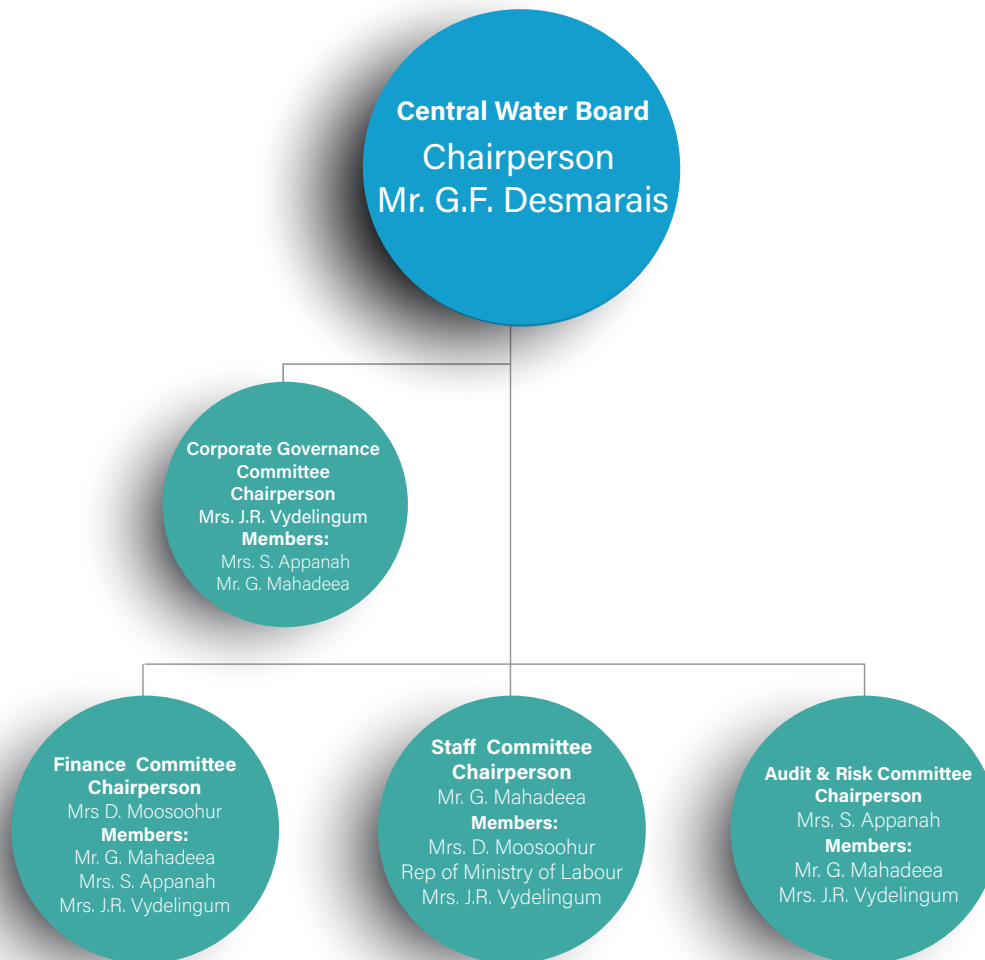
Member of the Medical Council – 2015 – 2017

Municipal Councillor – Municipality of Quatre Bornes – since 2017

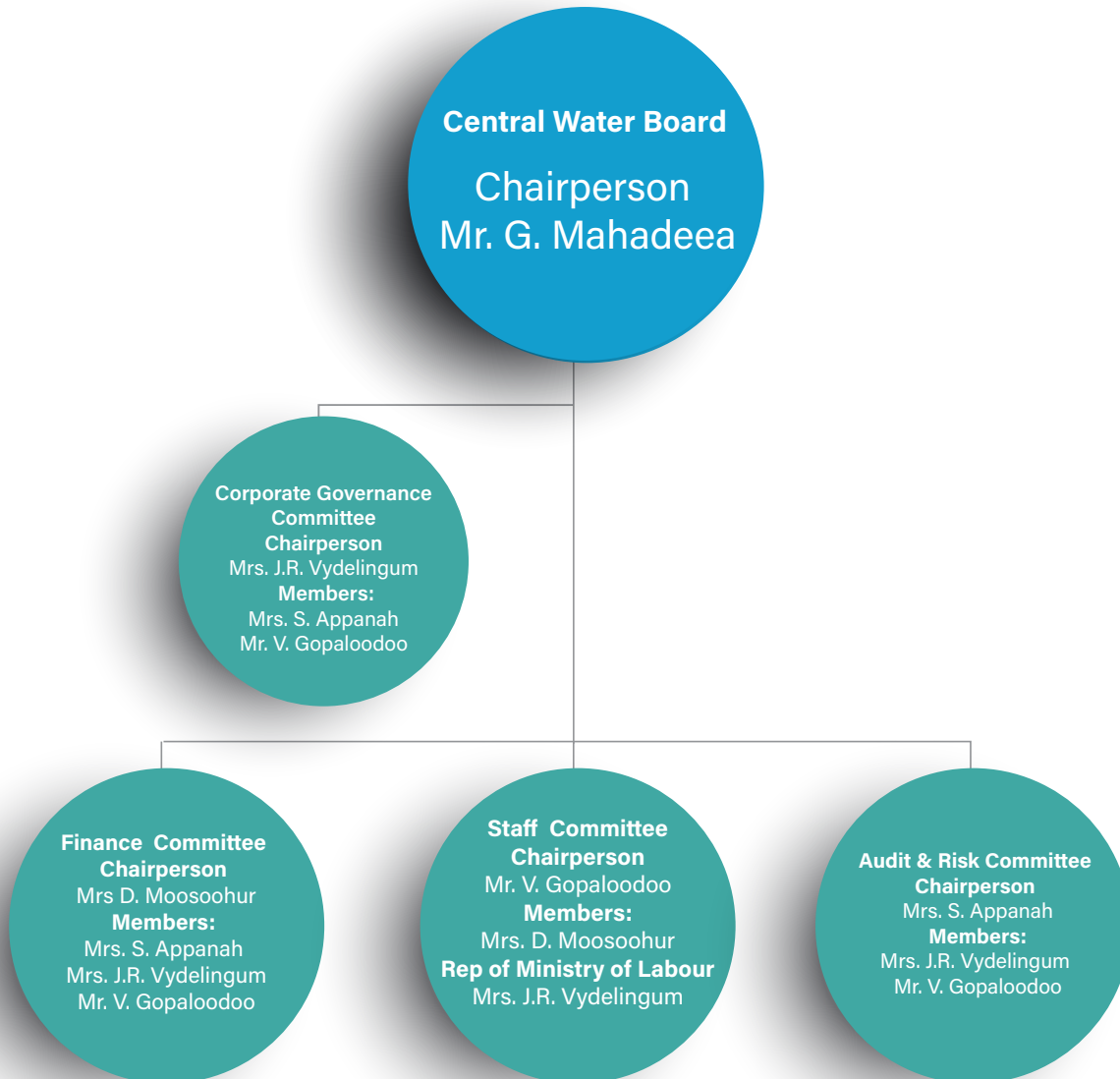
BOARD COMMITTEES

As a focal point of the corporate governance system, the Board is aware that it is ultimately responsible and accountable for the performance and affairs of the organization. However, with a view to enabling the directors in discharging their duties through a more comprehensive evaluation of specific issues, the Board has set up a structure of Board Committees. Each Board Committee operates under defined Terms of Reference whereby attention is given to specific issues pertaining to finance and procurement, human resources, audit and risk management and corporate governance. The Board Committees, comprising only members of the Board, are advisory in nature and recommendations are submitted to the Board for approval. The Chairperson of the Board did not chair any of the Board Committees.

The structure of the Board and Board Committees up to 02 April 2020 as follows:



The structure of the Board and Board Committees as from 22 May 2020 as follows:



FINANCE COMMITTEE

The Finance Committee assists the Board with respect to all financial aspects, procurements and expenditures above the General Manager's financial authority and since June 2018 monitoring of progress of capital projects of the Project Management Office.

Role and responsibilities

The main responsibilities of the Finance Committee include:

- Reviewing the Authority's financial policies, strategies and make recommendations to the Board on issues discussed at level of the committee;
- Considering and assessing the recommendation/s of the Procurement Committee (PRC) and the Departmental Bid Committee (DBC) in respect of procurements / expenditures exceeding the financial authority of the General Manager and make recommendation/s to the Board for approval / award;
- Examining the Authority's annual Budget, Cash Flow Statements and other related issues and to make recommendation/s to the Board;
- Monitoring the progress of capital projects of the Project Monitoring Office with a view to ensuring that same are on schedule;
- Discussing and recommending remedial actions as proposed by Management to major issues and bottlenecks affecting the smooth implementation / progress of projects.

As per the Committee Charter:

- The Finance Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.
- The General Manager, The Chairperson of the Procurement Committee (PRC) and the Chairperson of the Departmental Bid Committee (DBC) shall be in attendance.
- The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.
- The Committee shall meet at least once a month.

More information on the Finance Committee can be obtained on the Finance Committee Charter on the CWA's Website.

STAFF COMMITTEE

The Staff Committee assists the Board on matters relating to, inter-alia:

- Human Resource Strategies
- Selection and Appointment
- Remuneration and Performance Management
- Training and Development
- Industrial Relations.

Role and responsibilities

The main responsibilities of the Staff Committee include:

- Reviewing the Authority's HR policies, strategies and make recommendations to the Board on issues discussed at the level of the committee;
- Conducting interviews and making recommendations for recruitment to the Board;
- Reviewing the recruitment and selection procedures and making recommendation for approval by the Board;
- Examining the Authority's Training Plan and HR budgetary requirement and other related issues and to make recommendation/s to the Board;
- Considering and recommending the participation of CWA officers in overseas trainings / seminars / workshops.
- Examining and making recommendations on policies relating to retention of employees within the Authority.

As per the Staff Committee Charter:

- The Committee shall comprise a minimum of four (4) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.
- The General Manager, The Deputy General Manager (Administration) and the HR Director shall be in attendance.
- Any Officer as may be delegated by the HR Director shall act as Secretary to the Committee.
- The Committee shall meet at least once a month.

More information on the Staff Committee can be obtained on the Staff Committee Charter on the CWA's Website

AUDIT & RISK COMMITTEE

The Audit, Risk Committee assists the Board in discharging its responsibilities and duties in relation to specific matters pertaining to financial reporting process, internal controls, internal audit function, external audit, risk governance, risk frameworks, risk management practices and policies.

Role and responsibilities

The main responsibilities of the Audit & Committee include:

- Examining and reviewing the quality and integrity of the annual financial statements focussing on the under mentioned points, prior to submission and approval by the Board;
- Keeping under review the adequacy and effectiveness of the organisation's systems of internal control;
- Reviewing and approve the charter of the internal audit division and ensure the said division has the necessary resources and access to information to enable it to fulfil its mandate;
- Meeting regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.
- Overseeing the development of an effective risk management framework for the organization by implementing rigorous internal processes and controls which identify, monitor, measure and report different types of risk.
- Review the principal risks, including, strategic, financial, operational, compliance, reputational risks and actions taken to mitigate them.

As per the Audit & Risk Committee Charter:

- The Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.
- The General Manager, The Head of Internal Audit and other Head of Divisions / Officers (as and when required) shall be in attendance.
- The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.
- Meetings shall be held at least quarterly, or more frequently as circumstances require.

More information on the Audit & Risk Committee can be obtained on the Audit & Risk Committee Charter on the CWA's Website.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee assists the Board with respect to Corporate Governance matters and Ethics.

Role and responsibilities

The main responsibilities of the Corporate Governance Committee include:

- Developing and recommending to the Board a corporate governance framework and a set of corporate governance guidelines.
- Reviewing and evaluating the implementation of the corporate guidelines within the organization.
- Periodically reviewing and evaluating the effectiveness of the organisation's Code of Conduct and Ethics.
- Ensuring that an adequate process is in place for the board and senior management to be in compliance with the organisation's Code of Conduct and Ethics.
- Reviewing the position descriptions of the chairperson, board committee chairs and recommend any amendments to the board.
- Reviewing and recommending the implementation of structures and procedures to facilitate the board's independence from management.
- Monitoring and evaluating the functioning of committees and make any recommendations for any changes including the creation and elimination of committees.
- Developing charters for any new committees established by the board and review the charters of each existing committee and recommend any amendments to the charters.
- Overseeing the evaluation of the board as a whole, its committees and individual directors. If the evaluation is being conducted internally, oversee board performance and report annually to the board with an assessment of the board's performance.
- Ensuring that an adequate process is in place for the board and senior management to comply with the Mauritian Code of Corporate Governance.

As per the Corporate Governance Committee Charter:

- The Committee shall comprise a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.
- The General Manager shall be in attendance.
- The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.
- The Committee shall meet at least quarterly.

More information on the Corporate Governance Committee can be obtained on the Corporate Governance Committee Charter on the CWA's Website.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

Appointment of Board Members are in accordance with Section 7 of the Central Water Authority Act.

- The Chairperson is appointed by the Minister on such terms and conditions as he thinks fit;
- Two (2) members with experience in agricultural, industrial, commercial, financial, scientific or administrative matters, are appointed by the Minister and hold office for not more than 2 years but are eligible for re-appointment.
- Every ex-officio member remains a member for as long as he holds the office by virtue of which he became a member and every appointed member As per Section 17 of the CWA Act:

→ the Board may, subject to such conditions as it thinks fit, delegate to the Chairperson all or any of its powers, functions and duties, except the power to invest and borrow money;

→ the Chairperson, may with the approval of the Board, delegate in writing to the General Manager or to any other office any power delegated to him.

Director Duties, Remuneration and Performance

Director Duties

The Board Directors are aware of their legal duties and responsibilities and may seek independent legal advice, at the expense of the Authority, in respect of any aspect of their duties and responsibilities in line with the Board and Board Committee Charter. The representative of the Parent Ministry on the Board (who acted as Chairperson of the CWB from 08 – 22 November) together with the Board Secretary and the Chief Internal Auditor attended a 4-Day Masterclass on '**Advanced Board Leadership & Corporate Governance Excellence**' during the month of November 2019.

Conflict of Interest

The Chairperson ensures that Board Members disclose any conflict of interest issue that the latter may have pertaining to any specific matter. Disclosure of Conflict of Interest is the first item on the agenda for Board and Board Committees. In instances of an actual or potential conflict, the Director concerned withdraws himself / herself from the meeting for that specific matter and the aforesaid Director does not participate in the debate / deliberation of the Board for that specific matter.

Declaration of Conflict of Interest issues by Board Members are duly recorded in the Minutes of Proceedings of the Board / Board Committee meetings.

At the Board meeting of **03 October 2019, Mrs. S. Appanah**, CWB Member, being also a Board Member of CEB Facilities Board, declared her interest and withdrew herself from the meeting when the issue of 'Review of Charges for CEB Facilities' was being discussed.

Information, Information Technology and Information Security Governance

The Board is fully aware of its responsibility to oversee information governance within the Authority. The Board has given its full support to the IT Business Model Strategic Direction as IT forms an integral part of CWA's environment. The need for a clear strategic direction in Information Technology is imperative for CWA to meet the expectations of its stakeholders in general. Our technological drive is geared towards the improvement of service delivery to maximize customer and employee satisfaction.

To ensure a stable and secure network system, all CWA Staff are required to abide to the established rules and regulations. The usage of the Internet and E-mail is subject to some terms and conditions - any new employee of the CWA is required to sign the Internet/Email Usage Agreement which enlists all the policies governing Internet and Email Usage. Likewise, new employees

are also made to sign the Information Technology Resources Usage Agreement for rules pertaining to usage of IT Resources at the CWA.

Board Information

We endeavour to ensure that the Board Directors / Directors of Board Committees be supplied with information in a timely manner to ensure that the latter have sufficient time to take cognizance of the contents to facilitate discussion / decision taking at the level of the Board / Board Committees. As far as possible, the agenda and relevant documents are made available to Board Directors at least 3 days prior to the schedule date of the meeting.

The agenda and Board Papers are uploaded / published on BoardPad system by the Secretary. Board Members can access these documents on the system by a click of a button on their iPad (each Board Member has been allocated an iPad for that purpose). The Board has ensured also that Board Members have access to independent professional advice at the organisation's expense in cases where the latter deems it necessary for discharging their responsibilities as directors. Board Members can contact CWA's legal adviser/s directly or through Management (after consultation with the Chairperson).

Since 01 January 2019, the CWA has taken a Director's and Officers Liability Insurance Cover for all its Board Directors and Officers to the extent that the said cover indemnifies them for civil or criminal defence costs, legal representation expenses, damages, judgments and settlements on account of claims in connection to their duties and responsibilities during their tenure of office. The said Insurance Cover has been renewed for another period of one (1) year with effect from **01 January 2020**.

Board Evaluation & Development

Board evaluation has not been undertaken for the FY 2019/20. However, the Board recognizes the importance of such exercise in determining the strengths and addressing the weaknesses of the Board pertaining to specific areas and to address the gap identified.

Remuneration of Directors

In line with the CWA Act, Board members are remunerated in the General Fund as the Minister may determine. The amount paid to each Board Member (including the Chairperson) is duly disclosed in our Annual Report.

Board members are remunerated from the General Fund as the Minister may determine.

The monthly fee payable to the Chairperson was **Rs 90,000/-**.

Board Members were paid a monthly fee of **Rs 10,000/- and Rs 6,000/-** for attending Board meetings and Board committees irrespective of the number of sittings.

Members who act as Chairperson of a Board Committees are entitled to an additional fee of **Rs 2,000** for each meeting they are called upon to chair.

As regards interview exercise, the Chairperson was paid a fee of **Rs 1,200** per sitting while Members were paid a fee of **Rs 700** per sitting.

During the period under review, the fees (net of PAYE) paid to the Chairperson and Board Members for attendance at Board and Board Committee meetings amounted to **Rs 1,905,157/-**.

Attendance of Board Members (Board and Board Committees) and their remuneration during the period 01 July 2019 to 30 June 2020 are detailed below:

Board Members	No. of Meetings	Board Meetings			Board Committees			Remuneration (Net of PAYE) (Rs)
		CWB	FC	SC	Interview	ARC	CGC	
Mr. G. F. Desmarais (Chairperson – up to 02 April 2020)	11	-	-	-	-	-	877,403	
Mr. G. Mahadeea (Chairperson – as from 22 May 2020)	2						112,644	
Representative of Ministry of Energy & Public Utilities								
Ms. D. Moosoohur	12	9	11	7			189,890	
Dr. D. Kawol	1	1					13,950	
Representative of Ministry of Finance & Economic Development								
Mrs. S. Appanah	11	9			4	1	152,150	
Representative of Ministry of Labour, Industrial Relations & Employment								
Mr. P. Beekawoo	3						26,690	
Mr. V. K. Mudhoo (alternate)	7		4				67,065	
Mrs. A. Imrith (alternate)		-	1	8			11,050	
Mr. V. Ramchurn (alternate)			2	17			23,035	
Mr. A. Sham				3			2,125	
Appointed Members								
Mr. G. Mahadeea	11	8	11	41	4	0	240,210	
Mrs. J.R. Vydelingum	10	8	9	13	2	1	159,035	
Mr. V. Gopaloodoo	2	2	1				29,920	
TOTAL							1,905,157	

FC : Finance Committee | SC: Staff Committee | ARC: Audit & Risk Committee | CGC : Corporate Governance Committee

Dr. D. Kawol, Permanent Secretary of the Ministry of Energy and Public Utilities attended the Finance Committee and Central Water Board of July 2019 in replacement of **Mrs. D. Moosoohur** since the latter was on overseas leave;

The Finance Committee of **17 July 2019** was chaired by **Mrs. S. Appanah** since Mrs. D. Moosoohur was on overseas leave.

Mrs. D. Moosoohur, representative of the Ministry of Energy & Public Utilities, acted as chairperson during the overseas leave of Mr. G.F. Desmarais from **08 to 22 November 2019**;

Mr. G. Mahadeea, Appointed Member, acted as chairperson during the overseas leave of **Mr. G.F. Desmarais** from **13 to 27 March 2020**.

No meetings were held during the month of March and April 2020 due to the lockdown period – Covid 19 pandemic.

Risk Governance & Internal Control

The Board has the overall responsibility for the Authority's system of risk management and internal controls as well as for the assessing of their effectiveness. 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 Authority's consolidated accounts.

To ensure that the Internal Activities are effectively managed and add value to the organization, the Internal Audit Plan which was prepared to address areas of risks in the different cycles, was approved by the Board at its meeting of 31 July 2019 on the recommendation of the Audit & Risk Committee.

An Audit & Risk Committee has been set up to assist the Board in discharging its responsibilities pertaining to, inter alia, Risk Management and Internal Control. Matters pertaining to Risk Governance and Risk mitigation and Internal Control system are discussed thoroughly at the level of the Audit & Risk Committee and recommendations made to the Board for approval.

Risk Governance

The Board is very much concerned about risks, as the world becomes more complex and the velocity of change increases. Hence a structured way of thinking about risk management, that is an Enterprise Risk Management (ERM), has been developed by the Internal Audit Division.

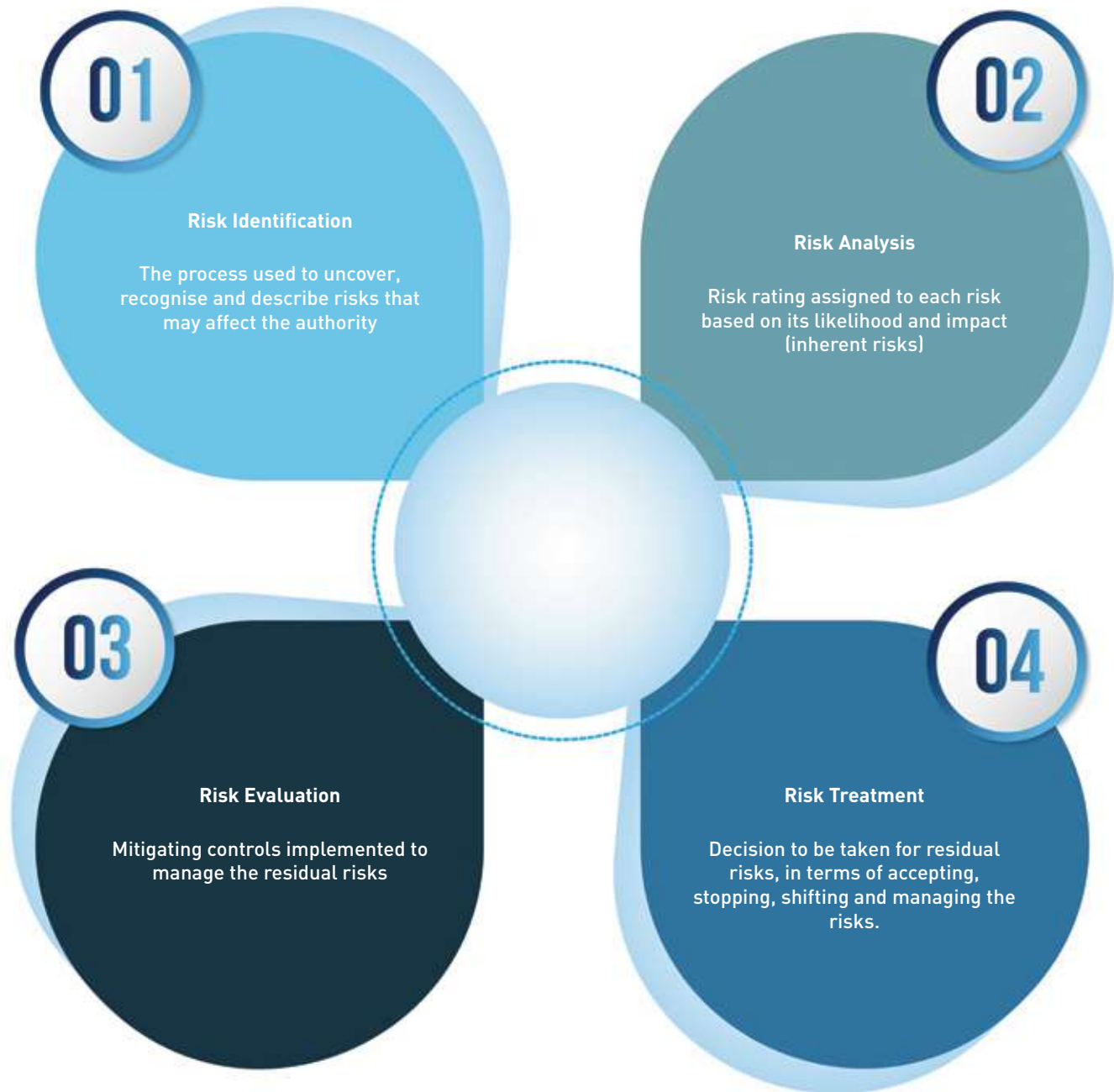
Moreover, as per the requirement of the Code of Corporate Governance of Mauritius paragraph 5.1.3 and 5.1.6:

"The Board is responsible for the **definition** of overall strategy for risk tolerance to **monitor** management and the **assurance process** on risk management and to take **corrective action** where and when deemed necessary."

