



**REPORT OF THE
DIRECTOR OF AUDIT**

**On the Financial Statements
of the Tourism Employees Welfare Fund
for the year ended 30 June 2018**

NATIONAL AUDIT OFFICE



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE TOURISM EMPLOYEES WELFARE FUND

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Tourism Employees Welfare Fund, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the financial position of the Tourism Employees Welfare Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Financial Reporting Standards for Small Entities issued under Section 72 of the Financial Reporting Act.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Tourism Employees Welfare Fund for the year ended 30 June 2018, but does not include the financial statements and my auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards for Small Entities, 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 Tourism Employees Welfare Fund'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 Tourism Employees Welfare Fund'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 Tourism Employees Welfare Fund'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 Tourism Employees Welfare Fund'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 Tourism Employees Welfare Fund 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.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

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

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

The financial statements for the year ended 30 June 2018 were received at my Office on 23 October 2018. Following examination of the financial statements, a few amendments had to be made. The amended financial statements were submitted on 12 September 2019.

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

Public Procurement Act

The Tourism Employees Welfare Fund is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

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



C. ROMOOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS

17 September 2019



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FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

TOURISM EMPLOYEES WELFARE FUND

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

		<u>30-Jun-18</u>	<u>30-Jun-17</u>
	Notes	Rs	Rs (Restated)
ASSETS			
NON CURRENT ASSETS			
PROPERTY , PLANT AND EQUIPMENT	6	1,530,659	1,852,798
INTANGIBLE ASSETS	7	330,877	128,993
LOANS RECEIVABLES	9	26,118,591	26,678,096
		27,980,127	28,659,887
CURRENT ASSETS			
INVENTORIES	10	58,067	57,788
ACCOUNTS RECEIVABLE	11	3,971,376	42,574,011
LOANS RECEIVABLES	9	20,526,776	17,525,575
CASH AND CASH EQUIVALENTS		113,819,896	55,692,604
		138,376,115	115,849,978
TOTAL ASSETS		166,356,242	144,509,865
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
GENERAL FUND		155,142,554	131,571,557
TOTAL EQUITY		155,142,554	131,571,557
NON CURRENT LIABILITIES			
LONG TERM EMPLOYEE BENEFITS	12	3,604,953	3,398,444
RETIREMENT BENEFIT OBLIGATIONS	8	1,795,837	1,848,256
		5,400,790	5,246,700
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	13	5,812,898	7,691,608
		5,812,898	7,691,608
TOTAL EQUITY AND LIABILITIES		166,356,242	144,509,865

The notes on pages 5 to 18 form part of these financial statements.

Approved by Board on : 11th Sept. 2019.....

Chairperson :

Board Member :

TOURISM EMPLOYEES WELFARE FUND

STATEMENT OF FINANCIAL PERFORMANCE

Year Ended 30 June 2018

		<u>Year Ended</u> <u>30 Jun 2018</u>	<u>18-month</u> <u>Period Ended</u> <u>30 Jun 2017</u> <u>(Restated)</u>
	Notes	Rs	Rs
INCOME			
CONTRIBUTIONS		37,962,800	54,250,545
OTHER INCOME	14	3,326,325	4,280,777
TOTAL INCOME		41,289,125	58,531,322
EXPENDITURE			
GRANT SCHEMES	15	6,715,174	12,978,025
STAFF COSTS	16	7,334,072	12,422,655
ADMINISTRATIVE EXPENSES	17	3,101,312	6,127,008
IMPAIRMENT LOSS		-	16,500,000
DEPRECIATION AND AMORTISATION EXPENSE	6&7	567,570	810,179
TOTAL EXPENDITURE		17,718,128	48,837,867
PROFIT FOR THE YEAR		23,570,997	9,693,455

TOURISM EMPLOYEES WELFARE FUND

STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June 2018

	Rs	General Fund Rs
Balance as at 30 Jun 2017		133,153,920
Prior Year Adjustment:		
Provision for Vacation Leave	(1,618,858)	
Salary Refund	36,495	(1,582,363)
Balance as at 30 Jun 2017 (Restated)		131,571,557
Surplus for the year		23,570,997
Balance as at 30 Jun 2018		155,142,554

TOURISM EMPLOYEES WELFARE FUND

STATEMENT OF CASH FLOWS

Year Ended 30 June 2018

	<u>Year Ended</u> 30 Jun 2018	<u>18-month</u> <u>Period Ended</u> 30 Jun 2017 (Restated)
	Rs	Rs
CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus/ (Deficit)	23,570,997	9,693,455
Adjustment for:		
Depreciation and amortisation expense	567,570	810,179
(Gain) / Loss on write-off of fixed assets	-	28,220
Impairment Loss	-	16,500,000
Provision for bad debt	1,451,962	1,367,124
Longterm Employee Benefits	206,509	1,909,433
Retirement Benefit Obligation	(52,419)	522,999
Interest Receivable	(2,304,412)	(2,200,574)
Operating Surplus/ (Deficit) before Working Capital changes	23,440,207	28,630,836
Changes in Working Capital:		
(Increase)/Decrease in Receivables	102,634	(1,825,254)
(Increase)/Decrease in loan Receivables	(3,893,657)	(24,505,991)
(Increase)/ Decrease in Inventories	(279)	(7,380)
Increase/(Decrease) in Payables	(1,878,710)	5,046,800
NET CASH GENERATED FROM OPERATIONS	17,770,195	7,339,011
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and Equipment	(447,315)	(839,423)
Proceeds from Investment	38,500,000	-
Interest Received	2,304,412	2,200,574
NET CASH USED IN INVESTING ACTIVITIES	40,357,097	1,361,151
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT	58,127,292	8,700,163
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	55,692,604	46,992,441
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR	113,819,896	55,692,604

Note:

1. Cash and Cash Equivalent consist of cash in hand of Rs 2,820 and balances at bank amounting to Rs113,817,076 as at 30.06.2018 while as at 30.06.2017 cash in hand and cash at bank amounted to Rs 17,642 and Rs 55,674,962 respectively.
2. The TEWF Board in its 172nd meeting held on 11th June 2018, decided to acquire a piece of land for future development. The excess cash flow will be used to acquire the land.

TOURISM EMPLOYEES WELFARE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

The Tourism Employees Welfare Fund was established by the Tourism Employees Welfare Fund Act 2002 with object to set up schemes and projects and, generally, to carry out such activities as may be considered desirable for promoting the welfare of employees of tourism enterprises and their families. These include marriage gift, parental gift, retirement gift and different types of loans at low interest rate, as well as outdoor activities such as family day, sports day and hiking.

2. REGISTERED OFFICE

The office of the Tourism Employees Welfare Fund is situated at 6th floor, Victoria House, Cnr Barracks & St Louis streets, Port Louis.

3. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standards for Small Entities.