"Management is **accountable** to the board for the design, implementation and detailed monitoring of the risk management process."

As such, with the implementation of an ERM, Management provides reasonable assurance to the Board that the risks are being properly managed.

The risk management process is summarized as follows:



Each identified risk was allocated in one of the following 7 Risk Categories:

1. Customer;
2. Financial;
3. Information Technology;
4. Legal and Regulatory;
5. Operational;
6. People; and
7. Other Business

After being identified, a risk rating was assigned to each risk base on its likelihood (that is probability of risk occurring) and impact. This inherent risk was calculated as Likelihood * Impact.

After assessing **inherent risks**, mitigating controls was implemented to manage those risks. Then, focus was laid upon **residual risks**, which is the risk that remains after the mitigating actions have been taken to manage the risk.

The total residual risks were further categorised **into critical, high, medium & low** (based on their scores). The total score (residual risks), category of risk and corrective actions were summarized in the following risk matrix table:

		IMPACT				
		Insignificant	Minor	Moderate	Major	Critical
L I K E L I H O O D	Rare	1 Low Accept the risk	2 Low Accept the risk	3 Low Accept the risk	4 Low Accept the risk	5 Low Accept the risk
	Unlikely	2 Low Accept the risk	4 Low Accept the risk	6 Medium Mitigating controls & monitor	8 Medium Mitigating controls & monitor	10 Medium Mitigating controls & monitor
	Possible	3 Low Accept the risk	6 Medium Mitigating controls & monitor	9 Medium Mitigating controls & monitor	12 High Action required & close monitoring	15 High Action required & close monitoring
	Likely	4 Low Accept the risk	8 Medium Mitigating controls & monitor	12 High Action required & close monitoring	16 Critical Urgent action required & close monitoring	20 Critical Urgent action required & close monitoring
	Almost Certain	5 Low Accept the risk	10 Medium Mitigating controls & monitor	15 High Action required & close monitoring	20 Critical Urgent action required & close monitoring	25 Critical Urgent action required & close monitoring

LOW
 MEDIUM
 HIGH
 CRITICAL

After evaluating the risks, they were treated accordingly (accept, stop, shift or manage the risks).

Management is further responsible to keep the risk register up to date with emerging risks and changes at all times and report on same to the Board accordingly. The different tasks, responsibilities for each and every party in ERM were also clearly defined and communicated to all parties.

Internal Control

Internal control is defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

The Board and operational management are responsible for the implementation of controls and the management and mitigation of risks. The Board is further assisted in its responsibilities by the Audit & Risk Committee which oversees the effectiveness of the Authority's internal control systems. In carrying out its duties, the Audit & Risk Committee receives regular reports from the Internal Audit Division (IAD).

The mission of IAD is to provide an independent, objective assurance and consulting activity, to add value and improve CWA's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Using COSO* model for evaluating internal controls effectiveness and adequacy, the Internal Audit review was performed with the following broad objectives:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts

*COSO stands for Committee of Sponsoring Organizations of the Treadway Commission (COSO) who has developed a model for evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control. Our Internal Audit approach is in line with the approved Internal Audit Charter and was conducted in accordance with the International Professional Practices Framework issued by the Institute of the Internal Auditors. Our assurance function comprises mainly internal audit services which helps towards strengthening the internal control environment.

An internal audit plan was also prepared to address areas of risks by ensuring that appropriate methods, techniques, and processes are employed during the audit. Internal audit resources were deployed to address the following 3 main areas at the Authority:

- Revenue which will comprise audits and actions geared towards giving assurance on completeness and accuracy of sales
- Costs, aiming towards ensuring there is no misappropriation of public funds and resources
- Others (e.g. financial statements, policies and procedures)

To further ensure quality and consistent audit results, the Internal Audit Division has developed a methodology that links internal

auditing to the Authority's overall risk management framework (Risk Based Internal Auditing). In this way internal audit provides reasonable assurance to the board that risk management processes are managing the risks effectively.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Board is responsible for the preparation of accounts that fairly present the state of affairs of the organisation.

The Board ensures that in the preparation of the Financial Statements, the Authority has:

- maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority;
- ensured that the financial statements provide an integral and transparent state of affairs, Income and Expenditure Account and cash flows of the Authority;
- selected suitable accounting policies and applying them consistently;
- safeguarded the assets of the Authority by maintaining appropriate internal control systems and procedures;
- taken reasonable steps to prevent and detect fraud and any other irregularities;
- prepared same on a going concern basis;
- made judgments and estimates that are reasonable and prudent.

The Board ensures that there is strict compliance as regards the statutory deadline for submission of Annual Reports to the National Audit Office and the audited annual report shall be published on the Authority's website.

Health & Safety

The Authority firmly believes that the security and health of its employees are sine qua non obligation. As a caring employer, CWA is committed to providing and maintaining a healthy, safe and secured working environment for its employees as well as for its stakeholders in general. During the year under review, the Authority has continued its effort to create an ideal environment for health, safety and welfare of its employees.

Recognising that the operational activities involve permanent exposure to hazards and the safety of its employees is a constant concern, the CWA carried out Hazard Identification and Risk Assessment on all CWA sites on regular basis.

Moreover, in line with the requirements of the Occupational Safety & Health Act 2005, the following activities are undertaken:

- Safety & Health Committees are conducted every two months to look into all aspects health and safety pertaining to the Authority;
- Regular safety and health audit is undertaken on all CWA sites;
- Machinery inspection;
- Training of Safety & Health aspects;
- Yearly fire drill exercise on all major sites.

As per OSHA 2005, the following are undertaken by the Safety & Health Department of the CWA:

The recommended measures, inter-alia, provision of protective equipment, provision of safety signs, training programmes among others are duly implemented. These measures help to mitigate risks and provide safer working conditions that will undoubtedly help to reduce accidents, injuries and occupational illnesses.

Environmental Issues

In its quest to save energy and to protect our environment the CWA has initiated measures for improving energy efficiency and implementing energy saving measures across its organization.

- Some 15% of the total energy requirement at La Marie Water treatment Plant is produced from hydro generator;
- Some 10 kw of electricity is produced from Grid tie photovoltaic system installed at CWA Head-Office, St Paul;
- PV lighting system have also been installed at Head-Office and several reservoir sites;
- A contract for supply, installation and commissioning of Grid-Tie Solar Photovoltaic system at 12 CWA sites was awarded in October 2018. During the FY 2019/20, the system was fully operational on 10 sites. The yearly expected electricity cost saving is about Rs 1.2M.
- In line with the Energy Efficiency Act, CWA has initiated action for the commissioning of an Energy Audit on 12 sites. Procurement Proceedings were launched in end December 2019 / early 2020. The Energy Audit for the 12 sites are expected to be completed during financial year 2020/21.
- Other ongoing measures implemented by the Authority with a view to reducing its electricity cost include, installation of Variable Speed Drives and Power Factor Correction on various sites.
- It is worth noting also that Energy Efficiency Parameter are taken into account upon procurement of Pumps at the CWA.

Social Issues

In accordance with Schedule 13 Part 1 of the Training and Employment of Disabled Persons Board Act, an employer having a workforce of 35 or more workers should employ disabled persons representing 3% of the total labour force.

In the fulfilment of its responsibility to assist persons with disabilities to completely integrate the mainstream of society, the endeavours to ensure compliance with the aforesaid Act.

As at 30 June 2020, fourteen (14) disabled employees were in post in the Authority as compared to eleven (11) as at 30 June 2019 and five (5) as at 30 June 2018.

Political & Charitable Donations

During the period under review, no political and charitable donations were made.

PRINCIPLE 7: AUDIT

The Authority has an independent Internal Audit Division which reports functionally to the Audit and Risk Committee and administratively to the General Manager.

- A proper communication line has been established between the Chairperson of the Audit & Risk Committee and the Head of the Internal Audit Division of the Authority.

The responsibility of the Internal Audit Division is to evaluate and provide reasonable assurance that the risk management, internal process & control and governance systems are functioning as intended to achieve the Authority's goals and objectives.

With a view to ensuring that the Internal Activities are effectively managed and add value to the organization, the internal audit plan is developed based on prioritization of areas using a **risk-based approach**. The level of risk is assessed based on the operational activities carried out by the Authority, its funding requirements and the weaknesses identified during audit tests carried out in the past by Internal or External Auditors. Moreover, particular attention is also paid to those risks which are inherent by nature and an attitude of professional scepticism and judgmental approach is also adopted when different areas are selected to include in the Audit Plan so that appropriate recommendations can be made.

The Internal Audit Plan is discussed and approved by the Audit & Risk Committee on a yearly basis at the beginning of the Financial Year and is ratified by the Board.

The Chief Internal Auditor assumed duty with effect from **01 July 2019**.

Audit Committee & Auditors

The Board has established a formal arrangement through the Audit & Risk Committee to maintain an appropriate relationship with both the internal and external auditors.

The Management Letter for FY 2017/18 was discussed at the level of the Audit & Risk Committee. However, owing to Covid-19 pandemic and lockdown period, no meeting could be scheduled between the Audit & Risk Committee and the External Auditors.

PRINCIPLE 8: RELATIONS WITH KEY STAKEHOLDERS

With a view to ensuring a proper communication with the key Stakeholders, the Board decided to hold a meeting on an annual basis with Members of the Water Advisory Council – Committee which regroup all stakeholders in the water sector (representatives of local authorities – district councils and municipal councils – representative of Mauritius Chamber of Agriculture, representatives of CWA employees, other members appointed by the Minister)

- No meeting was held by the Board with the Water Advisory Council during the FY 2019/20.

Moreover, all major works that are being undertaken at the level of CWA with a view to improving the water supply situation in Mauritius are communicated to the major stakeholders (consumers) by way of media broadcasts, communiqués.

For transparency purpose, all major board decisions that are taken by the Board are uploaded on Communities and are easily accessible by all CWA employees.





STATEMENT OF COMPLIANCE

Name of PIE: Central Water Authority

Reporting Period: 30 June 2020

We, the Directors of Central Water Board, confirm that to the best of our knowledge, the Authority has not fully complied with the principles of the Code of Corporate Governance, for the reasons stated below:

Areas of non-compliance of the Code	Explanation for non-compliance
<p>Principle 2</p>	<p>Statutory Corporations and parastatal bodies should have a qualified Company Secretary or arrange to have one as soon as possible.</p> <p>The Secretary to the Board is qualified in line with his current Scheme of Service.</p> <p>However, the new Code of Corporate Governance, reference is made to the effect that Statutory Corporations and parastatal bodies should have a qualified Company Secretary or arrange to have one as soon as possible.</p> <p>CWA initiated procedure to appoint a Legal Officer who would also act as Secretary to Board.</p> <p>However, following Covid-19 all recruitment exercises were kept in abeyance.</p>
<p>Principle 3</p>	<p>SBs should evaluate their Board, committees and directors on a regular basis.</p> <p>No evaluation of the Board was undertaken during the FY 2019/20. The matter will be discussed at the level of the new Board on the way forward for FY 2020/21.</p>
 <p>A.K. Nilamber Chairperson Central Water Board</p>	 <p>S. Appanah Board Member Central Water Board</p>

Approved by the Central Water Board on 22 December 2020.



SENIOR MANAGEMENT

team

SENIOR MANAGEMENT TEAM

July 2019 to June 2020



GENERAL MANAGER

Dr. Yousouf Ismaël

(up to December 2019)



GENERAL MANAGER

Mr. Chandrassen Matadeen

(assigned duties as Chief Operations Officer wef August 2017 and General Manager wef December 2019)



**CHIEF ENGINEER
(PROJECT MANAGEMENT OFFICE)**

Mr. Dineshwar Lutchmun

Mr. Sewraj Busgeeth

(assigned duties as Chief Engineer wef August 2018)

Mr. Mitradev LOBIND

(assigned duties as Chief Engineer wef August 2019)



CHIEF ENGINEER (WR/OSS)

Mr. Sewkumarsing Dinassing

(assigned duties as Chief Engineer (WR/OSS) wef December 2017)



**MANAGER PROCUREMENT
& SUPPLY**

Mrs. Nazima Beebee Bhaukaurally



CHIEF ENGINEER (OPERATIONS)

Mr. Madhoochandra Lobind

(assigned duties as Chief Engineer - Operations - wef August 2017)



CHIEF FINANCIAL OFFICER

Mr. Outtum Issur



ADMINISTRATIVE MANAGER
Mr. Ramakrishna Neelaya



IT DIRECTOR
Mr. Dhanveersingh Juddoo



DIRECTOR COMMERCIAL SERVICES
Mr. Dhruv Sungkur



COMMUNICATION DIRECTOR
Mr. Yogesvara RAMDIN
(resigned as from 06 April 2020)



HUMAN RESOURCE
Ms. Madina Surfraz
(assigned duties as Human Resource Manager wef May 2019)



CHIEF INTERNAL OFFICER
Ms. Yousra Latmahomed



ECONOMIST / ANALYST
Mr. Atish Soobroydoo



TRANSPORT SUPERINTENDENT
Mr. Irfan Khodadeen
(assigned duties as Transport Superintendent wef November 2014)



OPERATIONAL *Review*



Spotlight on FY 2019/20

During the Financial Year 2019/20, we continued to deliver against our strategic objectives and progress on our journey from water production and distribution to all our subscribers as an essential service organisation. We have taken steps towards achieving this goal by further developing our capabilities across increase production, storage capacity and investing in water technology enabled services to support the rapidly growing demand of our domestic consumers. Besides, our shift towards business supply (Big Consumer Unit) was in line with our plans to expand our subscribers base to further sustain the fast-growing economic development of Mauritius.

Data for map

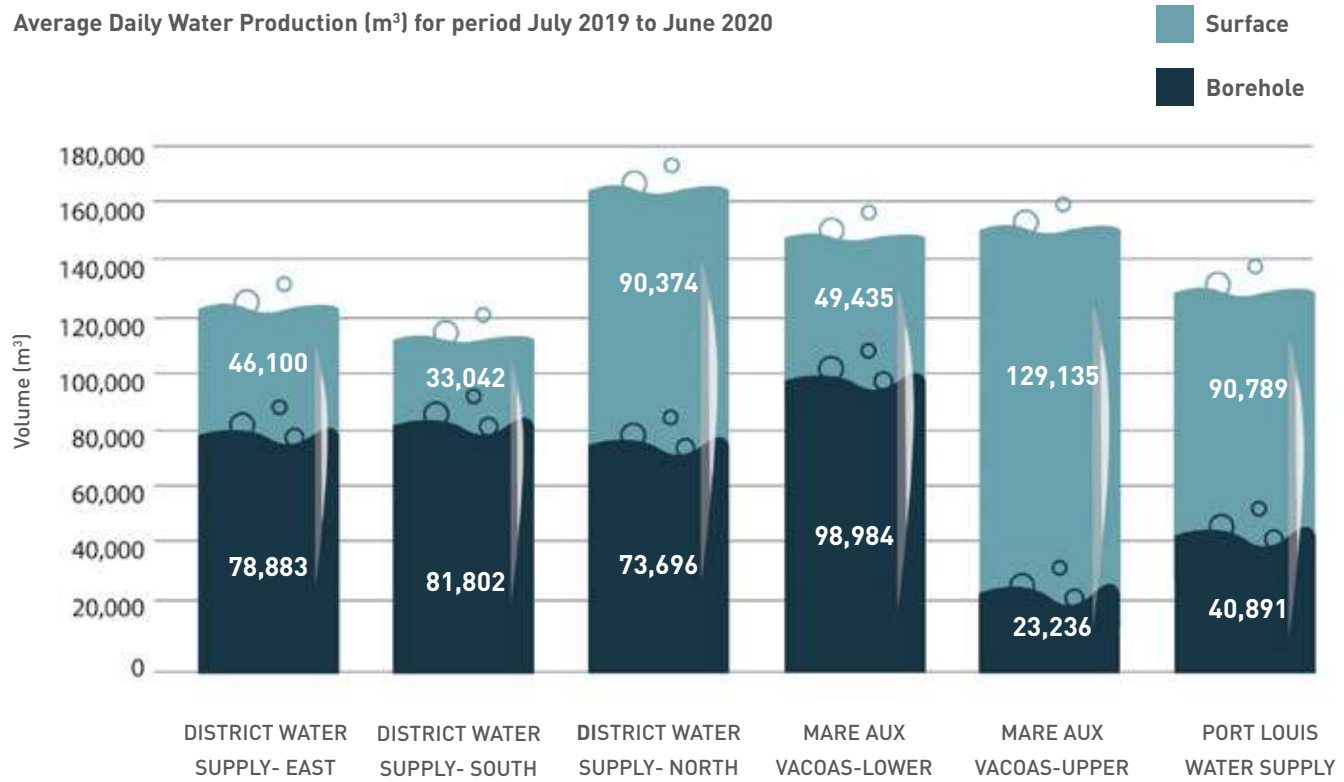
Data/Section	Port-Louis WS	DWS-North	DWS-East	DWS-South	MAV-Upper	MAV-Lower	Total
Length of Pipeline	609	1,263	702	758	867	1,008	5,207
No. of Service Reservoirs	15	18	10	20	17	23	103
No. of Boreholes	14	40	21	24	14	43	156
Subscribers	52,131	84,249	47,851	57,436	74,616	66,734	383,017

WATER PRODUCTION FIGURES

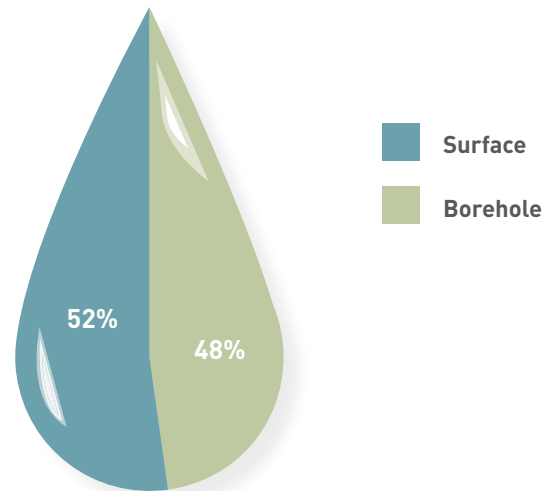
Total Water Production (m³), Financial Year 2018-2019

SECTION	2018-2019	2019-2020	2019-20 v/s 2018-19
DISTRICT WATER SUPPLY (NORTH)	57,298,352	59,846,320	4%
MARE AUX VACOAS - UPPER	53,594,319	55,595,822	4%
MARE AUX VACOAS - LOWER	47,633,101	54,136,592	14%
PORT LOUIS WATER SUPPLY	44,903,920	48,029,742	7%
DISTRICT WATER SUPPLY - EAST	43,050,283	45,601,733	6%
DISTRICT WATER SUPPLY - SOUTH	38,916,985	41,904,053	8%
GRAND TOTAL	285,396,960	305,114,262	7%

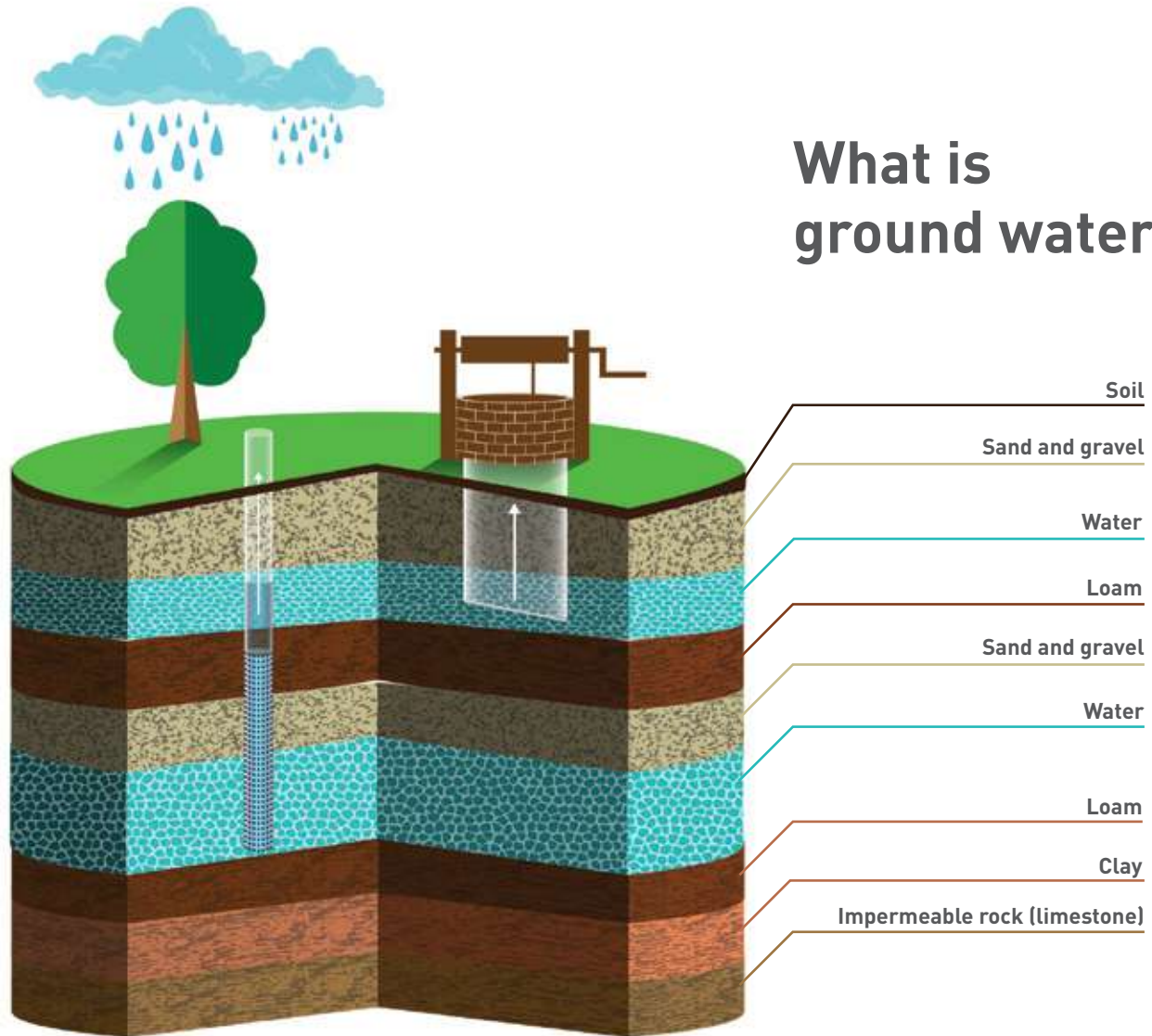
Average Daily Water Production (m³) for period July 2019 to June 2020



source of water



What is ground water?



WATER TREATMENT CAPACITY

The CWA is now treating an additional of 140,000 m³/day through our treatment plants, and boreholes representing an increase of almost 20% compared to 2015. Thus, since 2015, we have increased production from 670,000 m³/day to nearly 850,000 m³/day. This has been made possible through notably the installation of 21 Mobile Containerised Pressure Filtration Plants treating around 45,500 m³/day, the commissioning of Bagatelle Water Treatment Plant (60,000 m³/day) among others. Furthermore, to achieve the objective of supplying water round the clock and to cater for future demands, the CWA has embarked on the planning and implementation of the upgrading of 4 existing Water Treatment Plants and the construction of a New Treatment Plant; in view to increase production of treated water as shown in the table below:

Existing Water Treatment Plant	Proposed Capacity (m ³ per day)
La Nicolière WTP *	100,000
Riviere du Poste WTP*	15,000
Piton du Milieu WTP	50,000
Mont Blanc WTP	15,000
New Water Treatment Plant Pont Lardier WTP	15,000
Total	195,000

PROJECT MANAGEMENT

COMPLETED PROJECTS

SN	Contract Description	Type of Project	Pipeline as per Contract (Km)	Contract Value (Rs M Excl VAT)
1	Construction of Bagatelle WTP (60,000 m ³ /day)	Other	0	890,600,000
2	New Intake along La Flora River and Associated Pipeline	Pipeline & Intake Structure	1.5	52,300,000
3	Crossing of Motorway at Trianon	Other	0	9,700,000
4	Emergency Procurement for Pipelaying work from Bagatelle WTP to River Terre Rouge	Pipeline	0.8	7,000,000
5	Construction of MSU Shed at La Cure Central Store	Other	0	28,100,000



Bagatelle Water Treatment Plant

Bagatelle Water Treatment Plant has a treatment capacity of 57,000 m³/d and treats water from Bagatelle Dam which has a total capacity of 14.76 Mm³. The treatment lines include processes such as ozone contact, coagulation, flocculation, dissolved air floatation (DAF), rapid gravity sand filtration, chlorine disinfection and mechanical sludge thickening.

Ozone

The plant generates ozone from the air. The Ozone is used to break down complex organic solids in suspension in the raw water. An example of these solids are micro-algae. The plant includes 3 ozone generators and 1 ozone contact tank as well as an ozone destroyer in case of leakage.

Coagulation and flocculation

The deactivated algal cells and other organic matter are agglomerated through conventional physico-chemical coagulation and flocculation. The plant has been designed to use Aluminium Sulfate as coagulant. Same is being used at other major plants, including La Marie and Pailles.

Dissolved Air Floatation (DAF)

Due to the buoyancy of the flocs which are rich in organic matter, the DAF units allow for efficient removal of the solids from surface collection instead of conventional gravity settling.

Rapid gravity sand filtration

The clarified water is then filtered through conventional rapid gravity sand filters prior to disinfection. The plant includes 6 filters.

Disinfection

Chlorine gas is used for disinfection of the treated water, which is then stored for distribution. A chlorine scrubber is present for safety purposes.

Sludge treatment

Unlike other CWA water treatment plants, Bagatelle Water Treatment Plants includes mechanical sludge de-watering using a belt press. This allows for more efficient sludge cake production while the water removed is sent to the wastewater network.

Water Quality

The plant has been designed to produce water which exceeds the quality prescribed by the Ministry of Health as well as the World Health Organisation (WHO).

Distribution

The plant is currently producing about 34,000 m³/d of water, which is being distributed to Rose Hill and Port Louis. During the design life of the plant, production will increase to 57,000 m³/d.

ONGOING PROJECTS

DURING FY 2019-2020

SN	Contract Description	Type of Project	Year Started	Year Completed	Pipeline as per Contract (Km)
1	Construction of MSU Shed at La Cure Central Store	Other	2018	2020	0
2	Construction of Pipeline from Bagatelle WTP to Belle-Rose and Rose-Hill	Pipeline	2016	2020	14
3	Construction of a new Pumping Station at Plaine Lauzun	Other	2018	2020	0.25
4	Replacement of Pipeline in Roches Noires and Plaine des Roches region	Pipeline	2018	2020	15
5	Improvement of Rivière du Rempart Distribution Network	Pipeline	2017	2020	14.3
6	Upgrading of Pumping Station and Construction of Pumping Mains at Rivière du Rempart	Pipeline	2018	2020	17
7	Renewal of Pipeline in Plaine Magnien	Pipeline	2017	2020	5.7
8	Renewal of Pipeline from Alma Reservoir to Malinga	Pipeline	2018	2020	8.8
9	Plaine Verte- Cité Martial Pipeline- Phase 1	Pipeline	2018	2021	9
10	Roche Bois- Abercrombie Pipeline- Phase 1	Pipeline	2018	2020	9
11	Leg 3 - Upgrading Works in the Pierrefonds System - Upgrading of Distribution Mains in Coromandel, Gros Cailloux and Canot Areas	Pipeline	2016	2020	6.5
12	Upgrading of Distribution Mains in the regions of Laventure.	Pipeline	2017	2020	9.23

13	Improvement of Water Supply in Lallmatie, Bon Accueil & Pont Blanc Areas	Pipeline	2017	2020	18
14	Replacement of CWA Pipelines in Rose Hill and adjoining areas - Zone 1	Pipeline	2017	2020	12.2
15	Replacement of CWA Pipelines in Rose-Hill and adjoining areas - Zone 2	Pipeline	2017	2020	15.1
16	Pipeline from Montagne Fayence to Ecroignard	Pipeline	2018	2020	12.15
17	New Intake along La Flora River and Associated Pipeline	Pipeline	2018	2020	1.5
18	Construction of Steel Service Reservoir at Montagne Fayence & Alma supply and installation of steel tank of capacity 3000 m ³ and associated works.	Other	2019	2020	0
19	Construction of new WTP at Pont Lardier (GRSE/DRBC)- Consultancy Services	Other	2019	2020	0
20	Consultancy services for the upgrading of Mont Blanc WTP and Piton Du Milieu WTP	Other	2019	2020	0
21	Rehabilitation of Sedimentation Unit at La Marie WTP	Other	2015	2020	0
22	Construction of Footbridge at John Kennedy Rd	Other	2019	2020	0
23	Renewal of Pipeline along Belle- Rose Avenue, Quatre Bornes	Pipeline	2019	2020	1.4
24	Renewal of service main from Malakoff to Trois Boutiques and adjoining areas.	Pipeline	2019	2020	4.7
25	Pipelaying works from Salazie to Les Mariannes	Pipeline	2019	2020	5
26	Renewal of Pumping Main from La Marie WTP to La Brasserie Reservoir	Pipeline	2019	2020	6
27	Construction of a service reservoir at Rivière Dragon	Other	2019	2020	0
28	Construction of Raw Water pipeline from La Nicolière Reservoir to La Nicolière WTP	Pipeline	2019	2020	0.5
29	South Western Coast Project - Phase II	Pipeline	2019	2020	7.2
TOTAL					193

DRAWING OFFICE

The Drawing Office, under the Project Management Office (PMO) is responsible to provide all drawings related to engineering designs to allow preparation of Tender Documents. Support is also provided in terms of design works for graphics such as PowerPoint Presentations, posters, banners, billboards, invitation cards, programmes and visiting cards for several events within the authority where the staffs are always motivated in participating in the organization crews.

Moreover, site surveys are carried out regarding GIS project and civil works to get precise information near to daily basis.

As a result, the Drawing Office is capable in generating drawings of high quality within the required time frame to the Management needs.

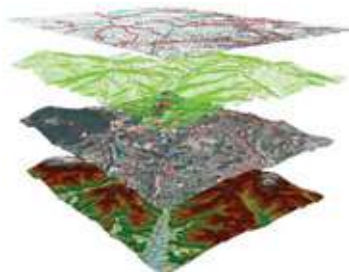


Our in-house office comprising experienced Technical Design Officers who are qualified across the following disciplines:

- Structural Steel/Structural Concrete
- Above ground Storage Tanks
- Electrical
- GIS
- Pipelines

Our experience offers the following services:

- Conceptual designs
- Animations
- Detailed fabrication and construction drawings
- As – Built drawings
- Process flow diagrams
- Process and instrumentation diagrams
- Electrical diagrams GNSS Survey
- Geolocation for all CWA pipelines



Our comprehensive range of services enables us to provide good quality drawings by utilizing the following software:

- AutoCAD
- ArcGis

Our passion for draughting inspires us to regularly upgrade to the latest software, resulting in cost effective designs in accordance with International standards.

A hand is shown in the foreground, pointing towards a network diagram. The diagram consists of several circular icons, each containing a stylized human figure. These icons are connected by thin lines, forming a network. The background is a blurred image of a person's face, suggesting a focus on human resources. The overall color scheme is blue and white.

HUMAN RESOURCES

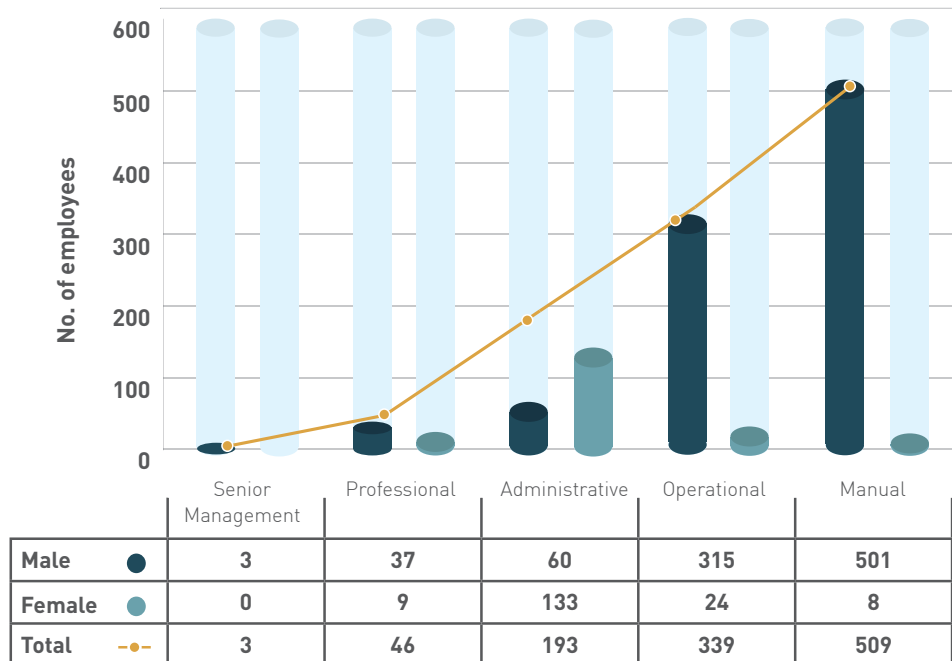
The Human Resources Division plays a vital role at the Central Water Authority. It performs human resources management, overseeing various aspects of employment such as compliance with labor law and employment standards, administration of employees' benefits, organizing of employees' files with the required documents for future references and some aspects of recruitment and employee offboarding. There is several Backoffice works carried out for the ease of running of the organization.

HUMAN RESOURCE MANAGEMENT



As at end of FY 2019/20, the CWA had a workforce of 1,408 employees comprising of 318 (293 male and 25 female) on contract and 1090 (916 male and 174 female) on establishment. Some of the non-core strategic functions were outsourced in view of reducing the Authority's overhead cost. The table below is an indication of the employees on establishment by category.

No. of Employees on Establishment for FY 2019-20



HUMAN RESOURCE MANAGEMENT SYSTEM

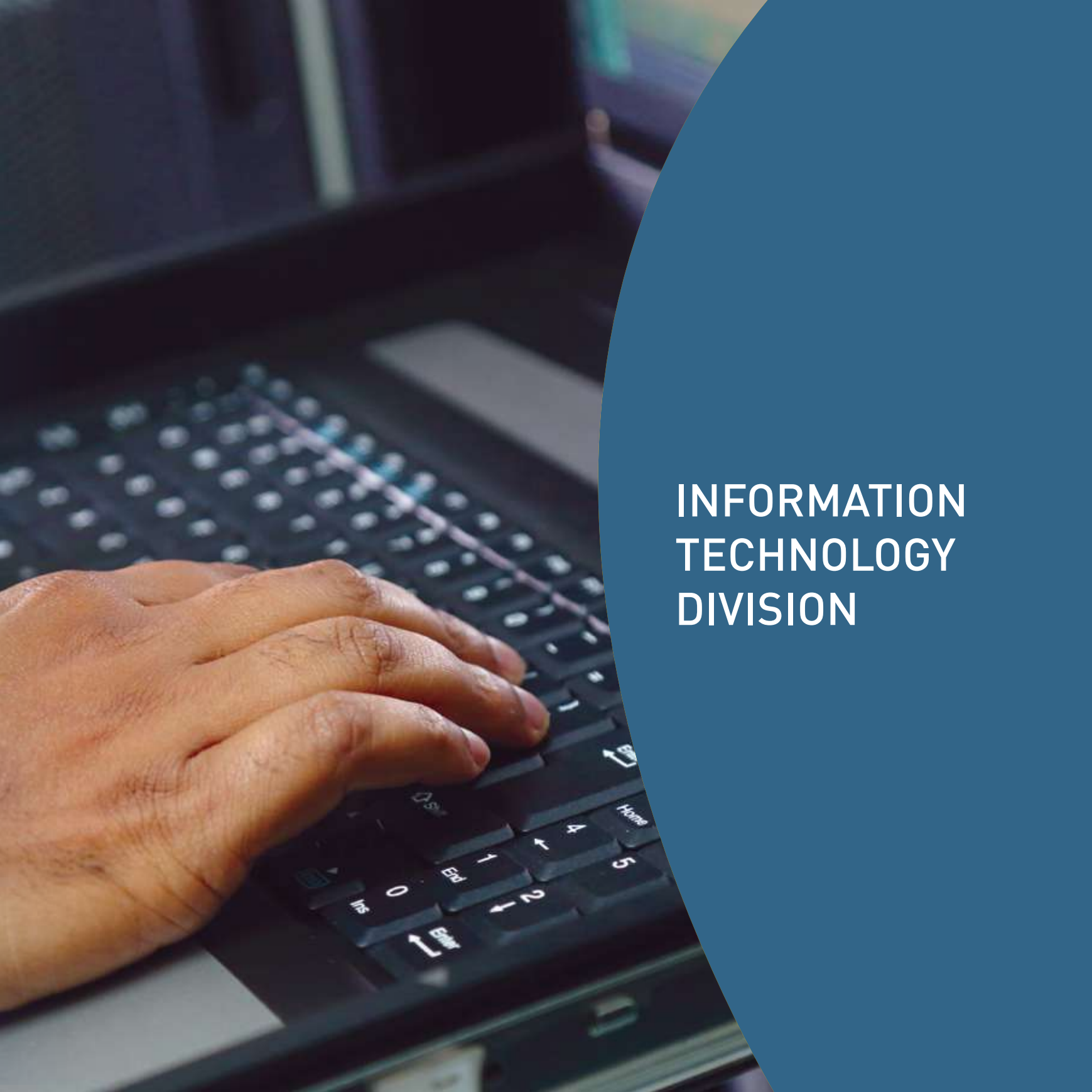
The financial year 2019/20 has been a fruitful one for the Human Resources division. The accomplishment of numerous projects that has made the HR Division a more dynamic one. Below is a list of accomplishments.

- The HR Division saw the establishment of the Human Capital Management System (HCM) of which the phase 1 has been completed.
- The CWA went through a rebranding exercise where all employees were provided with ID Badges for employees.
- The HR Division witnessed the development of numerous HR Policies and Procedures to better monitor and control the rights and due of employees.
- The moto of the HR Division is to provide at least 40hr of training to every employee and in line with that numerous training programs were carried out.

Goal

- The HR Division aims at the implementation of the phase 2 of the Human Capital Management System.
- The implementation of the Human Resources Presence, Time & Attendance (HRPTA) system.
- The implementation of the Performance Management System to monitor the Performance of employees.
- The Implementation of the Face Recognition system for Attendance purposes.
- The enhancement of safety measures for all employees in the Authority's endeavor to combat Covid-19.





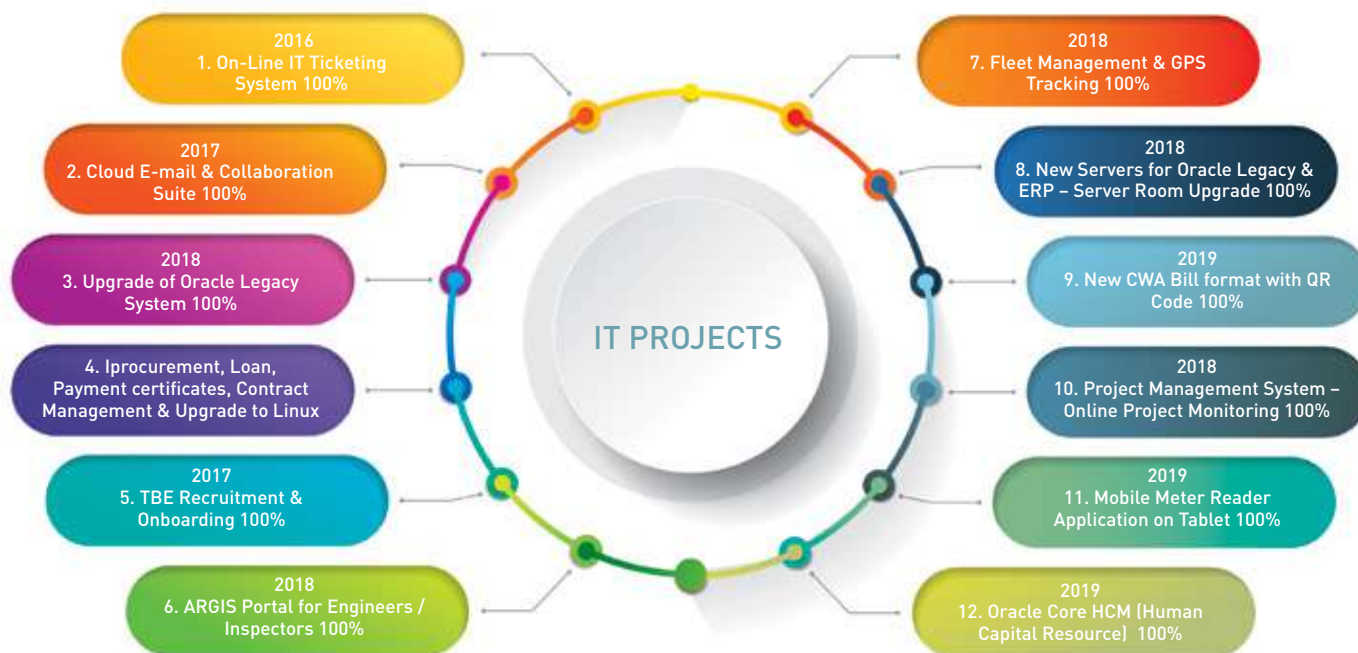
**INFORMATION
TECHNOLOGY
DIVISION**

Digitalisation was always one of the mottoes of the IT Division. The CWA witnessed several changes that took place which helped in improving effectiveness and reducing cost. All projects of the IT Division were in line with our five main pillars as presented in our strategic plan. They are namely:

- Customer Excellence
- People Excellence
- Operational/ Social Excellence
- IT and Innovation Excellence and lastly
- Financial Excellence.

Below are the achievements of the IT Division from 2016 to date.

KEY ACHIEVEMENTS - IT DIVISION - PROJECT STATUS



2019 was the year that marked the accomplishment of numerous projects for the IT Department among which were:

The introduction of a new mobile app for meter reading section to

- Mitigate errors
- Improve billing efficiency
- Enhance productivity of meter readers



- The Billing format has been revamped with readings for 3 previous months with better quality printing and QR code for consumer to pay online with credit cards.

CENTRAL WATER AUTHORITY
 Head Office: 28 Post, Phoenix Bldg 170, Fax: 656-4264, Website: <http://www.cwa.gov.lk>
 Email: cust@cwatna.lk VRT Reg. No: VRT22000602

STATEMENT OF ACCOUNT

Head Office: 28 Post, Phoenix Bldg 170, Fax: 656-4264, Website: <http://www.cwa.gov.lk>
 Email: cust@cwatna.lk VRT Reg. No: VRT22000602

45
YEARS
OF
SERVICE

PAYMENT VOUCHER
 This voucher should accompany your bill

LAST PAYMENT DATE

BILL DELIVERED ON

AREA: WALK: CUSTOMER A/C NO: DAY: WMA A/C: SERIAL NO:
 GROUP A/C: DMA: DEPOSIT: TARIFF A/C: CATEGORY:
 METER NO: METER SIZE (mm):

ARREARS (EX. SURCH) AS AT

MONTHLY CHARGES FOR ISSUED ON VOLUME CHARGED (M3):

TOTAL CHARGES FOR THE PERIOD

TOTAL AMOUNT DUE (Rs) →

NOTICE (as ticked)

Meter reading indicates high consumption. Please check / repair any defects in your installations.

Your water meter could not be read because:

Your gate was closed. Please call Hotline on 170.

The meter was covered. Please clear same.

Other (specify):

CUSTOMER A/C NO:
GROUP A/C NO:
SERIAL NO:
PERIOD:
BALANCE ON PREVIOUS BILLS:
CHARGES FOR THE PERIOD:

TOTAL AMOUNT DUE (Rs)

A surcharge of 10% (Rs) will be applicable on this bill if payment is made after the prescribed period.

YOUR NEW READING

WATER USAGE HISTORY (PAST 3 MONTHS)
 Month Volume Reading (m³)

QR Code
 Scan & Pay

PLEASE USE QR CODE FOR ONLINE PAYMENT WITH CREDIT CARD

- New core Human Capital Management system was introduced for on – Line Approval of Employee leaves, viewing pay slip, uploading of technical skills.

The CWA is working towards the digitalization of the organization by improving its Customer Excellence through the creation the new Web Customer Self – Service portal which shall make use of chat and Co-Browse and engage with its customers across multiple channels while providing mobility to its Field inspectors and engineers.



PROCUREMENT DEPARTMENT

- Procurement Activities to the tune of Rs 618,189,345.73 for FY2019/20.
- Reduction in the value of slow-moving items.
- Improvement in the Evaluation Process.
- Effective training for Apex user's island wide.
- Effective procurement and distribution of Sanitary equipment with respect to COVID-19.

The Procurement Department is the entity within both Authorities authorized to issue Invitation for Bids, Requests for Proposal, Request for Quotation and issue Contracts. The Procurement Department issues purchase orders, develops term contracts, and acquires supplies and services.

That is, the Procurement Department is used to ensure the buyer receives goods, services, or work at the best possible prices when aspects such as quality, quantity, time and location are compared.

The Central Water Authority Procurement Department works in close collaboration with the Procurement Policy Office whose establishment was made to provide a mechanism for conducting oversight and monitoring of the performance and progress of the Procurement system in Mauritius and to guide and promote its continuing development and improvement.

PROCUREMENT CYCLE



There has been a decrease in the Procurement Cycle lead time, this has been made possible with the changes that took place in the FY2019/20. The Central Water Authority has been recognised as being the leader in the implementation of the procurement reform in Mauritius and in the African Region through the implementation of the E - procurement system and has also been awarded a distinction by the Commonwealth in 2018. The Authority strived hard towards the continuous implementation of the E - Procurement system. The CWA's E - procurement system model has been taken as an example by the Central Procurement Board (CPB) and the Independent Commission Against Corruption (ICAC) for the implementation of the system in their organization. The Procurement Department has effectively dealt with the pandemic of Covid - 19 that impacted the world. The procurement Department has ensured that Sanitary equipment are procured and distributed to all CWA employees throughout the island.

In addition to this, the successful implementation of the I - Procurement System has been one of the major aspects of improving organizational efficiency and performance. This has simplified the internal procurement process whereby all requests are processed online and can be tracked.

Some of the achievements of the Procurement Department include:

- Major Reduction in the Volume of inventory
- Successful implementation of the I Procurement system
- Reduction in the stock of slow-moving items
- Reduction in the Procurement Cycle lead time
- Effective training to all user's island wide in using Apex.
- Improvement in the evaluation process.





COMMUNICATION DEPARTMENT





Since the integration of the Communication Department in the Authority's Hierarchical structure in May 2008, the department played a vital role in promoting the corporate image of the organization to our stakeholders. The Communication team is responsible for

- The coordination of PR Activities,
- Save water campaigns,
- Press conferences and radio interventions,
- Press releases, communiqués and
- Adequate actions to be adopted in case of complaints.

The communication department is involved in numerous informative press release/ communiqué to inform the general public about the matters arising at the level of the Authority. Throughout the year ending 30th June 2020, more than a hundred PR activities were carried out by officers of the department.

The communication department lays emphasis on the transmission on vital decisions to direct and indirect stakeholders as well as the general public in a very convenient manner. The Communication department were the one who designed and developed with the help of the IT department the pay.cwa.mu for the ease of bill enquiry and payment via the internet and not requiring the subscribers to come to our cash officers. This in turn led to our bills being paid and the institution taking into consideration the precious health of the general public during the outbreak of the COVID-19 pandemic.

FY2019/20 has been the year that the CWA has started the use of social media at its full capacity. The communication department is responsible for the Facebook page and a lot of information with respect to the institution is share on the group for the information of employees as well as the general public.



**COMMERCIAL
DIVISION**

The Commercial Division is determined in its effort to gear the Central Water Authority towards higher standards of service and to maximize revenue with the support of its various sub divisions. On the revenue collection side, the Commercial Division has been able to overcome major hurdles that are faced by many utilities around the world and is seen as the more important revenue centre of the Authority. Debt collection efficiency is at 99%. This performance is viewed as a reference by many African Countries.

Subsections of the Commercial Division:

- The Meter reading section
The Meter reading section is concerned with the distribution of CWA bills and reading of CWA meters for processing of bill.
- Big Consumer Unit
- Debtors Unit

The Debtors Unit contributes highly to the debt collection efficiency of 99%. A new strategy for recovery of debts has been implemented islandwide since July 2019, whereby Senior Meter Readers meet the debtors in person and deliver the reminder bills. Where there is no response, a second and final reminder is delivered to the debtor informing him that arrears have remained unpaid and the supply is being marked for disconnection at any moment without further notice. In very difficult cases, recourse has also been made to debt collection agents.

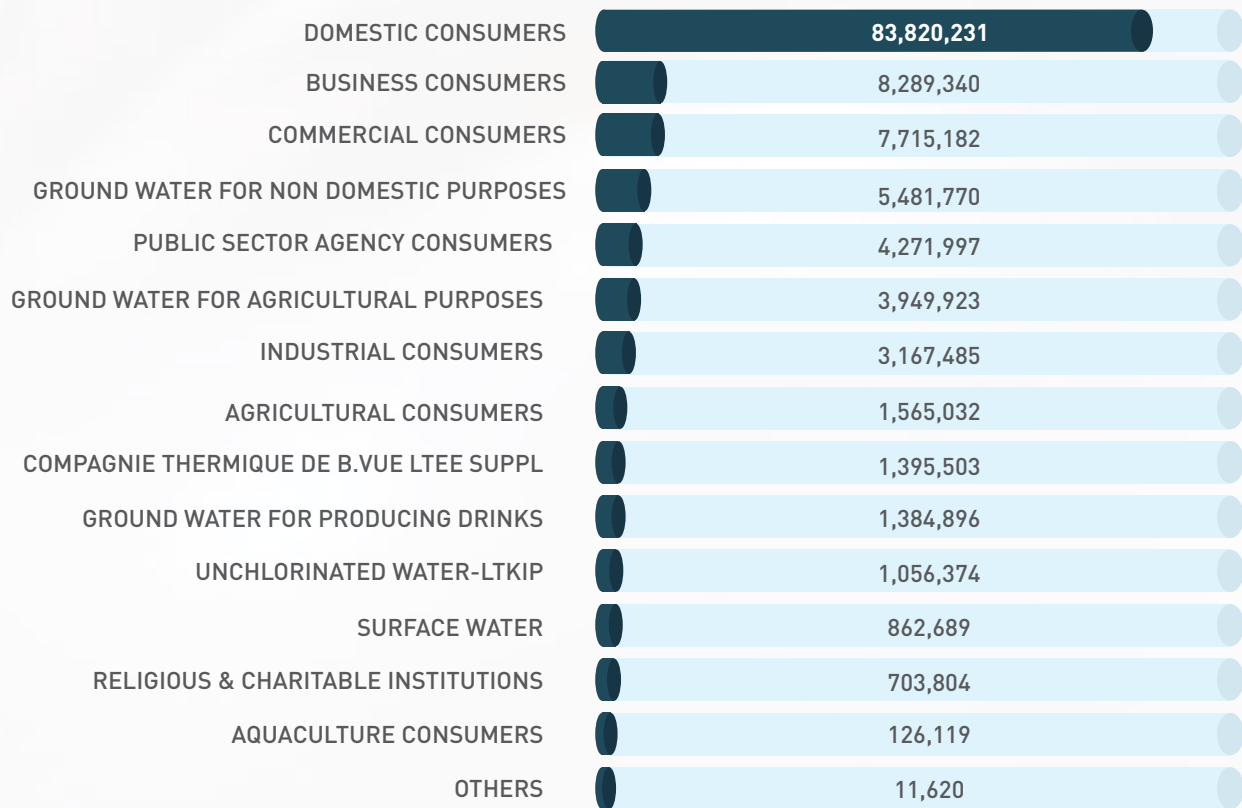
- Billing unit
- Prosecution unit
- Anti-fraud unit

The Anti-Fraud Unit is viewed as a keystone of the CWA in unveiling cases of illegal use of water and addressing issues relating to Non Revenue Water. It was set up in September 2004 with the responsibility for detecting and reporting on pilferage of water.

- To detect illegal connections in particular water pilferage and tracking down illegal water users;
- To scrutinize customer database and identify abnormal/irregular consumption;
- To report cases of illegal connections to the CWA and/or the police as may be appropriate;
- Investigation on illegal abstraction of ground water and surface water;
- Compute and claim the water charges and waste water charges payable for illegal use of water;
- Provide assistance to the Non Revenue Water Team to reduce unaccounted water (Apparent Losses);

Total Water Consumption (m3) by Category of Subscribers for period July 2019 to June 2020

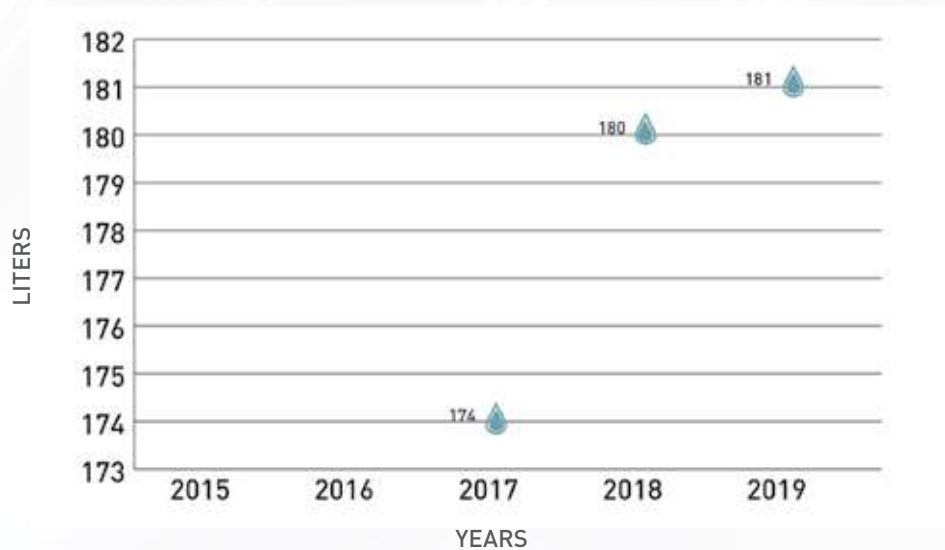
CATEGORY	VOLUME (m ³)
DOMESTIC CONSUMERS	83,820,231
BUSINESS CONSUMERS	8,289,340
COMMERCIAL CONSUMERS	7,715,182
GROUND WATER FOR NON DOMESTIC PURPOSES	5,481,770
PUBLIC SECTOR AGENCY CONSUMERS	4,271,997
GROUND WATER FOR AGRICULTURAL PURPOSES	3,949,923
INDUSTRIAL CONSUMERS	3,167,485
AGRICULTURAL CONSUMERS	1,565,032
COMPAGNIE THERMIQUE DE B.VUE LTEE SUPPL	1,395,503
GROUND WATER FOR PRODUCING DRINKS	1,384,896
UNCHLORINATED WATER-LTKIP	1,056,374
SURFACE WATER	862,689
RELIGIOUS & CHARITABLE INSTITUTIONS	703,804
AQUACULTURE CONSUMERS	126,119
OTHERS	11,620
Grand Total	123,801,965



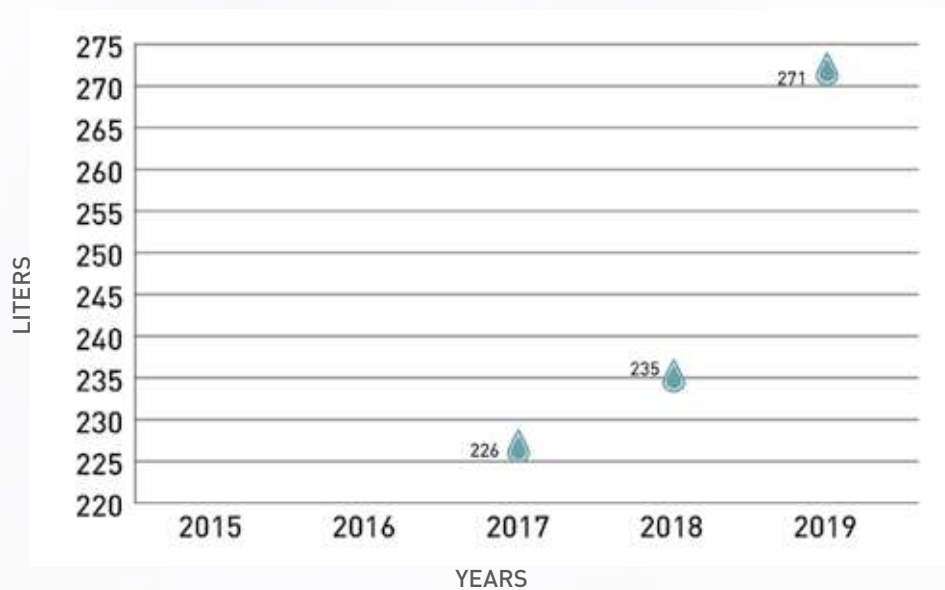
PER CAPITA WATER CONSUMPTION

Per Capita Water Consumption means the average amount of water each person uses on a daily basis, expressed as litres per capita per day. Per Capita Water Consumption for Mauritius was as below:

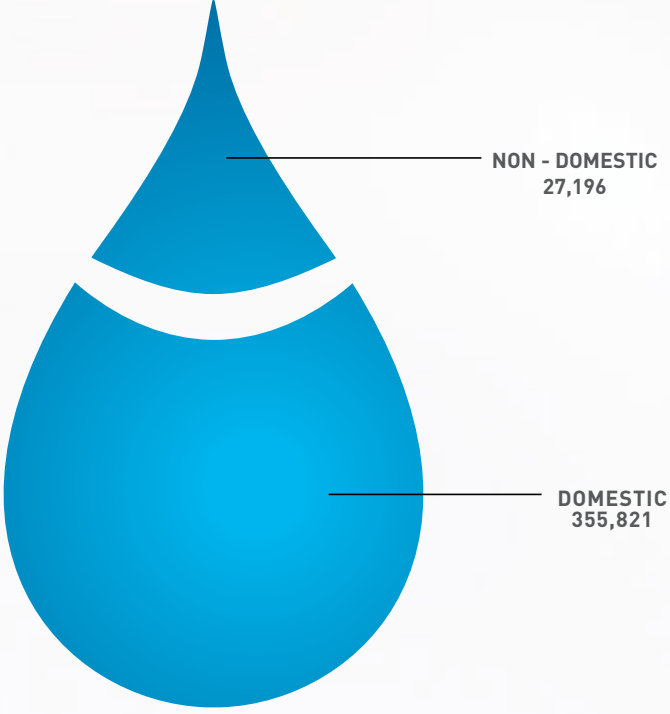
Daily Per Capita Water Consumption (Litres) for Domestic consumers



Daily Per Capita Water Consumption (Litres) for All Categories



EVOLUTION OF SUBSCRIBERS





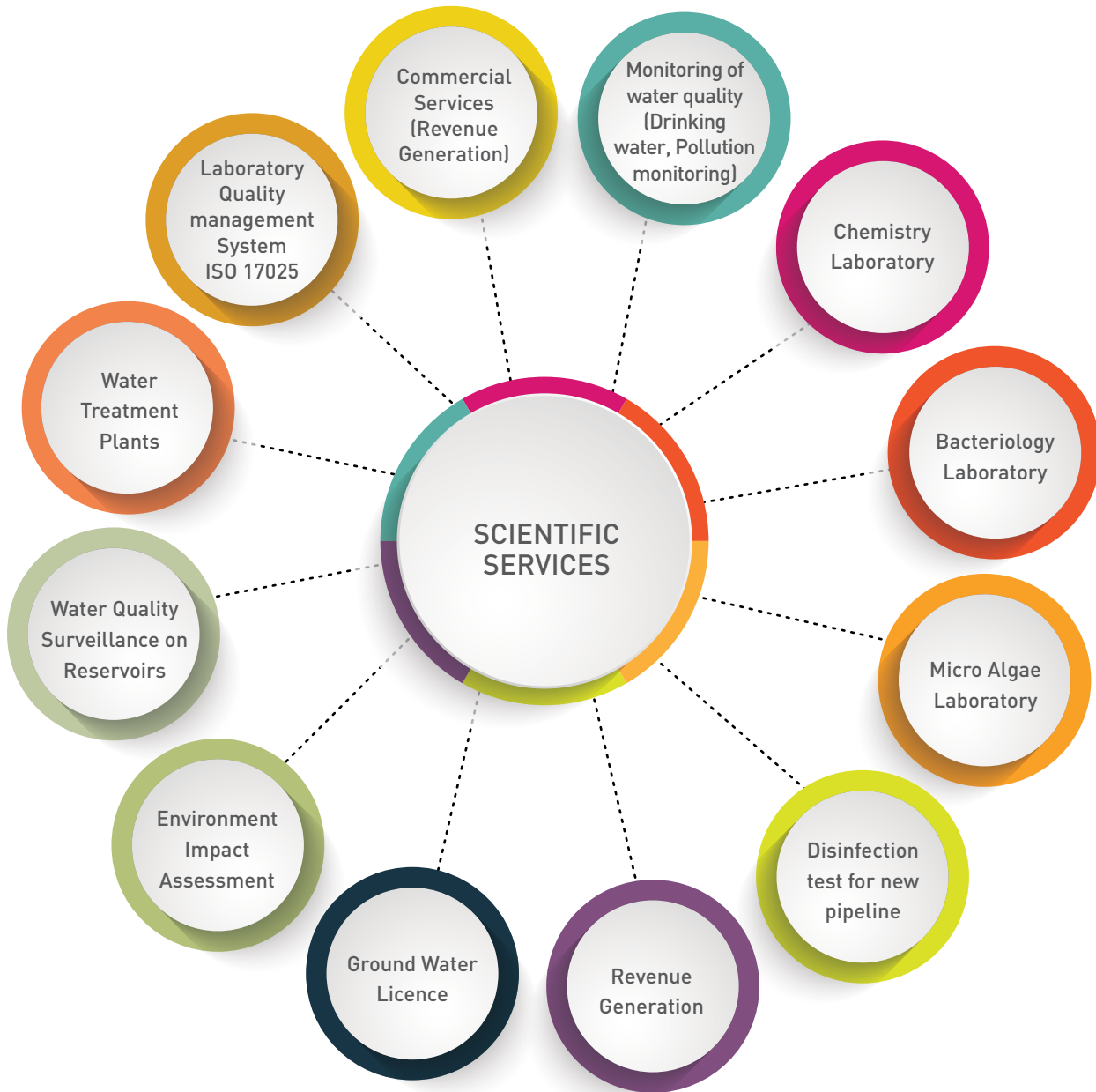
SCIENTIFIC SERVICES



The Scientific Services Section forms an integral part of CWA's environment. The United Nations (UN) recognizes access to safe drinking water as being a basic human right. It is a prerequisite for Mauritius to be water secure to face challenges such as climate change, water pollution due to industrialisation, urbanization, population growth, etc. As such balancing the equation between water availability, water quality and increasing demand, together with meeting the ever-growing expectations of the public in terms of quality service, remains the pressing issues for the CWA.

The duties of the CWA are defined as being responsible for the control, development and conservation of Water Resources as well as the Treatment and Distribution of water for domestic, industrial and commercial purposes throughout Mauritius. The Scientific Services Section of the CWA provides scientific & environmental Support to the Central Water Authority and has the mandate to monitor the quality of raw and treated water supplied to consumers. Prior to water distribution in our system tests are performed at the water quality laboratory to ensure compliance with WHO guidelines and National Drinking Water Standards. The Scientific Services section has 2 laboratories (Chemistry & Microbiology) which are accredited for ISO 17025 for ensuring its Quality Management System and for testing services to international standard and a newly created Micro-algae laboratory for the identification and enumeration of algae.

KEY ACTIVITIES OF THE SCIENTIFIC SERVICES



LABORATORY QUALITY MANAGEMENT SYSTEM: ISO/IEC 17025:2017

As per the CWA Act, the quality of water supplied by the CWA should comply with standards set under the law. Evidence of compliance to standards is usually given in the form of valid test data produced by a laboratory. Accreditation is the recognition of technical competence of a laboratory by an accreditation body for a given scope of tests.

The Water Quality Laboratory of the CWA is accredited since May 2012 to the ISO/IEC 17025 by MAURITAS for 21 Chemical and Microbiological parameters. MAURITAS is a signatory to the **International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (ILAC MRA)** in October 2018. ILAC is the International Authority on Accreditation regrouping all national accreditation bodies and MRA provides confidence to end users of laboratories that the results have been generated by technically competent body. This means that the results produced by the accredited laboratory are technically valid and reliable, can be accepted locally and internationally, enhance consumer confidence, minimizes the risk of supplying water not conforming to standard and allow the authority to make decisions on the quality of water. Furthermore, the EPA 2002 requires that only environmental data provided by an accredited body shall be admissible evidence in any proceeding before a court of law.





FINANCIAL

Review

&

Highlights

FINANCIAL REVIEW AND HIGHLIGHTS

JULY 2019 TO JUNE 2020

The Authority showed a deficit of Rs 161.0 Million in the financial year 2019/20 before accounting for Finance Costs of Rs 189.4 Million, thus ending with a Net Deficit of Rs 350.4 Million as compared to a bottom-line reported deficit of Rs 25.6 Million in the previous financial year.

During the year under review, the Authority experienced a slight drop of 0.3% in its total assets in 2019/20 as compared to 2018/19, mainly due to a fall in held-to-maturity investments.

Total liabilities increased by 6% mainly due to an increase in borrowings and employee benefits obligations.

At 30 June 2020, cash and cash equivalents stood at Rs 393M (2018/19: Rs 493M). The Authority held term deposits with local banks and had a total of Rs 320M (2018/19: Rs 500M) under held-to-maturity investments at year-end.

Main Financial Indicators

(1) Operating Ratio

The Operating ratio, showing the ability of the Authority to finance its operating expenses from its operating revenue, increased slightly to 0.84 in 2019/20 (2018/19: 0.82). This was due to a fall in total income recorded during the year under review, mainly in respect of water sales and financial contribution from non-domestic consumers, as a result of the negative impact of COVID-19 national lockdown and sanitary curfew during part of the reporting year under review.

(2) Operating Cash Flow ratio

As per the Finance Contract with European Investment Bank (EIB), CWA should maintain an Operating Cash Flow (OCF) ratio of not less than 1.5 times its finance costs so long as the EIB loan is outstanding. This ratio indicates the ability of the Authority to meet its loan repayment and interest on loans from operations.

OCF ratio was 2.10 times the finance costs in 2019/20 (2018/19: 4.46 times). This fall was attributed to a decrease in Operating Surplus (i.e. Surplus before depreciation and finance costs) as a result of a fall in total income during the year.

(3) Liquidity Ratio

As at 30 June 2020, liquidity ratio fell to 0.23 times (2018/19: 0.34 times) due to a fall in term deposits at year-end.

(4) Gearing Ratio

The gearing ratio (long-term loan to equity) is on track but slightly increased to 20% (2018/19: 19%) due to an increase long-term borrowings. There was a net increase of Rs 109M in long-term borrowings in the financial year, reaching the figure of Rs 3.0 Bn (2018/19: Rs 2.9 Bn).

Measures to improve financial targets

CWA's management team has an ongoing action plan on rationalisation measures to reduce operating expenditure and optimise revenue in an attempt to achieve operational efficiencies, thus providing the Authority with cost-savings and incremental income for re-investment in priority areas. Main avenues of the action plan are summarised as hereunder:

Cost Reduction Plan:

- a.Implementation of energy-saving measures following energy efficiency audits;
- b.Rehabilitation of hydro-generators;
- c.Reinforcement of control & monitoring mechanisms on overtime;
- d.Operation of just-in-time/bulk purchasing policy;
- e.Close monitoring of CWA vehicles following implementation of a complete fleet management system;
- f.Remote monitoring of equipment through telemetry data;
- g.Improved planning and monitoring over outsourcing services;
- h.Insourcing of security costs;
- i.Optimising on cloud computing;
- j.Efficient project monitoring to avoid cost and time overruns.

Revenue Optimisation Plan:

- a.Replacement of non-working, aged and defective meters;
- b.Introduction of Smart Systems for billing and metering to improve billing accuracy and efficiency;
- c.Intensification of anti-fraud tracking of illegal water use;
- d.Monitoring and reduction in non-revenue water level (leakage control);
- e.Installation of containerised Pressure Filtration Plant at various sites;
- f.Periodical price adjustment of user fees and charges;
- g.Increase in private water tests.

Also, in the wake of Government's cost reduction objective, as contained in the 2020-2021 Budget Circular issued in Mar-2020, a budget cut over individual line items was made by the Authority for the next three years (2020/21 – 2022/23), with a view to reducing operating expenditure with varying degrees, some of which are substantial.

The reduced expenditure is reflected in CWA's Approved Estimates 2020/21 – 2022/23, as approved by the Central Water Board and the Minister in July 2020.

SUMMARY OF FINANCIAL MATTERS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1.0 REVENUE ACCOUNT

1.1 Financial Results

A summary of Financial Results is provided hereunder:

ITEM	2019/20	2018/19	2017/18	2016/17	2015	2014	2013	2012	2011
	(18 months)								
	Rs M								
Income	1,809	2,078	1,843	2,535	1,781	1,769	1,754	1,701	1,130
Expenditure	(2,159)	(2,104)	(2,302)	(2,425)	(1,629)	(1,561)	(1,537)	(1,447)	(1,199)
Surplus/(Deficit)	(350)	(26)	(459)	110	152	208	217	254	(69)

1.2 Analysis of Income and Expenditure

i. Potable and Irrigation Water Supply Services

Income

Total income from Potable and Irrigation Water Supply Services represents **68.9%** (Year 2018/19: 71.6%) of total expenditure.

Finance Costs and Depreciation

Finance costs and depreciation represent **35.8%** (Year 2018/19: 33.1%) of total expenditure.

Depreciation and amortization provisions made in the Accounts amount to Rs 559M (Year 2018/19: Rs 543M).

Deficit for the Year

The deficit for the year is **Rs 350M** representing **19.4%** of total income (Year 2018/19: Deficit of Rs 26M representing 1.2% of total income).

Cash Generated from Operating Activities

Cash generated from operating activities amounts to **Rs 290M** (Year 2018/19: Rs 529M).

ii. Potable Water Supply Service

Percentage Revenue Collectible

The percentage revenue collectible from each category of consumers falling in this service is as follows:

Category of Consumers	2019/20	2018/19	2017/18	2016/17	2015	2014	2013	2012	2011
	(18 months)								
Percentage of total revenue collectible									
Domestic	53	52	53	53	53	54	54	54	55
Non-Domestic	39	40	39	39	39	38	38	38	37
Government	8	8	8	8	8	8	8	8	8

Income

Potable Water Sales have contributed a sum of **Rs 1.455 Bn** (Year 2018/19: Rs 1.470 Bn) of the overall revenue which represented **80.4%** (Year 2018/19: 70.7%) of total income.

iii. Irrigation Water Supply Service

Irrigation Water Sales have contributed a sum of **Rs 32.7M** (Year 2018/19: Rs 35.9M) of the overall revenue which represented **1.8%** (Year 2018/19: 1.7%) of total income.

2.0 CAPITAL ACCOUNT

2.1 Net Cash Outflow from Investing Activities

Net Cash Outflow from Investing Activities for the Financial Year ended 30 June 2020 amounted to **Rs 0.61 Bn** (Year 2018/19: Rs 1.68 Bn).

2.2 Additions to Non-Current Assets

Assets capitalized during the year amounted to **Rs 1.28 Bn** (Year 2018/19: Rs 808.3M).

2.3 Assets Under Construction

Assets Under Construction as at 30 June 2020 amounted to **Rs 1.85 Bn** (Year 2018/19: Rs 2.26 Bn).

3.0 FINANCIAL TARGETS

3.1 General

Most of the Loan Agreements provide that the Authority shall generate sufficient revenue to cover:

- i. operating expenses;
- ii. depreciation;
- iii. interests on borrowings and repayment of long-term indebtedness to the extent that it does not exceed the depreciation provisions; and
- iv. a surplus for financing a reasonable portion of future expansion.

3.2 International Bank for Reconstruction and Development (IBRD) Requirements

- i. Assets to be revalued from time to time in accordance with sound and consistently maintained method of valuation satisfactory to the Bank;
- ii. The Authority to bill domestic consumers on actual consumption;
- iii. Arrears collectible not to exceed 3 months' average bills;
- iv. An annual debt service coverage of not less than 1.5 times.

3.3 Ex-Management Audit Bureau (MAB) (Now, Office of Public Sector Governance) Requirements

The MAB recommended in 1992 that the Authority should endeavor to achieve the following targets:

- i. an operating ratio of 0.75 to 0.80;
- ii. a rate of return of not less than the minimum rate of interest on its loans which is 1.85%;
- iii. a current ratio of 1.25 and a liquidity ratio of 1.00;
- iv. an annual debt service coverage of 1.50 - 2.00;
- v. a debt/net assets ratio of less than 0.50 and a debt/equity ratio below 1.0;
- vi. an average collection period of 2 months and a receivable turnover of 6.00.

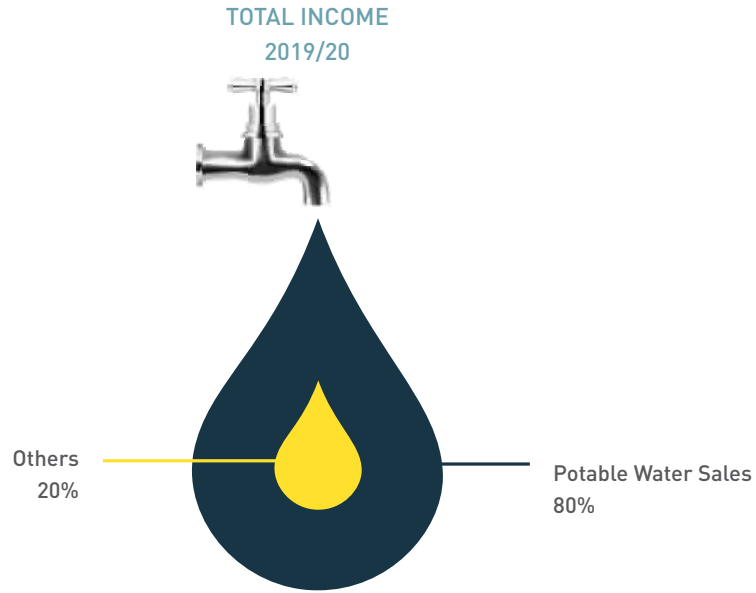
3.4 European Investment Bank (EIB) Requirements

As per the Loan Agreement with EIB, the Authority has to maintain an Operating Cash Flow which is not less than 1.5 times its financial costs.

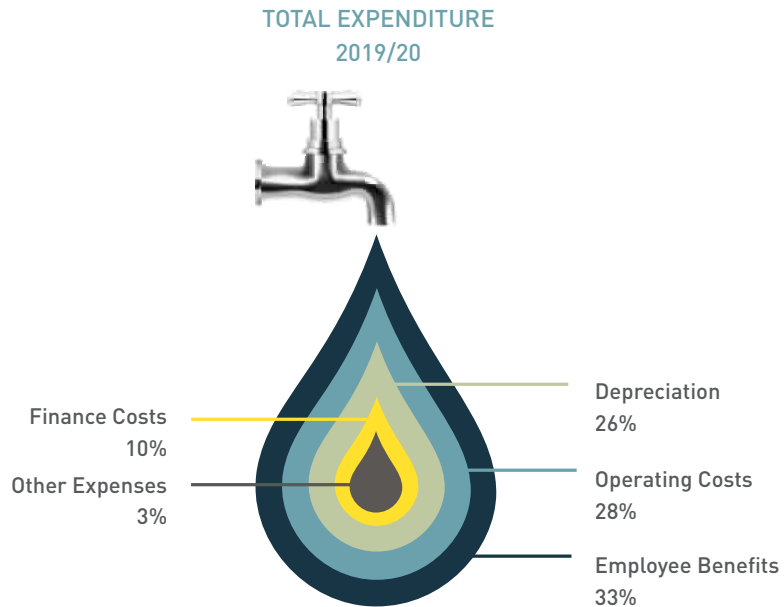


4.0 THE WATER INCOME RUPEE

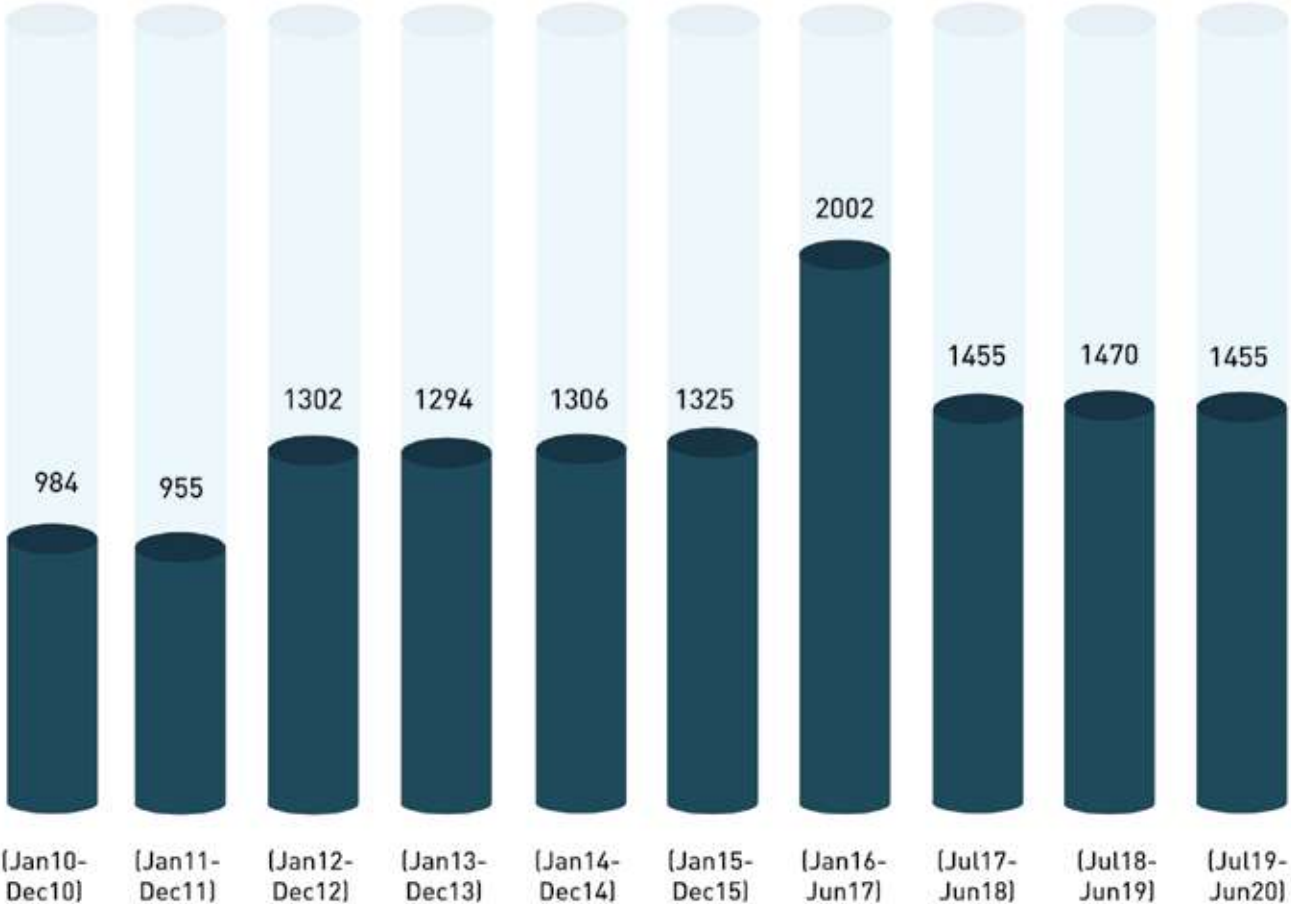
The water income rupee was earned as follows:



The water income rupee was spent as shown below:



5.0 TEN-YEAR TREND ANALYSIS OF REVENUE



6.0 PERFORMANCE INDICATORS

6.1 Key Ratios

6.1.1 Statement of Financial Position

YEAR	Jul 19- Jun 20	Jul 18- Jun 19	Jul 17- Jun 18	Jan 16- Jun 17	Jan 15 - Dec 15	Jan 14 - Dec 14	Jan 13 - Dec 13	Jan 12- Dec 12	Jan 11- Dec 11	Jul 09- Dec 10
Current Ratio	0.40	0.44	0.65	0.40	0.34	0.61	0.42	0.52	0.26	0.52
Liquidity Ratio	0.23	0.34	0.44	(0.01)	0.04	0.29	0.11	0.20	(0.07)	0.15
Gearing ratio	0.20	0.19	0.16	0.22	0.18	0.18	0.15	0.17	0.18	0.21
Debt/Equity Ratio	0.42	0.37	3.66	6.17	5.13	4.80	4.37	4.03	3.94	3.72
Average Collection Period	103 days	97 days	2.19 mth	1.50 mth	2.08 mth	2.03 mth	2.00 mth	1.93 mth	2.05 mth	1.48 mth
Receivable Turnover	3.5	3.8	5.76	8.00	5.76	5.90	6.01	6.21	5.82	8.15

6.1.2 Statement of Comprehensive Income

YEAR	Jul 19- Jun 20	Jul 18- Jun 19	Jul 17- Jun 18	Jan 16- Jun 17	Jan 15- Dec 15	Jan 14- Dec 14	Jan 13 - Dec 13	Jan 12- Dec 12	Jan 11- Dec 11	Jul 09- Dec 10
Rate of Return (%)	(0.01)	0.01	(0.03)	2.00	2.00	3.00	3.00	4.00	(0.12)	0.92
Operating Ratio	0.84	0.82	1.18	0.90	0.86	0.83	0.84	0.79	1.01	0.96
Debt Servicing Ratio	0.09	0.07	0.05	0.06	0.06	0.06	0.05	0.07	0.04	0.08
Financing Ratio	(0.85)	0.83	(2.67)	1.71	2.50	3.33	4.06	3.61	(0.17)	0.52

6.1.3 Cash Flow Statement

YEAR	Jul 19- Jun 20	Jul 18- Jun 19	Jul 17- Jun 18	Jan 16- Jun 17	Jan 15 - Dec 15	Jan 14 - Dec 14	Jan 13 - Dec 13	Jan 12- Dec 12	Jan 11- Dec 11	Jul 09- Dec 10
Operating Cash Flow	2.10	4.46	4.27	3.07	5.64	5.71	3.54	1.71	1.85	0.55

6.2 RATIO DEFINITIONS

1. The **Current ratio** gauges the ability of the Authority to meet its short term financial obligations.

$$\text{Current ratio:} \quad \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. The **Liquidity ratio** (Acid Test ratio) denotes the ability of the Authority to meet its immediate financial obligations.

$$\text{Liquidity ratio:} \quad \frac{\text{Bank deposits and Cash \& Bank balances}}{\text{Current Liabilities}}$$

3. **Gearing ratio** indicates the financial dependability of the Authority on its long-term loans.

$$\text{Gearing ratio:} \quad \frac{\text{Long-Term Loans}}{\text{Total Assets - Current Liabilities}}$$

4. **Debt/Equity ratio** indicates the Authority's burden of debt in relation to its equity.

$$\text{Debt/Equity ratio:} \quad \frac{\text{Short-term + Long-term Loans}}{\text{Equity Capital + Reserves}}$$

Note: Calculated as per the following formula in previous years: $\frac{\text{Total Liabilities}}{\text{Equity Capital}}$

5. **Average collection period** indicates the time taken by the Authority to collect its debts on water sales.

$$\text{Average collection period:} \quad \frac{\text{Average Gross Debtors} \times 12 \text{ months or } 365 \text{ days}}{\text{Water Sales}}$$

6. **Receivable turnover** measures the Authority's effectiveness in collecting its debts from customers, i.e. the number of times it collects its average accounts receivable balance per year.

$$\text{Receivable Turnover:} \quad \frac{\text{Water Sales}}{\text{Average Gross Debtors}}$$

7. The **Rate of return** indicates the financial return generated from the assets employed by the Authority.

$$\text{Rate of return:} \quad \frac{\text{Surplus/(Deficit) before interest}}{\text{Rate base}}$$

8. The **Operating ratio** gauges the ability of the Authority to finance its Operating Expenses from its Operating Revenue.

$$\text{Operating ratio:} \quad \frac{\text{Total expenditure before interest and depreciation}}{\text{Operating income}}$$

9. The **Debt servicing ratio** gauges how large a burden interests are as part of the total operational expenses.

$$\text{Debt servicing ratio:} \quad \frac{\text{Interest charged to operations}}{\text{Total expenditure including interest}}$$

10. The **Financing ratio** gauges the ability of the Authority to meet its total interest commitments.

$$\text{Financing ratio:} \quad \frac{\text{Surplus/(Deficit) before interest}}{\text{Total interest}}$$

11. The **Operating Cash Flow ratio** indicates the ability of the authority to meet its loans repayment and interest on loans from operations.

$$\text{Operating cash flow ratio:} \quad \frac{\text{Surplus before depreciation and financial costs}}{\text{Financial Costs}}$$



REPORT OF THE
DIRECTOR OF AUDIT

**On the Financial Statements
of the Central Water Authority
for the year ended 30 June 2020**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE CENTRAL WATER BOARD

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Central Water Authority, which comprise the statement of financial position as at 30 June 2020 and the statement of financial performance, statement of changes in net assets/equity, statement of cash flow and statement of comparison of budget and actual amounts 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 Central Water Authority as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

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 Central Water 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

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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.

Emphasis of Matters

I draw attention to Notes 17, 22.1 and 34(b) to the financial statements.

Note 17 and 34(b) - Borrowings and Events Occurring After Reporting Date

In June 2021, Government approved in principle to waive outstanding capital on five loans and outstanding interests on eight loans granted to the Authority in the years before 2010 and which were in default at 30 June 2020. The carrying value of these loans and accrued interests amounted to some Rs 729.5 million and Rs 321.4 million respectively in the books of the Authority at year end. Adjustments to accounts regarding the forgiven loans and interests were made in 2020-21 and resulted in an increase in the equity of the Authority by around Rs 1.05 billion.

Note 22.1 - Revenue from Water Sales Exempted

- Domestic households with monthly water consumption below 6 cubic metres are exempted from payment since January 2016 as per Government policy. The revenue exempted for the period January 2016 to June 2020 amounted to some Rs 138 million. In November 2016, Government subsidy of Rs 26.1 million was received for the free supply of water.
- The Covid-19 Act waived the application of the provision under Section 21(3) of the Central Water Authority Act pertaining to the imposition of surcharges and disconnection of water supply for payment of bills not later than such period as prescribed for Covid-19 in 2020.

My opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Central Water 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.

Corporate Governance Report

My responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From my assessment of the disclosures made on corporate governance in the annual report, the Central Water Authority has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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 International Public Sector Accounting Standards (IPSASs), 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 Central Water 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 Central Water 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 Central Water 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 Central Water 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 Central Water 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 Central Water 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 Central Water 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 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.

As far as it could be ascertained from my examination of the relevant records:

- (a) the Authority has complied with the Statutory Bodies (Accounts and Audit) Act; and
- (b) no direction relating to the accounts has been issued by the responsible Minister to Central Water Authority.

Based on my examination of the records of Central Water Authority, nothing has come to my attention that causes me to believe that:

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

Other Matter

The financial statements for the financial year ended 30 June 2020 were received at my Office on 30 December 2020. Following audit, management submitted an amended set of financial statements on 30 November 2021.

Public Procurement Act

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



C.ROMOOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius
Centre PORT LOUIS

14 February 2022



FINANCIAL *Statements*

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

Particulars	Notes	2020	Restated 2019
Assets			
Current assets			
Cash and cash equivalents	3	392,956,489	492,625,459
Investments	4	320,000,000	180,000,000
Receivables from exchange transactions	5	336,126,895	301,600,944
Receivables from non-exchange transactions	6	57,544	97,896,933
Other receivables from exchange transactions	7	35,773,083	31,235,832
Loans and advances	8	8,783,812	8,159,910
Inventories	9	90,619,055	76,667,515
Prepayments	10	49,655,030	39,507,140
Other current assets	11	18,139,880	70,333,870
Total current assets		1,252,111,787	1,298,027,603
Non-current assets			
Investments	4	-	320,000,000
Loans and advances	8	15,983,908	16,236,757
Prepayments	10	80,707	81,566
Property, plant and equipment	12	14,841,147,756	14,128,604,001
Assets under construction	13	1,854,190,365	2,255,056,261
Intangible assets	14	32,590,027	30,538,365
Total non-current assets		16,743,992,763	16,750,516,951
Total assets		17,996,104,550	18,048,544,553
Liabilities			
Current liabilities			
Payables under exchange transactions	15	1,251,458,368	1,311,329,014
Deposits	16	103,424	100,803
Borrowings	17	987,707,435	830,490,129
Employee benefits obligation	18	52,830,195	49,542,257
Provisions	19	14,000,000	-
Other current liabilities	20	828,521,983	727,672,751
Total current liabilities		3,134,621,405	2,919,134,955
Non-current liabilities			

Deposits	16	103,320,737	100,702,036
Borrowings	17	3,002,264,559	2,893,536,471
Employee benefits obligation	18	2,280,248,614	2,111,831,345
Total non-current liabilities		5,385,833,910	5,106,069,852
Total liabilities		8,520,455,315	8,025,204,807
Net assets		9,475,649,235	10,023,339,746
Net assets/equity			
Contributed capital	21	1,915,450,607	1,915,450,607
Accumulated surplus	21	7,560,198,628	8,107,889,139
Total net assets/equity		9,475,649,235	10,023,339,746

The accompanying notes form an integral part of the Financial Statements.

The financial statements were authorised for issue by the Central Water Board on 25/11/21 and signed on its behalf by:



A.K. Nilamber
Chairperson



Dr.D Paligadu
Board Member

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

Particulars	Notes	2020	Restated 2019
Revenue from exchange transactions	22	1,682,497,693	1,728,935,193
Revenue from non-exchange transactions	22	126,747,534	348,791,702
Total revenue		1,809,245,227	2,077,726,895
Expenses			
Operating costs	24	601,659,759	614,696,760
Employee benefits	25	712,487,393	727,600,967
Depreciation and amortization	26	558,833,027	543,498,898
Finance costs	27	189,395,160	149,768,613
Other expenses	28	71,346,515	64,017,222
Loss on foreign currency transactions	29	25,903,227	3,793,663
Total expenses		2,159,625,081	2,103,376,122
Deficit for the year		(350,379,854)	(25,649,227)

The accompanying notes form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2020

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

Particulars	Contributed Capital	Accumulated Surplus/ (Deficit)	Total
Balance as at 01 July 2018	1,915,450,607	8,581,429,500	10,496,880,107
Fair value adjustment		(528,830,878)	(528,830,878)
Prior year adjustment (as restated)		83,629,744	83,629,744
Deficit for the year (as restated)		(25,649,227)	(25,649,227)
Remeasurement gain/(loss) on defined benefit obligations		(2,689,999)	(2,689,999)
Balance as at 30 June 2019 (as restated)	1,915,450,607	8,107,889,139	10,023,339,746
Balance as at 01 July 2019 (as restated)	1,915,450,607	8,107,889,139	10,023,339,746
Deficit for the year		(350,379,854)	(350,379,854)
Remeasurement gain/(loss) on defined benefit obligations		(197,310,657)	(197,310,657)
Balance as at 30 June 2020	1,915,450,607	7,560,198,628	9,475,649,235

The accompanying notes form an integral part of the Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

Particulars	2020	Restated 2019
Cash flow from operating activities:		
Deficit for the year	(350,379,854)	(25,649,227)
Adjustment for:		
Depreciation and amortization of property, plant and equipment and intangible assets	558,833,027	543,498,898
Loss on foreign exchange transactions	25,903,227	3,793,663
Interest income	(18,158,453)	(24,758,929)
Government grants recognised as revenue	(126,747,534)	(348,791,702)
Financial contribution recognised as revenue	(43,528,427)	(63,812,078)
Net increase/(decrease) in provision for impairment towards receivables	(4,895,449)	3,809,751
Finance costs	189,395,160	149,768,613
(Profit)/loss on disposal of property, plant and equipment	716,336	(143,664)
Increase in provision for slow-moving stock	8,887,157	-
	240,025,190	237,715,325
Movements in working capital		
(Increase)/decrease in receivables	63,300,584	(140,115,959)
(Increase)/decrease in inventories	(13,951,540)	7,535,843
(Increase)/decrease in other assets	44,046,957	(12,346,559)
Increase/(decrease) in payables	(305,979,729)	(305,455,232)
Increase/(decrease) in other current liabilities	285,125,194	724,400,660
Increase/(decrease) in consumer deposits	2,621,322	3,158,765
Increase/(decrease) in provisions for employee benefits	(25,605,450)	13,857,871
Net cash flows from operating activities	289,582,528	528,750,713
Cash flow from investing activities:		
Payments for property, plant and equipment, assets under construction and intangible assets	(499,790,629)	(672,463,772)
Proceeds from disposal of non-current assets	1,498,603	-
Payments for property, plant and equipment and assets under construction out of capital grants	(300,145,412)	(534,638,033)
Proceeds from sale of property	-	1,772,630
Purchase of held-to-maturity investments	-	(500,000,000)
Proceeds from held-to-maturity investments	180,000,000	-
Interest received	13,425,146	24,758,929
Net cash flows from investing activities	(605,012,292)	(1,680,570,246)
Cash flow from financing activities:		
Proceeds from borrowings	240,543,238	623,179,100
Repayment of interest-bearing loan	(22,238,069)	(20,587,889)
Finance costs paid	(2,251,853)	(3,017,110)
Net cash flows from financing activities	216,053,316	599,574,101
Net decrease in cash and cash equivalents	(99,376,449)	(552,245,431)
Foreign exchange adjustment	(292,521)	-
Cash and cash equivalents as at 01 July 2019	492,625,459	1,044,870,890
Cash and cash equivalents as at 30 June 2020	392,956,489	492,625,459

The accompanying notes form an integral part of the Financial Statements.
Note: Figures in brackets represent outflows.

STATEMENT OF COMPARISON OF ANNUAL ESTIMATES AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

Particulars	Original Estimates 2019-20	Actual Amount 2019-20	Revised Estimates 2019-20	Actual amounts on comparable basis	Variance for actual vs revised budget
Receipts					
Revenue from exchange transactions	1,791,000,000	1,682,497,693	1,814,800,000	1,770,955,556	(43,844,444)
Payments					
Operating costs	(661,925,000)	(601,659,759)	(702,005,000)	(641,473,484)	60,531,516
Employee benefits	(935,706,000)	(712,487,393)	(827,455,000)	(738,173,182)	89,281,818
Depreciation and amortisation expenses	-	(558,833,027)	-	-	-
Finance costs	(38,281,000)	(189,395,160)	(25,500,000)	(24,489,921)	1,010,079
Other expenses	(96,088,000)	(71,346,515)	(80,040,000)	(75,525,543)	4,514,457
Loss on foreign currency transactions	-	(25,903,227)	-	(292,521)	(292,521)
Surplus/(deficit)	59,000,000	(477,127,387)	179,800,000	291,000,905	111,200,905
Revenue from non-exchange transactions	1,505,000,000	126,747,534	888,200,000	445,413,039	(442,786,961)
Capital expenditure	(1,601,000,000)	(2,008,795,634)	(980,000,000)	(1,057,239,343)	(77,239,343)
Net capital payments	(96,000,000)	(1,882,048,100)	(91,800,000)	(611,826,304)	(520,026,304)
Net receipts	(37,000,000)	(2,359,175,487)	88,000,000	(320,825,400)	(408,825,399)

Notes:

i. Approval of Estimates

The original budget for the financial year 2019/20 was approved by the Minister of Energy and Public Utilities on **7 May 2019**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with revenue and expenditure trends, changing environment, approved reallocations, project status and other such factors. Changes in respect of capital expenditure budget were mainly due to project implementation delays and project reprioritisation. The revisions or additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the 2019-20 budget following the governing body's approval of **8 July 2020**.

ii. Budget variance of major items has been explained below:

Particulars	Variance
a) Revenue from exchange transaction	(43,844,444)
<p>Actual water sales receipts were lower than budget due to an increase in debts (unpaid bills) from both Potable Water Sales and Irrigation Water Sales during the year.</p> <p>Other revenue was lower than budget mainly because of a fall in actual receipts from financial contribution, surcharges, laboratory services and morcellement fees. This fall was partly offset by penalty income which is non-budgeted item.</p>	
b) Operating costs	60,531,516
<p>The underspent amount in Operating Costs is explained by 9% fall in budgeted expenses, particularly in major items such as Electrification Costs, Chemicals and in Security Costs.</p> <p>It is to be noted as well that Operating Costs also comprise Water Consumption which is a non-budgeted item but exclude Stock Replenishment of Meters as same is capitalised in the Financial Statements.</p>	
c) Employee benefits expenses	89,281,818
<p>The underspent amount in Employee Benefits Cost is explained by some 11% fall in Basic Salary and related staff costs due to freezing of vacancies in line with Government decision.</p>	
d) Depreciation and amortisation expenses	-
<p>Non-cash items such as Depreciation and Amortization are excluded from the Budget.</p>	

e) Finance costs 1,010,079

The underspent amount in Finance Costs is due to non-payment of Government Loans during the year, pending the proposal for loan rescheduling.

f) Other expenses 4,514,457

A reduction of 6% in Other Expenses compared to Budget was mainly due to a fall in Professional and Legal Services.

g) Loss on foreign currency transactions (292,521)

Adjustments for fluctuations in foreign currency transactions are excluded from Budget. The actual amount on comparable basis represent the actual realised loss on exchange upon payments made in foreign currencies during the reporting year.

h) Revenue from non-exchange transactions (442,786,961)

Actual receipts were lower than budgeted due to delays in project implementation, leading to a fall in Government funding mainly in terms of grant as compared to Budget. Also, withdrawal from Equity and Cash Reserves were budgeted for capital financing purposes.

i) Capital expenditure (77,239,343)

Variances between additions to property, plant and equipment as per the financial statements and capital expenditure estimates arise principally because of delays in actual implementation of projects.

iii. The budget amounts and the financial statement amounts are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget. A reconciliation of amounts as per the above statement and the actual amounts in the cash flow statement for the year ended 30 June 2020 is presented below:

Net receipts	Operating Activities	Investing Activities	Financing Activities	Total
Actual amount on comparable basis as presented in the statement of comparison	700,360,628	(1,237,239,344)	216,053,316	(320,825,400)
Basis differences	(400,033,062)	632,227,052		232,193,990
Timing differences	-	-	-	-
Entity differences	(10,745,038)	-	-	(10,745,038)
Actual amount in the cash flow statement	289,582,528	(605,012,292)	216,053,316	(99,376,449)

iv. The differences in the reconciliation above can be categorised into:

a) Basis difference which can be explained as follows

- for operating activities: the budget does not take into account VAT elements in transactions while appropriate VAT element is considered in the financial statements
- for investing activities: the movement of other current assets (excluding VAT elements), sundry payables and accrued expenditure which are considered as a part of capital expenditure in the budget but shown under operating activities in the cash flow statement. Also, interest revenue, disposal proceeds and held-to-maturity investments which are considered in the cash flow statement as a part of investing activities are not considered as a part of capital expenditure under budget.

b) Entity difference which can be explained as follows:

The budget is prepared solely for the Authority's operations, whilst the financial statements consolidate all receivables and payables including wastewater and ground water collections made on behalf of other entities and their subsequent remittance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Reporting

(i) General Information of Reporting Entity

The Central Water Authority (CWA or the Authority) is a parastatal body wholly owned by the Government of Mauritius which operates under the aegis of the Ministry of Energy and Public Utilities and is regulated by the CWA Act No. 20 of 1971. The Authority's principal place of business is Royal Road, St. Paul, Mauritius.

The Authority is administered by the Central Water Board and is engaged in the supply of potable water after the treatment for domestic, irrigation, commercial and industrial usage throughout Mauritius.

(ii) Reporting Period

The financial statements prepared for the Central Water Authority are for the year ended 30 June 2020.

(iii) Reporting Currency

The financial statements have been prepared and presented in Mauritian Rupees (MUR), which is the functional and reporting currency of the Authority. All amounts in these financial statements have been rounded to the nearest rupee.

(iv) Basis of Preparation

A. Estimates

The Approved/Revised Estimates (Budget) figures included in these financial statements for the Central Water Authority cover the financial period from 1 July 2019 to 30 June 2020.

The entity's budget is prepared on a different basis from the financial statements. The budget is prepared on a cash basis, except for carry over of capital expenditure which is appropriated on an accrual basis.

The statement of financial position and statement of financial performance are prepared on an accrual basis.

The amounts in these statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A statement of comparison of annual estimates and actual amounts is then presented, prepared on the same basis to the approved budget.

B. Financial Statements

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as set out in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange of goods and services.

The financial statements are prepared on an accrual basis using the going-concern principle and a classification based on nature of expenses in the statement of financial performance.

Where necessary and where practicable, comparative figures have been amended to conform to changes in presentation, or in accounting policies in the current year.

The accounting policies have been applied consistently throughout the year.

The cash flow statement is prepared using the indirect method.

(v) Statement of Compliance

The financial statements have been prepared under accrual basis International Public Sector Accounting Standards (IPSAS) and are in accordance with Section 6A (3) (a) the Statutory Bodies (Accounts and Audit) Act, as subsequently amended.

The Authority's financial statements for the year ended 30 June 2020 include the following:

- a) Statement of financial position;
- b) Statement of financial performance;
- c) Statement of changes in net assets/equity;
- d) Cash flow statement;
- e) Statement of comparison of annual estimates and actual amounts; and
- f) Related notes and the disclosure of narrative information about material adjustments.

1.2 Foreign Currencies

Transactions in foreign currencies are initially recorded in Mauritian Rupees (MUR) at the rate of exchange ruling at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

At the reporting date, monetary assets and liabilities which are denominated in foreign currencies are translated into MUR at the closing rate of exchange ruling at year-end. Exchange gains and losses are dealt with through the statement of financial performance.

The Authority did not have any non-monetary assets or liabilities denominated in foreign currencies during the reporting period.

1.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash balances with banks, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

1.4 Financial Instruments

(a) Financial assets

(i) Initial recognition and measurement

Within the scope of IPSAS 29, *Financial Instruments: Recognition and Measurement*, financial assets are initially recognised as at fair value through surplus or deficit.

The Authority determines the classification of its financial assets at initial recognition.

(ii) Subsequent measurement

Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment loss.

(iii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest revenue over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

(iv) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where 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 have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Authority's past experience of collecting payment, an increase in the number of delayed payments in the portfolio past three (3) years, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against that allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of financial performance.

(v) Derecognition of financial assets

The Authority derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of that asset to another entity. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If it retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognize the financial asset and also recognizes a collateral borrowing for the proceeds received.

(vi) Financial assets measured at amortised cost

Financial assets of the Authority measured at amortised cost includes the following:

- Receivables from exchange transactions
- Receivables from non-exchange transactions
- Loans and advances (e.g. car loan)
- Other receivables which are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention to hold to maturity (e.g. fixed deposits classified as held-to-maturity investments).

After initial recognition at fair value, such financial assets are subsequently measured at amortized cost using the effective interest method, less any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all or part of the amounts due according to the terms of receivables. Losses arising from impairment are recognized in the loans and receivables and statement of financial performance.

(b) Financial liabilities

(i) Initial recognition and measurement

Within the scope of IPSAS 29, *Financial Instruments: Recognition and Measurement*, financial liabilities are initially recognised as at fair value through surplus or deficit.

The Authority determines the classification of its financial liabilities at initial recognition.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

(iii) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of financial performance.

(iv) Financial liabilities measured at amortised cost

The Authority's financial liabilities include borrowings, deposits and trade and other payables.

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of financial performance when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Interest-bearing borrowings that are expected to be settled within 12 months after the reporting date are classified as current liabilities.

Short-term trade and other payables are initially recognised at their carrying amount, except in cases where the impact of discount is material.

Long-term payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(c) Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5 Inventories

Inventories are initially measured at the lower of cost and net realisable value, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the present location and condition. The cost of inventories issued to and returned from maintenance and projects is determined through the weighted average cost (AVCO) formula.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling.

The carrying value of inventories is recognized as an expense in the period in which it is deployed for utilization or consumption in the ordinary course of operations of the Authority.

In case inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to current replacement cost (due to obsolescence, damage or other reasons) and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The Authority has the policy to book a provision for obsolescence in respect of inventories which are slow moving and lying for a period of more than three (3) years.

1.6 Prepayments

Prepayments are recognised as assets when payment for goods or services has been made in advance of obtaining a right to access those goods or services.

1.7 Capitalisation of non-financial assets

(a) Property, plant and equipment

(i) Initial recognition and measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost less any accumulated depreciation and any accumulated impairment losses.

Where an asset is acquired through a non-exchange transaction for nil or nominal consideration, the asset is measured at its fair value as at the date of acquisition.

Cost includes expenditure that is directly attributable to the acquisition of the asset which includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,

- When the Authority has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling, removing the items and restoring the site on which they are located, and
- Capitalized borrowing cost (under the allowed alternative treatment).

(ii) Subsequent costs

The cost of an item of property, plant and equipment may undergo changes subsequent to its acquisition or construction on account of exchange fluctuations, price adjustments, and changes in duties, replacement of a major component of an asset or similar factors.

Subsequent costs are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Authority and the amounts can be measured reliably.

(iii) Measurement after recognition

The CWA opted to use the fair value of property, plant and equipment as its deemed cost on 1 July 2017.

(iv) Depreciation

Depreciation is charged so as to write off the cost or valuation of assets (other than land and assets under construction), over their estimated useful lives using the straight-line method as follows:-

Class of Assets	No. of years
Water supply facilities	10 – 60
Irrigation facilities	50
Cars and mobile service equipment	5 – 10
Office, workshop and laboratory equipment	5 – 20
Buildings	50

The residual value on assets, where applicable, is 5-10% of cost.

Depreciation is charged on additions in the year of acquisition on pro-rated basis as from the date when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases when the asset is derecognized. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted, if appropriate.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is accounted for as a separate asset and depreciated separately over its useful life.

Land is not depreciated.

(v) Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognized:

- On disposal; or
- When no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is included in surplus or deficit when the item is derecognized.

Gain or loss on disposal are shown as part of 'other expenses' in the statement of financial performance (gains are not classified as revenue).

(b) Assets under construction

Assets in the course of construction are carried out at cost, less any recognised impairment loss. Cost includes borrowing cost for qualifying assets. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Other borrowing costs are charged to the statement of financial performance.

Depreciation of these assets commences when the assets are ready for their intended use and are transferred to property, plant and equipment.

(c) Intangible assets

(i) Recognition and measurement

The intangible assets of the Authority comprise computer software that is not considered to form an integral part of any hardware equipment. These intangible assets have a finite useful life and are amortized using the straight-line method over their useful lives.

The Authority has no intangible assets with indefinite useful lives.

Intangible assets are initially measured at cost, except for intangible assets acquired through non-exchange transactions (measured at fair value at the date of acquisition) less accumulated amortization and impairment losses.

The CWA opted to use the fair value of intangible assets as its deemed cost on 1st July 2017.

(ii) Research and development costs

Expenditure incurred on the research phase of an internal project is expensed when it is incurred (no intangible asset is recognised)

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, the Authority can demonstrate that all of the following criteria are met: technical feasibility; ability to complete the asset; intention and ability to sell or use; ability of asset to generate probable future economic benefits or service potential, availability of resources to complete development and development expenditure can be reliably measured.

(iii) Amortization

Amortization of computer software is recognized in the statement of financial performance on a straight-line basis over estimated useful lives of 5-25 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

(iv) Derecognition

An intangible asset shall be derecognized:

- (a) On disposal (including disposal through a non-exchange transaction); or
- (b) When no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is included in surplus or deficit when the asset is derecognized.

(d) Asset capitalisation policy

As part of the entity's normal policy, qualifying assets are capitalised when the value of cost is equal to or exceed the following thresholds, where applicable:

Class of Asset	Rs
Computer hardware	5,000
Computer software and intangible assets (first-time acquisition cost)	5,000
Furniture and fittings	5,000
Mobile service equipment - Pump	5,000
Mobile service equipment (other than air compressor/generator)	5,000
Equipment	5,000
Mechanical tool	10,000
Building improvement	50,000
Building construction / Facility acquisition	No threshold
House connection	No threshold
Infrastructure assets	No threshold
Land acquisition	No threshold
Mobile service equipment - air compressor	No threshold
Mobile service equipment - generator	No threshold
Motor vehicle	No threshold
Office equipment - air conditioner	No threshold

Where no threshold is set, the qualifying asset meets the direct capitalisation criteria.

Where multiples of one asset are purchased at the same time, the individual asset value is used to determine whether each asset is to be capitalised.

Small items of capital nature falling below the asset category threshold value, where applicable, are generally not capitalised but are rather expensed as maintenance in the year of acquisition.

1.8 Impairment of non-financial assets

(i) Impairment of cash-generating assets

The recoverable amount of a cash-generating asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or cash-generating units (CGU) for which the estimates of future cash flows have not been adjusted.

(ii) Impairment of non cash-generating assets

At the end of each reporting period, the Authority reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable service amount of a non-cash-generating asset is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

When the carrying amount of an asset is greater than its estimated recoverable service amount or recoverable amount, it is written down to its recoverable service amount or recoverable amount and an impairment loss is immediately recognised in the statement of financial performance.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

(iii) Reversal of impairment

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority shall estimate the asset's recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss have been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of financial performance.

1.9 Provisions

Provisions are recognized when the Authority has a present obligation as a result of past event, and it is probable that the Authority will be required to settle that obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date and are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

The expense relating to any provision is presented in the statement of financial performance, net of any reimbursement.

1.10 Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.11 Contingent assets

The Authority does not recognize a contingent asset since this may result in the recognition of revenue that may never be realized. Details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority are disclosed in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits or service potential has become probable, the contingent asset is disclosed.

Where an inflow of economic benefits or service potential is probable, the entity discloses a brief description of the nature of the contingent assets at the reporting date, and, where practicable, an estimate of their financial effect.

1.12 Employee benefits

(i) Defined benefit pension plan

Provision for retirement pension benefits is made under the Statutory Bodies Pension Funds Act of 1978, as amended. A Defined Benefit Plan is managed by the State Insurance Company of Mauritius (SICOM) Ltd for employees who joined service prior to 2013. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of annual reporting periods. Defined benefit costs are categorized as follows:

- Service cost (including current and past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or revenue
- Remeasurement

The retirement benefit obligations recognized in the statement of financial position represent the actual surplus or deficit in the Authority's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refund from the plan or future reductions in contribution in the plan.

Remeasurement, comprising actuarial gains and losses and the return on plan assets, is reflected immediately in the statement of net assets/equity.

Current service cost, past service cost and gain or loss on settlement, net interest on the net defined benefit liability (asset) is recognised in the statement of financial performance.

(ii) Defined contribution plan pension plans

The contributions to the National Pension Scheme, Family Protection Scheme, National Savings Fund and Contribution Sociale Generalisee (CSG) are charged to the statement of financial performance for the period in which they fall due.

Also, for full time employees who joined service as from 1 January 2013, a Defined Contribution Plan is managed by the SICOM

1.12 Employee benefits. (cont)

under a separate fund. The contribution rate for this scheme is set at 18% of pensionable salaries (6% Employee Contributions and 12% Employer Contributions). These contributions are expensed in the period the employees render the service and a liability is recognised in respect of amount not paid at the end of the financial year.

(iii) Employee entitlements

(a) Sick Leaves

Unutilised sick leaves are accumulated by employees to a bank maximum as defined in the PRB Report.

Additionally, in the context of COVID-19 pandemic which impacted negatively on public finance, the monetary value of untaken sick leave for year 2020 will be kept in a separate account and refunded to officers at the time of retirement or when the Government so deems fit, bearing in mind the financial soundness of the economy.

Unutilised sick leaves are either cashed in full on resignation, on retirement or taken as leave prior to retirement and are recognized as liability in the financial statements.

(b) Passage benefits

Passage benefits are provided to eligible employees as part of their contract of employment. It is calculated as a percentage of employee's salaries and are earned during active employment. The amount earned is accrued and the accrual cleared as and when employees take their passage benefit entitlement. They are therefore classified as employee benefits and are measured at their nominal value. The carrying amount is re-measured each year and after taking into account amount paid and earned during the year.

(c) Annual leave for officers on contract

Unutilized annual leaves with respect to officers on contract are expensed during the period and amounts unpaid as at the date of reporting are accrued and recognized as a liability.

(d) Vacation leave

Provision is made at the end of each reporting date with respect to vacation leaves accruing to the employees. They have the option to cash in full the accumulated vacation leaves in lieu of proceeding on leave prior to their normal retirement as per the provisions of the PRB Report.

(e) Car loan

Car loans are disbursed to staff by the Authority on applications made by eligible employees as part of their conditions of service. The loans are executed by way of a registered agreement between the Authority and the employees. The car loans granted to eligible officers bear an interest rate of 4% as per the PRB Report and are repayable monthly over a period of five or seven years, as appropriate. The balances of principal amounts are shown under receivables and considered as financial assets and accordingly recognized.

1.13 Revenue recognition

(i) Revenue from exchange transactions

Revenue from exchange transactions is recognized when the outcome of the transactions can be estimated reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(a) Sale of water

Revenue is made up of sale of potable water. The sale is recognized when:

- a contract exists,
- delivery has been taken place,
- a quantitative price has been established or can be determined, and
- the receivables are likely to be recovered.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(b) Rendering of services

The Authority recognizes revenue from rendering of services (i.e., financial contributions for morcellement and other developments; irrigation, water treatment and distribution services) when:

- a contract exists,
- delivery has been taken place,
- a quantitative price has been established or can be determined, and
- the receivables are likely to be recovered.

Delivery is measured by reference to the measurement based on cyclical meter readings.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(c) Interest income

Interest revenue is accrued in the statement of financial performance using the effective yield method unless their collectability is not reasonably certain. The effective yield method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest revenue in each period.

(d) Other revenue

Other revenue is recognized in the statement of financial performance as they accrue unless their collectability is not reasonably certain.

(ii) Revenue from non-exchange transactions

Non-exchange transactions are those where the Authority receives an inflow of resources (e.g. cash and tangible or intangible items) but provides no (or nominal) direct consideration in return.

Revenue from non-exchange transactions include capital grants and assets received from Government or other parties.

(a) Capital grants

The Authority recognizes revenue from capital grants when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred revenue is recognized instead of revenue.

(b) Debt Forgiveness

Revenue is recognised in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

(c) Other revenue from non-exchange transactions

Other revenues from non-exchange transactions are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

1.14 Leases

(i) CWA as Lessee: Finance Lease

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item an entity.

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of financial performance.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The Authority does not have any lease as at 30 June 2020 that qualifies as finance lease.

(ii) CWA as Lessee: Operating Lease

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in the statement of financial performance on a straight-line basis over the lease term. The Authority has entered into operating lease agreements for the rental of land (including parking space), buildings and equipment.

1.15 Expenses

Expenses are recognized in the period to which they relate.

(i) Operating costs

These are recognised in the period when goods are received or services are rendered.

(ii) Employee benefits

Employee benefits comprise mainly staff and related costs, including pension payments. These are recorded as an expense in the period the transfer payment is authorised and all eligibility criteria has been met by the recipient. Employee costs paid after a particular financial year but which were earned during the reporting period are accrued at year-end.

(iii) Depreciation and amortization

Depreciation and amortization charges are calculated on a systematic basis over the useful life of assets and recognised for each period in the statement of financial performance as an expense.

(iv) Finance costs

Finance costs on financial liabilities measured at amortised cost are recognised in the statement of financial performance using the effective interest rate method.

(v) Other expenses

Other expenses are recognised in the period when goods are received or services are rendered.

(vi) Loss or gain on foreign currency transactions

Realised and unrealised exchange losses or (gains) are recognised in the statement of financial performance as they arise.

1.16 Related parties

CWA regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa.

This includes relationship with entities forming part of the Government of Mauritius, key management personnel and their close family members.

Transactions between these related parties and the Authority are disclosed in the financial statements except for transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those which it is reasonable to expect the Authority would have adopted when dealing with that individual or entity at arm's length in the same circumstances.

1.17 Key assumptions and judgements

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Estimates and assumptions

The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond CWA's control. Such changes are reflected in the assumptions when they occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Examples of estimates include: useful lives of tangible and intangible assets, inventory valuation, collectability of receivables.

Examples of assumptions include: discount and inflation rates applied to employee benefits liabilities, provisions for litigation, financial risk on accounts receivable, accrued charges and the degree of impairment of property, plant and equipment.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2020 include the following:

(a) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

1. The condition of the asset based on the assessment of experts employed by the Authority;
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
3. The nature of the processes in which the asset is deployed;
4. Availability of funding to replace the asset;
5. Changes in the market in relation to the asset.

(b) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(c) Employee benefits liabilities

Management is required to measure the defined benefit obligations and annual costs under such plans using assumptions that are long-term in nature and reflect the fund's best estimates such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The Authority reviews key assumptions on an annual basis with its independent actuaries using relevant experience, in conjunction with market-related data. The key assumptions include the rate of salary increase, the

rate of pension increase, the discount rate and the longevity of plan members. The management assumption with the greatest potential impact on the organization's defined benefit obligation is the discount rate.

(ii) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and which could have a significant risk of resulting in a material adjustment are as follows:

(a) Contingent liabilities

Contingent liabilities are disclosed for pending legal proceedings when it is determined that an unfavourable outcome is probable and the amount of loss can be reasonably estimated. Owing to the inherently uncertain nature of the matters, the ultimate outcome or actual cost of settlement may materially vary from estimates.

(b) Operating lease commitments

The Authority has determined, based on an evaluation of the terms and conditions of lease arrangements, that it does not retain all the significant risks and rewards of ownership of the leased items and accounts for the contracts as operating leases.

1.18 Events after reporting date

The Authority makes adjustment for adjusting events after the reporting date and disclosures are made for significant non-adjusting events after the reporting date.

1.19 Standards issued but not yet effective

IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors) requires disclosure of new IPSASs that have been issued but are not yet effective and which have not yet applied by a reporting entity.

The Authority's financial statements comply in all material aspects with applicable IPSASs. At the date of approval of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IPSAS Board (IPSASB). These Standards, amendments or Interpretations have not been adopted early by the reporting entity.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

Management has not yet had an opportunity to consider the potential impact of the adoption of the following new standards on the financial statements of the Authority in the current or future reporting periods and on foreseeable future transactions:

IPSAS 41 Financial Instruments - Designation of financial instruments on the date of adoption of IPSAS or during the period of transition (effective 01 January 2023)

IPSAS 42 Social Benefits - Recognition of a liability for a social benefit scheme (effective 01 January 2023)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2 PRIOR YEAR ADJUSTMENTS

All amounts are in Mauritian Rupees (Rs) unless otherwise stated

2.1 The comparative amounts as at 30 June 2019 have been restated in accordance with IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors, to correct certain misstatements identified during the year ended 30 June 2020. Restatements made are summarised below together with the impact on the financial statements:

		30 June 2019			
	Note	As previously reported	Prior year adjustments	Reclassification	As restated
STATEMENT OF FINANCIAL POSITION					
Receivables from exchange transactions	1,2	314,832,990	(13,232,046)	-	301,600,944
Other receivables from exchange transactions	3	31,496,011	(260,179)	-	31,235,832
Inventories	4	43,704,846	32,962,669	-	76,667,515
Prepayments (under Current assets)	5,6	46,284,209	(6,777,069)	-	39,507,140
Other current assets	7	70,975,851	(641,981)	-	70,333,870
Property, plant and equipment	8,9	13,848,086,238	280,517,763	-	14,128,604,001
Payables under exchange transactions	10,11	1,325,276,229	(13,947,214)	-	1,311,329,015
Deposits	12	102,881,407	(2,078,568)	-	100,802,839
Accumulated surplus		7,799,294,200	308,594,939	-	8,107,889,139
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue from exchange transactions	2,7,13	1,575,162,138	(6,123,488)	159,896,543	1,728,935,193
Other revenue	13	159,896,543	-	(159,896,543)	-
Operating costs	5, 11	614,364,798	331,962	-	614,696,760
Depreciation and amortization	8,9	761,542,090	(218,043,192)	-	543,498,898
Other expenses	5	65,143,324	(1,126,103)	-	64,017,222

Notes: Reasons for Prior Year Adjustments (effect of Rs 308.6M on Accumulated Surplus):

1. Surcharge receivable was over-calculated in FY 2018/19 and in prior years by Rs 7.2M. Management has corrected the receivables amount as at 30 June 2019 to reverse the excess provision.
2. Bills have been amended due to reasons such as excessive billing, unnoticed leakage, and defective meters amongst others. The receivables amount were restated to reflect bill adjustments of Rs 5.6M relating to FY 2018/19 and prior years.
3. Some other receivables amounting to Rs 0.3M should have been cleared upon reimbursement made in previous years (prior to FY 2018/19). These were restated, as appropriate.
4. A long-standing accounting difference between physical stock and amount of inventories as per the general ledger balance was corrected so as to reflect the actual value of stock physically counted at year-end.
5. Adjustment has been made for prepayments of Rs 2.0M which were reversed twice in FY 2018/19.
6. An amount of Rs 8.7M was wrongly accounted as other revenue in FY 2017/18 and has been corrected by restating the prepayments account.
7. An amount of Rs 0.6M relating to VAT on laboratory services was overstated in FY 2018/19 and has been corrected.
8. Depreciation charges were over-calculated in FY 2018/19 and prior years by Rs 281.2M. Upon implementation of a new computerised Fixed Asset Register, the depreciation charges were auto-calculated by the system and necessary adjustments made to restate the depreciation amount as well as the carrying values of related assets.
9. Depreciation charges were adjusted by Rs 0.7M for FYs 2017/18 and 2018/19 following transfer of a vehicle which was purchased under contract.
10. A long-standing difference of Rs 11.9M between ground water payables and cash collection reports was corrected by restating prior year balances for payables.
11. Necessary prior year adjustments were made for accrual of rental claims for state lands amounting to some Rs 1.8M which were not recorded previously.
12. Consumer deposits were tallied with the Authority's records by adjusting for an overstatement of Rs 2.1M in prior years.
13. Reason for Re-classification Adjustment (no effect on Accumulated Surplus)
An amount of Rs 159.9M has been reclassified from 'Other revenue' to 'Revenue from exchange transactions' to match IPSAS presentation of financial statements.

3 - CASH AND CASH EQUIVALENTS

Particulars	2020	2019
(a) Petty cash	268,511	235,511
(b) Cash at bank	392,687,978	492,389,948
Total cash and cash equivalents (as per cash flow statement)	392,956,489	492,625,459

4 - INVESTMENTS

Current

Particulars	2020	2019
Term Deposit No. 1	-	180,000,000
Term Deposit No. 2	320,000,000	-
Held-to-maturity investments	320,000,000	180,000,000

Notes:

- i. Term deposit No. 1 with BCP Bank (Mauritius) Ltd matured on 17 September 2019 (held for 12 months)
- ii. Maturity date for term deposit No. 2 with BCP Bank (Mauritius) Ltd : 17 September 2020 (held for 24 months)

Non-Current

Particulars	2020	2019
Term Deposit No. 2	-	320,000,000
Held-to-maturity investments	-	320,000,000

Notes:

Term deposit No. 2 with BCP Bank (Mauritius) Ltd has been re-classified from non-current to current assets as at 30 June 2020 as it is expected to be realized within twelve months after the current reporting date.

5 - RECEIVABLES FROM EXCHANGE TRANSACTIONS

Particulars	2020	Restated 2019
Receivables from exchange transactions		
(a) Potable water sales	318,538,277	296,474,183
(b) Irrigation water sales	100,333,127	88,630,058
(c) Surcharge on Potable water sales	6,528,904	14,579,845
(d) Surcharge on Irrigation water sales	8,943,412	7,582,898
Gross receivables from exchange transactions	434,343,720	407,266,984
Provision for impairment loss		
(i) Provision for impairment on Irrigation Water Sales (IWS)	(61,970,062)	(79,134,410)
(ii) Provision for impairment on Potable Water Sales (PWS)	(30,451,754)	(26,531,630)
(iii) Provision for impairment on Surcharge (IWS)	(5,795,009)	-
Total provision for impairment on receivables (Note i)	(98,216,825)	(105,666,040)
Total receivables from exchange transactions (net of provision)	336,126,895	301,600,944

Notes:

i. Movement in provisions are as follows:

Particulars	Provision for Impairment - IWS	Provision for Impairment - PWS	Provision for Impairment Surcharge
Balance as at 01 July 2019	(79,134,410)	(26,531,630)	-
Provisions recognized during the year - (increase)/decrease	17,164,348	(3,920,125)	(5,795,009)
BALANCE AS AT 30 JUNE 2020	(61,970,062)	(30,451,755)	(5,795,009)
TOTAL PROVISION FOR IMPAIRMENT ON RECEIVABLES			(98,216,825)

General provisions for impairment have been re-calculated, covering 100% of IWS and PWS debts aged more than three (3) years at year ended 30 June 2020. No specific allowance has been created in respect of amount owed by any specific consumer at year end.

ii. The credit risk and credit risk management policy relating to receivables has been explained at Note 30.2.5.

iii. Receivables include water bills amounting to Rs 116M for June 2020 consumption and delivered in July & August 2020. No surcharge is levied on trade receivables for the first 21 days from date of delivery of invoice and thereafter a surcharge of 10 per cent is applied on the outstanding balance.

6 - RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Particulars	2020	2019
Capital Grant carry-over	-	97,896,933
Capital Grant receivable	57,544	-
Total receivables from non-exchange transactions	57,544	97,896,933

Notes:

- i. Carry-over relates to unspent capital expenditure in a particular financial year which is carried over to a period not exceeding 3 months in the following financial year, subject to certain limitations, conditions and procedures as spelt out in the Financial Instructions No. 1 of 2016 issued by MoFEPD. Carry-over relating to capital grant is shown as a receivable at year-end.
- ii. Grant receivable as at 30 June 2020 relates to capital grant received from Government after year-end in July 2020, pertaining to grant appropriation budget for 2019-20.

7 - OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Particulars	2020	Restated 2019
(a) Security deposit - CEB	4,043,815	3,308,815
(b) Meter rentals	9,857,228	9,082,429
(c) Swimming pool fee	178,769	75,500
(d) Bank interest	20,869,626	16,136,319
(e) Claim for damages	3,017,346	3,017,346
(f) Cash deposits	2,553,766	2,553,766
(g) Other miscellaneous receivables	823,645	79,004
Gross other receivables from exchange transactions	41,344,195	34,253,178
Provision for impairment on:		
i. Claim for damages	(3,017,346)	(3,017,346)
ii. Cash deposits	(2,553,766)	-
Total provision for impairment on other receivables	(5,571,112)	(3,017,346)
Total other receivables from exchange transactions	35,773,083	31,235,832

8 - LOANS AND ADVANCES

Current

Particulars	2020	2019
Other receivables - car loan (Note i)	8,783,812	8,159,910
Total loans and advances (current)	8,783,812	8,159,910

Non-Current

Particulars	2020	2019
Other receivables - car loan (Note i)	15,983,908	16,236,757
Total loans and advances (non-current)	15,983,908	16,236,757

Notes:

i. Movement in car loans is as follows:

Particulars	2020	2019
Opening Balance	24,396,667	23,136,702
New loans granted	9,278,574	9,999,260
Refund during the year	(8,907,521)	(8,739,295)
Closing Balance	24,767,720	24,396,667
<i>Classified under current assets (short-term receivables)</i>	8,783,812	8,159,910
<i>Classified under non-current assets (long-term receivables)</i>	15,983,908	16,236,757

9 - INVENTORIES

Particulars	2020	Restated 2019
Inventories comprise the following items:		
(a) Meters and materials for new supplies	23,094,549	
(b) Pipes and fittings	66,666,959	
(c) Spare parts for vehicles	3,891,182	85,796,414
(d) Stationery and consumables	8,844,462	
(e) Other miscellaneous items	6,137,958	
Gross inventories	108,635,111	85,796,414
Provision for obsolescence	(18,016,056)	(9,128,899)
Total inventories (net of provision for obsolescence)	90,619,055	76,667,515

Notes:

- i. All the major pipes and fittings held in store as at 30 June 2020 were “unallocated items” and have been treated under Inventories.
- ii. Provision for slow-moving stock items has been calculated on stock value for items aged more than three (3) years at year end, in line with the Authority’s current impairment policy.
- iii. Gross stock balance at year-end 30 June 2020 represents the actual value of inventories as per physical stock count carried out. A full stock-take exercise was performed in June 2020 at all existing store locations.

10 - PREPAYMENTS

Current

Particulars	2020	Restated 2019
(a) Advance payment for works	26,936,910	45,723,535
(b) Advance payment for road reinstatement by Local Authorities	12,000,000	-
(c) Other prepayments	7,641,027	2,500,142
(d) Other advance payments	9,000	23,000
(e) Other receivable account	3,068,093	(8,739,537)
Total prepayments (current)	49,655,030	39,507,140

Non-Current

Particulars	2020	2019
Prepayments towards land lease premium	80,707	81,566
Total prepayments (non-current)	80,707	81,566

11 - OTHER CURRENT ASSETS

Current

Particulars	2020	Restated 2019
Value-Added Tax (VAT)	18,139,880	70,333,870
Total other current assets	18,139,880	70,333,870

12 - PROPERTY, PLANT AND EQUIPMENT

Carrying amount of:	2020	Restated 2019
(a) Water supply facilities	13,999,712,700	13,328,860,973
(b) Irrigation facilities	116,803,745	117,712,327
(c) Cars and mobile service equipment	247,262,710	238,939,019
(d) Office, workshop and laboratory equipment	52,002,653	37,458,304
(e) Land and buildings	425,365,947	405,633,378
Total property, plant and equipment	14,841,147,756	14,128,604,001

Particulars	Water supply facilities	Irrigation facilities	Cars and mobile service equipment	Office, workshop and laboratory equipment	Land and buildings	Total property, plant and equipment
COST OR DEEMED COST						
At 01 July 2019	14,584,274,108	119,571,447	278,658,559	66,616,552	418,148,473	15,467,269,139
Additions	1,172,967,083	-	42,404,685	27,904,429	26,409,943	1,269,686,138
Disposal adjustment			(2,514,813)	(41,915)		(2,556,728)
At 30 June 2020	15,757,241,191	119,571,447	318,548,430	94,479,066	444,558,416	16,734,398,550
ACCUMULATED DEPRECIATION						
At 01 July 2019	1,255,413,135	1,859,120	39,719,539	29,158,248	12,515,095	1,338,665,137
Depreciation expense	500,050,284	908,582	32,359,293	13,336,504	6,677,374	553,332,036
Disposal adjustment			(300,124)	(5,084)		(305,208)
Other adjustment	2,065,072		(492,988)	(13,255)		1,558,829
At 30 June 2020	1,757,528,491	2,767,702	71,285,720	42,476,413	19,192,469	1,893,250,794
CARRYING AMOUNT						
At 30 June 2020	13,999,712,700	116,803,745	247,262,710	52,002,653	425,365,947	14,841,147,756
At 01 July 2019	13,328,860,973	117,712,327	238,939,019	37,458,304	405,633,378	14,128,604,001

Notes:

i. The Authority engaged the consultancy firm Mega Design Ltd, in association with Atkins International (UK), to carry out asset revaluation exercise in order to assess the fair value of the Property, Plant and Equipment as at 01 July 2017. The Consultant had independently carried on an exercise for revaluation of assets and assessment for impairment of assets in relation to the assets existing as at 30 June 2017. The Authority opted to use this fair value of Property, Plant and Equipment as its deemed cost on the transition date i.e. 01 July 2017. Necessary fair value adjustments were reflected in the Authority's financial statements since financial year 2017/18.

ii. Property, Plant and Equipment shown at 30 June 2020 were owned by the Authority except for: Assets worth Rs Rs 111.9M and 116.8M (Net Book Values as at 30 June 2020) awaiting transfer to the Water Resources Unit and Irrigation Authority respectively. The matter is at the level of the Ministry of Energy and Public Utilities (MEPU) for changes to be brought to legislation.

iii. The Authority occupies certain State Lands for the conduct of its operating activities which are categorized hereunder:

	As at 30 June 2020 Number
1. Leasehold State Land	37
2. State Land vested in Ministry of Energy and Public utilities (MEPU) / Ministry of Housing and Land Use Planning (MOHLUP) for use and occupation by CWA	136

As per a letter dated June 2018 from the Ministry of Housing and Land Use Planning, all state lands (vested/not vested in MEPU for use and occupation by the CWA) have been retrieved and 20-Year leases will be drawn over the respective sites. As at reporting date, the Lease Agreements were not yet formalised. The State Lands do not form part of the Authority's Land and Buildings value shown above as they have been re-classified as operating lease.

13 - ASSETS UNDER CONSTRUCTION

Particulars	2020	2019
Opening Balance	2,255,056,261	1,548,568,214
Additions	731,251,637	1,221,842,605
Materials awaiting installation	(3,441,935)	50,005,435
Capitalized during the year	(1,128,675,598)	(593,163,877)
Transfers	-	27,803,884
Closing Balance	1,854,190,365	2,255,056,261

14 - INTANGIBLE ASSETS

Particulars	2020	2019
Carrying amount of:		
Computer software	32,590,027	30,538,365
Total intangible assets	32,590,027	30,538,365

COST OR DEEMED COST	2020	2019
Opening Balance	37,430,635	21,683,120
Additions	7,857,859	15,747,515
Closing Balance	45,288,494	37,430,635

ACCUMULATED AMORTIZATION AND IMPAIRMENT	2020	2019
Opening Balance	6,892,270	3,237,883
Amortization expense	5,806,197	3,654,387
Closing Balance	12,698,467	6,892,270

CARRYING AMOUNT	2020	2019
Closing Balance	32,590,027	30,538,365
Opening Balance	30,538,365	18,445,237

15 - PAYABLES UNDER EXCHANGE TRANSACTIONS

Particulars	2020	Restated 2019
(a) Trade and other payables	365,820,119	642,648,701
(b) Accruals	124,108,015	64,477,651
(c) Interest on borrowings	663,694,288	516,091,551
(d) Payable to Wastewater Authority	54,124,563	65,645,597
(e) Payable to Government Consolidated Fund (Ground Water)	6,930,835	6,154,839
(f) Other payables	36,780,548	16,310,676
Total trade and other payables	1,251,458,368	1,311,329,014

Notes:

The average credit period on trade payable is 30-60 days. No interest is charged on the trade payables and accordingly does not involve any significant financing component.

After the reporting date, some interest liabilities on GoM borrowings were waived off by the Government. The carrying value of those interest liabilities which have been waived off was Rs 321.3M as at 30 June 2020. Necessary adjustments for interest liability derecognition will be made in the next financial statements of the Authority.

16 - DEPOSITS

Current

Particulars	2020	Restated 2019
(a) Consumer deposits	103,424	100,803

Non-Current

Particulars	2020	Restated 2019
(a) Consumer deposits	103,320,737	100,702,036

Notes:

i. Movement in consumer deposits is as follows:

Particulars	2020	Restated 2019
Opening Balance	100,802,839	99,722,642
Receipts during the year	2,624,922	3,160,139
Refund during the year	(3,600)	(1,374)
Prior Year Adjustment	-	(2,078,568)
Closing Balance	103,424,161	100,802,839
Less: Amount shown as current	(103,424)	(100,803)
Amount shown as non-current	103,320,737	100,702,036

ii. As from financial year 1999/2000, 0.1% of total amount received as deposits is treated as current consumer deposits.

17 - BORROWINGS**Current Portion of Long-Term Borrowings**

Particulars	2020	2019
Unsecured		
(a) Domestic loans	828,523,432	674,008,274
(b) Foreign loans denominated in:		
(i) USD	85,823,065	85,823,065
(ii) Euro	24,610,881	21,908,733
(iii) Kuwait Dinars	48,750,057	48,750,057
Total current portion of long-term borrowings	987,707,435	830,490,129

Non-Current Borrowings

Particulars	2020	2019
Unsecured		
(a) Domestic loans	2,940,792,103	2,832,745,814
(b) Foreign loans denominated in:		
(i) USD	14,093,700	2,044,407
(ii) Euro	40,314,391	57,733,040
(iii) Kuwait Dinars	7,064,365	1,013,210
Total non-current borrowings	3,002,264,559	2,893,536,471

Notes:**i. Maturity analysis of total borrowings**

Particulars	2020	Restated 2019
(a) Payable within one year	987,707,435	830,490,129
(b) Payable between one to two years	269,066,213	218,537,638
(c) Payable between two to three years	260,724,429	248,935,544
(d) Payable between three to five years	622,329,440	548,424,826
(e) Payable after five years	1,850,144,477	1,877,638,463
Total borrowings	3,989,971,994	3,724,026,600

ii. Unserviced loans/defaults

Details of defaults in payment during the current period with respect to loans contracted by the Authority are given hereunder:

Particulars	2020	2019
Domestic loans contracted directly from GoM:		
Principal amount	151,039,873	105,296,717
Interest amount	135,235,761	130,231,707
Total	286,275,634	235,528,424

iii. Carrying amount of loan payables in default:

Particulars	2020	Restated 2019
(a) Loan contracted by GoM on lent to the Authority	155,731,187	137,630,739
(b) Domestic loans contracted directly from GoM	1,449,092,279	1,015,111,757
Total	1,604,823,466	1,152,742,496

After the reporting date, some loan payables in default were written off by the Government. The carrying value of those loans which have been written off was Rs 729.8M as at 30 June 2020. Necessary adjustments for loan derecognition will be made in the next financial statements of the Authority.

iv. Terms of repayments and effective interest rate of the borrowings is stated hereunder:

Particulars	Terms of repayment	Effective interest rate
(a) Domestic loans (Note a)		1.85%-10%
(b) Foreign loans denominated in:		
(i) USD	Semi-annual instalments	3%
(ii) Euro		3%-5%
(iii) Kuwait Dinars		3%

- a. Long-term borrowings represent loans advanced by the Government of Mauritius (GoM) and foreign lending institutions. The rate of interest ranges from 1.85% to 10% per annum. The amount payable within one year is shown under current liabilities and the non-current portion is included in the non-current liabilities.
- b. The Authority has not pledged any financial assets as collateral pertaining to the above liabilities.

18 - PROVISION FOR EMPLOYEE BENEFITS

Defined benefit plans

The Authority sponsors defined benefit plans for qualifying employees in Mauritius. The defined benefit plans are administered by a separate fund i.e. State Insurance Company of Mauritius (SICOM) Ltd. which is legally separated from the Authority. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund. Under the plans, the employees are entitled to post-retirement monthly instalments on attainment of a retirement age of 65 years.

The defined benefit plans require contributions from employees at the rate of 6% of their pensionable emoluments. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plans.

The plans in Mauritius typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk, pension, legislation and regulation risk.”

- a. Investment risk:** The plan liability is calculated using a discount rate determined by reference to market yields on government bond. If the return on the plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.
- b. Interest risk:** A decrease in the bond interest rate will increase the plan liability. However, this may be partially offset by an increase in the return on the plan’s debt investments and a decrease in inflationary pressures on salary and pension increases.
- c. Longevity risk:** The plan liability is calculated by reference to the best estimate for the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.
- d. Salary risk:** The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability. The salary increases could be higher or lower than that assumed. In case of high salary increases relative to investment returns, this would decrease the real return, creating future deficit and hence require further annual contributions.
- e. Pension increases:** Post-retirement pension increases have a significant impact on the fund liability. The higher the increases compared to the return on the assets backing the liabilities, the higher the impact will be felt on the pension costs
- f. Legislation and regulation:** Changes in legislation and regulation governing pension funds such increase in taxation, government fees and minimum benefits may adversely affect the fund.

Current

Particulars	2020	2019
I. Provision for employee benefits		
(a) Sick leave	23,268,107	19,973,279
(b) Passage benefit	9,547,729	10,163,227
(c) Vacation leave	9,058,688	9,262,039
(d) Annual leave/gratuity	10,955,671	10,143,712
Total current provision for employee benefits	52,830,195	49,542,257

Non-current

Particulars	2020	2019
I. Provision for employee benefits		
(a) Sick leave	100,156,615	101,573,655
(b) Passage benefit	40,514,828	37,621,477
(c) Vacation leave	121,204,379	115,409,064
II. Retirement benefit obligation		
Pension fund	2,018,372,793	1,857,227,149
Total current provision for employee benefits	2,280,248,614	2,111,831,345

Notes:

i. The Authority contributes to Defined Benefit Pension Plan (DB) for its employees and has recognized a Net Defined Benefit Liability of Rs 2.02 Bn in respect of pension benefits under the Central Water Authority Pension Fund in the Statement of Financial Position as at June 30, 2020. New entrants as from January 2013 are under the Defined Contribution Pension Scheme (DC).

ii. Actuarial Report on the Defined Benefit Pension Plan (DB) for CWA employees:

a. Amount recognized in Statement of Financial Position at the end of the year:

Particulars	2020	2019
Defined benefit obligation	2,106,138,093	1,954,254,780
Fair value of plan assets	(87,765,300)	(97,027,631)
Net defined benefit liability recognized in Statement of Financial Position at end of year	2,018,372,793	1,857,227,149

b. Amount recognized in Statement of Financial Performance:

Particulars	2020	2019
Current service cost	37,183,867	33,731,539
Employee contribution	(13,980,615)	(14,612,824)
Fund expense	2,111,712	2,074,444
Net interest expense/(revenue)	65,288,645	107,562,557
Components of defined benefit costs recognized in Statement of Financial Performance	90,603,609	128,755,716

c. Remeasurement of the Net Defined Benefit Liability:

Particulars	2020	2019
Liability (surplus)/deficit	201,263,502	1,146,941
Assets (surplus)/deficit	(3,952,845)	1,543,058
Remeasurement of the net defined benefit liability	197,310,657	2,689,999
Total	287,914,266	131,445,715

d. Movement in liability recognized in the Statement of Financial Position:

Particulars	2020	2019
Opening balance	1,857,227,149	1,849,670,081
Amount recognized in surplus/(deficit)	90,603,609	128,755,716
Actuarial reserves transferred in	-	(206,956)
Contributions paid by the employer	(126,768,622)	(123,681,691)
Remeasurement of the net defined benefit liability	197,310,657	2,689,999
Closing balance	2,018,372,793	1,857,227,149

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

e. Reconciliation of present value of defined benefit obligation:

Particulars	2020	2019
Opening balance	1,954,254,780	1,952,284,386
Current service cost	37,183,867	33,731,539
Interest expense	68,398,917	113,232,494
Benefits paid	(154,962,973)	(146,140,580)
Remeasurement (Liability experience)		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(129,775,455)
Actuarial (gains)/losses arising from changes in financial assumptions	209,107,415	130,922,396
Liability experience (gain) / loss	(7,843,913)	-
Closing balance	2,106,138,093	1,954,254,780

f. Reconciliation of fair value of plan assets:

Particulars	2020	2019
Opening balance	97,027,631	102,614,305
Interest Revenue	3,110,272	5,669,937
Employer contribution	126,768,622	123,681,691
Actuarial Reserves Transferred in	-	206,956
Employee contribution	13,980,615	14,612,824
Actuarial surplus/deficit transferred	-	-
Benefits paid and other outgo	(157,074,685)	(148,215,024)
Gain/(Loss) on Plan Assets	3,952,845	(1,543,058)
Closing balance	87,765,300	97,027,631

g. Components of experience amount recognized in Statement of Changes in Net assets/Equity:

Particulars	2020	2019
Assets experience surplus/(deficit) during the year	3,952,845	(1,543,058)
Liability experience surplus/(deficit) during the year	(201,263,502)	(1,146,941)
Components of experience amount recognized	(197,310,657)	(2,689,999)

h. Allocation of plan asset at end of year:

Particulars	2020 %	2019 %
Cash and equity instruments (Fixed interest securities)	61.70	58.70
Loan	3.00	3.40
Local equities	10.10	13.10
Overseas bonds and equities	24.60	24.20
Properties	0.60	0.60
Total	100%	100%

Weighted average duration of the defined benefit obligation is 12 years.

Based on the actuarial report the Authority does not have any plan assets invested in its assets held in its own financial instruments or property occupied by the authority or other assets used by the authority.

The Authority's investment policy is driven by considerations of maximising returns while ensuring credit quality of debt instruments. The asset allocation for plan assets is determined based on prescribed investment criteria and is also subject to other exposure limitations. The Authority evaluates the risks, transaction costs and liquidity for potential investments. To measure plan assets performance, the Authority compares actual returns for each asset category with published benchmarks.

i. Principal assumptions used at the end of the period:

The plan is exposed to actuarial risks such as investment risk, interest rate risk, mortality risk, longevity risk and salary risk.

The cost of providing the benefits is determined using the Projected Unit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	2020 %	2019 %
Discount rate(s)	3.50	5.80
Future salary increases	2.40	4.00
Future pension increases	1.40	3.00
Mortality before retirement	As per 6770 Ultimate tables	
Mortality in retirement	PA (90) Tables	
Retirement age	As per Second Schedule in the Statutory Bodies Pension Funds Act	

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

In reality one might expect interrelationships between the assumptions, especially between discount rate, expected salary increase and mortality (life expectancy), given that it depends to ascertain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

The discount rate is determined by reference to market yields on bonds. The rate reflects the time value of money.

Sensitivity analysis on defined benefit obligation at the end of the year:

	2020	2019
Increase due to 1% decrease in discount rate	268,700,000	233,000,000
Decrease due to 1% increase in discount rate	219,000,000	192,000,000

	2020	2019
Increase due to 1% increase in salary growth	90,300,000	75,300,000
Decrease due to 1% decrease in salary growth	77,100,000	64,800,000

	2020	2019
Increase due to increase by one (1) year in life expectancy	75,300,000	65,000,000
Decrease due to decrease by one (1) year in life expectancy	75,100,000	65,000,000

The sensitivity analysis has been carried out by re-calculating the defined benefit obligation at the end of the period after increasing or decreasing the discount rate while holding all other assumptions unchanged. The same exercise is thereafter done for future salary increases and life expectancy. The main limitation of such analysis is that interdependence between the assumptions is ignored. There have been no changes in methods and assumptions used for preparing the sensitivity analysis. 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.

k. Effect of the defined benefit plan on the Authority's future cash flows

The Authority should fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a 6% per cent of pensionable salary. The residual contribution (including back service payments) is paid by the Authority. The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is determined by reference to market yields on bonds. The Authority is statutorily committed to paying into the plan.

Following the last actuarial valuation exercise carried out as at 30 June 2018, an increase in the employer contribution to the Staff Pension Fund of 10% per annum (p.a) was approved with effect from January 2020 up to June 2023. The next valuation exercise will be carried out by 30 June 2023.

The Authority expects to make employer contributions of some Rs 137M to the defined benefit plans during the next financial year. Based on an increase of 10% p.a, the contributions are expected to reach Rs 187M by June 2023. As per the project cash flows of the CWA Pension Fund, the fair value of plan assets would increase from Rs 88M to Rs 220M by 30 June 2023.

Assumptions used for the cash flow projections: Investment return of 4.5%, salary increase if 2.4% p.a, pension increase of 1.4% p.a, increase in contributions of 10% p.a, management fee of 1.5% p.a.

19 - PROVISIONS

Current

Particulars	2020	2019
(a) Provision for interest payable to contractor	12,000,000	-
(b) Provision for road reinstatement works	2,000,000	-
Total provisions	14,000,000	-

Note:

Provisions made at year-end relate to post-balance sheet adjusting events, being interest payable to a contractor as per a court order delivered in July 2020 (Rs 12M) and forfeiture of a bank guarantee by a local authority (Rs 2M) in July 2020. Further details have been provided under Note 34 (a).

20 - OTHER CURRENT LIABILITIES

Current

Particulars	2020	2019
(a) Deferred revenue towards capital grants - Government	760,618,122	691,756,349
(b) Deferred revenue towards capital grants - others	6,639,172	-
(c) Advance/double payment received from customers	5,354,762	5,163,755
(d) Financial contribution received from consumers	55,909,927	30,752,647
Total other current liabilities	828,521,983	727,672,751

Notes:

i. Movement in capital grants received from Government is as follows:

Particulars	2020	2019
Opening Balance	691,756,349	408,013,086
Received during the year	293,506,240	534,638,032
Release to statement of financial performance	(126,747,534)	(348,791,702)
Capital Grant carry-over recognised at year-end	-	97,896,933
Amount received during the year but relating to previous year	(97,896,933)	-
Closing Balance	760,618,122	691,756,349

ii. Movement in capital grants received from other parties is as follows:

Particulars	2020	2019
Opening Balance	-	-
Received during the year	6,639,172	-
Release to statement of financial performance	-	-
Closing Balance	6,639,172	-

In line with a Memorandum of Understanding signed in June 2018 for the execution of Le Morne projects, financing arrangements were partly obtained via the Lions Club (Quatre Bornes) as from year 2019-20.

No amount has yet been released to revenue as the handing-over exercise of the related projects has not yet been effected as at the reporting date.

iii. Movement in financial contribution received from consumers is as follows:

Particulars	2020	2019
Opening Balance	30,752,647	3,902,196
Received during the year	68,844,117	91,190,032
Refund during the year	(158,410)	(527,503)
Release to statement of financial performance	(43,528,427)	(63,812,078)
Closing Balance	55,909,927	30,752,647

21 - NET ASSETS/EQUITY

Particulars	2020	2019
(a) Contributed capital	1,915,450,607	1,915,450,607
(b) Accumulated surplus/(deficit)	7,560,198,628	8,107,889,139
Total net assets/equity	9,475,649,235	10,023,339,746

22 - REVENUE FROM EXCHANGE TRANSACTIONS

22.1 - Revenue from water sales

Particulars	2020	Restated 2019
(a) Potable		
- Domestic	773,945,912	761,771,538
- Non-domestic	564,770,614	591,140,989
- Government	114,631,210	115,113,586
- Surface water	1,744,586	1,958,174
(b) Irrigation water	32,669,339	35,917,144
Total revenue from water sales	1,487,761,661	1,505,901,431

Notes:

- i. Since 01 January 2016, domestic households are exempted from payment of water charges when their monthly consumption are less or equal to 6 cubic metres. Total exemption under domestic water sales for the year ended 30 June 2020 amounted to Rs 41M for an average of 68,500 eligible domestic consumers.
- ii. Following the enactment of the Covid-19 (Miscellaneous Provisions) Act 2020, the Central Water Authority Act was amended to waive the application of the provisions under Section 21(3), pertaining to the imposition of surcharges and disconnection of water supply, subject to payment of bills not later than such period as may be prescribed for Covid-19.
- iii. Revenue from surface water relates to water consumption by consumers from streams, rivers, wet-land and lakes.

22.2 - Other revenue

Particulars	2020	Restated 2019
(a) Financial contribution from consumers	43,528,427	63,812,078
(b) Sundry revenue	55,212,920	44,163,004
(c) Rental revenue towards water meters	38,124,665	37,855,875
(d) Swimming pool fee (Note i)	971,500	75,500
(e) Interest income	18,158,453	24,758,929
(f) Surcharge on potable water sales	16,226,659	29,602,810
(g) Surcharge on potable irrigation sales	2,267,141	868,092
(h) Re-opening fees	2,658,470	3,143,025
(i) Morcellement/non-refundable processing fees	4,615,400	5,617,300
(j) Commission fees (Note ii)	12,972,397	13,137,149
Total other revenue	194,736,032	223,033,762
Total revenue from exchange transactions	1,682,497,693	1,728,935,193

Notes:

(i) Swimming pool fee refers to an additional fixed monthly amount of Rs 500 charged per domestic customer having a swimming pool and consuming water greater or equal to 50 cubic metres per month. This budget measure has been implemented as from May 2019.

(ii) Commission fees relate to income from management fees generated by the Authority through bill collection and remittance services rendered to: (i) Government in respect of ground water bills (ii) Wastewater Management Authority for wastewater bills and (iii) CEB for electricity bills.

Management fees for collection and remittance of ground water bills to the Government Consolidated Fund is recognised as revenue at time of remittance of funds. Other management fees are recognised at time of bill collection. At end of each financial year, adjustments are made to account for management fees receivable in respect of each respective year in line with matching concept.

23 - REVENUE FROM NON-EXCHANGE TRANSACTIONS

Particulars	2020	2019
Revenue from grants - Government	126,747,534	348,791,702
Total revenue from non-exchange transactions	126,747,534	348,791,702

Notes:

Government Grants pertaining to 7 projects which have been completed/substantially completed (capitalized) have been released to income during the year 2019/20.

24 - OPERATING COSTS

Particulars	2020	Restated 2019
(a) Water treatment charges	63,362,534	53,957,030
(b) Electricity charges	278,334,524	266,947,392
(c) Leakage control charges	47,293,813	46,213,982
(d) Communication charges	7,348,399	9,040,041
(e) Rent	23,493,002	18,073,212
(f) Security charges	80,891,731	52,826,007
(g) Repairs and maintenance charges		
- Buildings and premises	31,390,058	56,426,004
- Filter and canals	9,485,166	16,839,950
- Others	1,158,420	4,665,923
(h) Insurance charges	2,654,568	21,740
(i) Other miscellaneous expense	28,362,208	33,009,736
(j) Other operating expense	18,998,179	69,208,965
(k) Increase/(decrease) in provision for slow-moving stock	8,887,157	(12,533,222)
Total operating costs	601,659,759	614,696,760

25 - EMPLOYEE BENEFITS

Particulars	2020	2019
(a) Salaries and wages	694,075,734	711,185,250
(b) Other employee related expenses	18,411,659	16,415,717
Total employee benefit expenses	712,487,393	727,600,967

26 - DEPRECIATION AND AMORTIZATION

Particulars	2020	2019
(a) Depreciation on property, plant and equipment	553,026,830	539,844,511
(b) Amortization on intangible assets	5,806,197	3,654,387
Total depreciation and amortization expenses	558,833,027	543,498,898

27 - FINANCE COSTS

Particulars	2020	2019
(a) Interest on foreign loans	14,615,440	5,263,138
(b) Interest on local loans	157,257,044	138,584,297
(c) Interest on bank overdraft	315	237,674
(d) Other borrowing costs	17,913,182	11,546,829
Total interest and other borrowing costs	189,785,981	155,631,938
Less: Interest capitalized	(390,821)	(5,863,325)
Total finance costs	189,395,160	149,768,613

Notes:

i. Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets have been capitalized as part of the cost of that asset.

The amount of borrowing costs capitalized during the period 2019/20 amounted to Rs 0.39M. The capitalization rate applied to borrowing costs ranged between 1.85% and 3.5%.

ii. Other borrowing costs refer to penalty claims on non-repayment of Government loans.

28 - OTHER EXPENSES

Particulars	2020	Restated 2019
(a) Commission to collecting agencies	15,319,486	13,847,761
(b) Transport cost	53,413,514	30,524,428
(c) Legal and professional charges	5,933,191	15,474,653
(d) Bank charges and commission	859,352	360,629
(e) Loss on disposal of non-current assets	716,421	-
(f) Increase/(decrease) in provision for impairment towards receivables	(4,895,449)	3,809,751
Total other expenses	71,346,515	64,017,222

29 - LOSS ON FOREIGN CURRENCY TRANSACTIONS

Particulars	2020	2019
(a) Exchange loss during the year	25,903,227	3,793,663
Total loss on foreign currency transactions	25,903,227	3,793,663

Notes:

The Authority experienced a loss of Rs 26M arising out of translation difference at the reporting date with respect to liabilities denominated in foreign currencies which is mainly due to unrealised losses on exchange upon translation of outstanding foreign loans at year end. It is to be noted that there has been a significant devaluation of the Mauritian Rupee after COVID-19 period.

30 - FINANCIAL INSTRUMENTS**30.1 - Classification of financial instruments**

Particulars	2020	2019
Financial instrument measured at amortized cost		
(a) Financial assets		
(i) Cash and cash equivalents	392,956,489	492,625,459
(ii) Investments	320,000,000	500,000,000
(iii) Receivables from exchange transactions	336,126,895	301,600,944
(iv) Receivables from non-exchange transactions	57,544	97,896,933
(v) Other receivables from exchange transactions	35,773,083	31,235,832
(vi) Loans and advances	24,767,720	24,396,667
Total financial assets	1,109,681,731	1,447,755,835
(b) Financial liabilities		
(i) Payables under exchange transactions	1,251,458,368	1,311,329,014
(ii) Deposits	103,424,161	100,802,839
(iii) Borrowings	3,989,971,994	3,724,026,600
Total financial liabilities	5,344,854,523	5,136,158,453

30.2 - Financial risk management

The Authority's activities are exposed to financial risks, including:

- Foreign currency risk
- Interest rate risk
- Liquidity risk
- Credit risk

A description of the significant risk factors is given below together with the risk management policies applicable. These risks are closely monitored to ensure that they are sufficiently dealt with. The Authority has devised a set of policies for managing these risks which are under the close scrutiny of the Audit and Risk Committee which is a sub-committee of the Central Water Board.

30.2.1 - Currency profile

The currency profile of the Authority's financial liabilities is summarised as follows:

Currencies	2020	2019
USD	132,933,691	114,266,754
Euro	82,387,822	95,439,467
Kuwait Dinars	77,395,169	67,262,609
Total	292,716,682	276,968,830

30.2.2 - Foreign currency risk

The Authority undertakes certain transactions denominated in foreign currencies. Consequently, the Authority is exposed to the risk that the exchange rate of the Mauritian Rupee relative to the currencies listed above may change in a manner which has a material effect on the reported values of its financial liabilities. The Authority has only foreign currency exposure from foreign currency borrowings which are taken to finance capital project, it does not have any foreign currency receivable. It is the Authority's practice to request competitive exchange rates from various banks for making the payment in foreign currency and accordingly manages its exposure to foreign currency risks.

30.2.2.1 - Foreign currency sensitivity analysis

The following table details the Authority's sensitivity to a 10% increase or decrease in the Mauritian Rupee against the relevant foreign currencies. Ten percent represents management's assessment of the possible fluctuation in foreign exchange rates in the light of the current economic context. A positive number below indicates an increase in surplus and net assets/equity where the Mauritian Rupee strengthens against the foreign currencies. For a 10% weakening of the Mauritian Rupee against the relevant foreign currencies, there would be an equal and opposite impact on surplus and net assets/equity and the balance below would be negative. The Authority is exposed to dealings in United States Dollars, EURO and Kuwait Dinars.

Particulars	Impact on Net Assets/Equity	
	Strengthening by 10%	Weakening by 10%
Foreign currency impact as at 30 June 2020		
USD	(13,293,369)	13,293,369
Euro	(8,238,782)	8,238,782
Kuwait Dinars	(7,739,517)	7,739,517
Total foreign currency exposure	(29,271,668)	29,271,668

30.2.3 - Interest rate risk

The Authority is exposed to risk associated with the effect of fluctuations in the prevailing level of market interest rate on its financial position and cash flows. The Authority is exposed to interest rate risk exposures significantly towards borrowings from Government of Mauritius but has not covered the exposures through interest rates swaps or other derivative instruments. The interest rate profile of the Authority's financial assets and liabilities was:

Particulars	2019-20 % per annum
Financial assets	
Cash at bank	0.25 – 1.25%
Held-to-maturity investments	1.85 – 4.10%
Financial liabilities	
Borrowings	1.85 – 10%

30.2.3.1 - Interest rate sensitivity analysis

The following table presents the sensitivity of net assets and surplus/deficits to a change in interest rates in the range of minus 10 basis points and plus 10 basis points, given outstanding positions as at June 30, 2020:

Particulars	Impact on Net Assets Equity
Plus 10 basis points	2,935,412
Minus 10 basis points	(2,935,412)

30.2.4 - Liquidity risk

Liquidity risk is the risk of the Authority not being able to meet its obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the entity's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts. In addition, liquidity risk is managed on an individual entity basis, which generally requires that assets of appropriate quantity and quality are held to meet obligations as they fall due.

Expected maturity for financial assets

As at 30.06.2020	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Cash and cash equivalents	392,956,489	-	-	392,956,489	392,956,489
(ii) Financial assets	320,000,000	-	-	320,000,000	320,000,000
(iii) Receivables from exchange transactions	336,126,895	-	-	336,126,895	336,126,895
(iv) Receivables from non-exchange transactions	-	-	-	-	-
(v) Other receivables from exchange transactions	35,773,083	-	-	35,773,083	35,773,083
(vi) Loans and advances	8,783,812	13,377,971	2,605,937	24,767,720	24,767,720

As at 01.07.2019	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Cash and cash equivalents	492,625,459	-	-	492,625,459	492,625,459
(ii) Financial assets	180,000,000	320,000,000	-	500,000,000	500,000,000
(iii) Receivables from exchange transactions	301,600,944	-	-	301,600,944	301,600,944
(iv) Receivables from non-exchange transactions	97,896,933	-	-	97,896,933	97,896,933
(v) Other receivable from exchange transactions	31,235,832	-	-	31,235,832	31,235,832
(vi) Loans and advances	8,159,910	14,236,359	2,000,398	24,396,667	24,396,667

Expected maturity for financial liabilities

As at 30.06.2020	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Payables under exchange transactions	1,251,458,368	-	-	1,251,458,368	1,251,458,368
(ii) Deposits	103,424	-	103,320,737	103,424,161	103,424,161
(iii) Borrowings	987,707,435	1,152,120,081	1,850,141,404	3,989,968,920	3,989,971,994

As at 01.07.2019	Less than 1 year	1-5 years	+5 Years	Total	Carrying amount
(i) Payables under exchange transactions	1,311,329,014	-	-	1,311,329,014	1,311,329,014
(ii) Deposits	100,803	-	100,702,036	100,802,839	100,802,839
(iii) Borrowings	830,490,129	1,015,898,008	1,877,638,463	3,724,026,600	3,724,026,600

30.2.5 - Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority does not have a significant concentration on credit risks. Risks are mitigated by charging a 10% surcharge on invoices that are not settled within the due dates (21 days from delivery date). In the event of non-payment after 90 days following invoice delivery date, water supply is disconnected after issue of reminders and matter is referred to the Debt Collection Unit for eventual prosecution. The Authority's credit risk is primarily attributable to its receivables from exchange transactions. The amount shown on the face of the Statement of Financial Position is net of allowances for doubtful debts, estimated by Management based on past experiences.

As at June 30, 2020, the maximum credit risk exposure was Rs 336M after impairment of receivables above three (3) years due (June 30, 2019: Rs 302M) as analysed below:

Receivables as at 30 June 2020	Gross Receivables	Provision for impairment	2020 Net Trade Receivables
Invoices issued in July	118,758,657		118,758,657
Within 30 days	73,916,900		73,916,900
31-60 days	70,336,108		70,336,108
61-90 days	41,452,680		41,452,680
More than 90 days	129,879,376	(98,216,825)	31,662,551
Total	434,343,720	(98,216,825)	336,126,895

Receivables as at 30 June 2020	Gross Receivables	Provision for impairment	2020 Net Trade Receivables
Invoices issued in July	126,456,299		126,456,299
Within 30 days	88,710,003		88,710,003
31-60 days	30,808,621		30,808,621
61-90 days	19,831,400		19,831,400
More than 90 days	141,460,661	(105,666,040)	35,794,621
Total	407,266,984	(105,666,040)	301,600,944

31 - RELATED-PARTY TRANSACTIONS

(a) Nature of related-party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

(b) Government of Mauritius and Key management personnel

The Government of Mauritius is deemed to directly or indirectly control the Authority and exercise significant influence over the Authority in making financial and operating decision. Other related parties include:

Key management personnel are those persons having authority and responsibility of planning, directing, and controlling the activities of the entity, directly or indirectly, including directors (whether executive or otherwise) of the entity. Key management personnel during the reporting period comprised the following grades:

- (i) General Manager
- (ii) Chief Operations Officer
- (iii) Directors
- (iv) Heads of Division

(c) Outstanding balance with related parties:

Government of Mauritius Nature of balance outstanding	2020	2019
Borrowings payable to Government	3,769,315,535	3,506,754,088
Interest payable to Government	663,221,818	515,495,997

(d) Transactions with related parties:

Government of Mauritius Nature of transaction	2020	2019
Grants receipts from Government	293,506,240	534,638,032
Loan proceeds from Government	240,543,238	623,179,100
Total	534,049,478	1,157,817,132

(e) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel during the year are as follows:

Short-term employee benefits	2020	2019
Salaries and allowances	15,711,292	21,045,429
Sick leave	351,499	35,571
Passage benefits	244,789	593,612
Vacation leave	-	-
Gratuity	323,040	993,680
Annual leave	22,025	285,565
Total short-term employee benefits	16,652,645	22,953,857
No of persons	12	19

32 - CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

At 30 June 2020, the Authority had contingent liabilities arising from the ordinary course of business in respect of bank guarantees and ongoing court cases.

- The Authority has given guarantees amounting to some Rs 33.7M (excluding one bank guarantee encashed in July 2020) mainly in favour of District/Municipal Councils and Road Development Authority for obtaining wayleaves for excavation works required for laying of water pipes and house connections.
- At the date of reporting, the Authority had some contested claims in court and for which it has requested responses with regard to the probability of success/failure from its legal advisers and other legal representatives. Accordingly, the following claims totalling Rs 1.8M are being disclosed as a part of contingent liabilities based on the assessment of the probable outcome of such claims:

(1) CN 287/19 - SICOM General Insurance Co Ltd v Jubilee Insurance & CWA

This case pertains to a judgment condemning and ordering the Defendants jointly and in solido to pay the Plaintiff the sum of Rs 0.7M as damages with costs plus interests.

(2) CN 359/19 - Mr R.S v CWA

This case refers to a claim for damages in relation to injury sustained.

There are uncertainties involved in respect of the possible outcome of the above cases which make them a possible obligation dependent on occurrence or non-occurrence of one or more uncertain events. Therefore, the Authority has disclosed the cases along with its estimated financial effect as contingent liabilities.

Particulars	2020	Restated 2019
Amount of Contingent Liabilities		
(A) Bank Guarantee Facility	33,701,498	33,111,498
1) District Councils	14,000,000	12,000,000
2) Municipal Councils	8,000,000	10,000,000
3) Road Development Authority	10,600,000	10,000,000
4) Mauritius Revenue Authority	20,000	30,000
5) ENL Land Limited	1,000,000	1,000,000
6) Landscape Mauritius Ltd	81,498	81,498
(B) Litigation Cases	1,770,813	1,770,813
1) CN 287/19 - SICOM General Insurance Co Ltd v Jubilee Insurance and CWA	770,813	770,813
2) CN 359/19 - Mr R.S v CWA	1,000,000	1,000,000
Total contingent liabilities	534,049,478	34,882,311

(b) Contingent assets

There are no contingent assets that are required to be disclosed in the financial statements as at 30 June 2020.

33 - OPERATING LEASE

The Authority has operating lease arrangements for the lease of land, buildings, parking slots and office equipment to conduct its operations, both on cancellable and non-cancellable lease terms. It did not enter into any sublease arrangement.

CWA as a lessee

Lease payments in the current period

During the year 2019-20, an amount of Rs 23.5M (Rs 16.4M in 2018-19) has been recognized as expense and forms part of the Operating Costs disclosed under Note 24 above in the statement of financial performance.

Future Minimum lease payments under operating leases

At the reporting date, the Authority had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2020	2019
Not later than one year	18,000	18,000
Later than one year and not later than five years	72,000	90,000
Later than five years	-	-

34 - EVENTS OCCURRING AFTER REPORTING DATE

(a) Adjusting events after the reporting date

Adjusting events after reporting date are those that provide evidence of conditions that existed at the reporting date. The following events which occurred after the reporting date are considered by Management to be significant and of an adjusting nature:

(1) 22 July 2020 - Forfeiture of a bank guarantee of Rs 2M issued to the Municipal Council of Beau-Bassin/Rose-Hill in line with wayleave conditions.

(2) 30 July 2020 - Court order for application regarding case Mega Design Ltd v/s CWA to be set aside and agreement reached for settlement by CWA in the sum of Rs 12M to Mega Design representing interest payable on Arbitral Awards dated April 2018 under Contract C9029 – La Marie Water Supply Project Part B, in full and final satisfaction as an out of court settlement, and costs in the sum of Rs 150,000, as agreed between both parties.

The Authority has adjusted the amounts recognized in its financial statements 2019-20 to reflect the above adjusting events after the reporting date.

(b) Non-adjusting events after the reporting date

Non-adjusting events are those that are indicative of conditions that arose after the reporting date. The following event which occurred after the reporting date is considered by Management to be material but of a non-adjusting nature; hence same being disclosed without any amendment to the financial statements 2019-20:

30 June 2021 - The Government of Mauritius has written off an amount of Rs 732.8M as loan arrears (principal element) [*carrying value as at 30 June 2020: Rs 729.8M*] and waived off an amount of Rs 355.1M as interest arrears [*carrying value as at 30 June 2020: Rs 321.3M*] on several long-outstanding government loans contacted by the Authority and which were in default as at year-end 2020-21. Necessary adjustments for loan derecognition will be made as at 30 June 2021 in the next financial statements of the Authority.

Based on the observations of the auditors, in certain other circumstances, the Authority may amend the financial statements after approval of the Central Water Board.

35- Taxation

The Authority is not liable to Tax.





CENTRAL WATER AUTHORITY

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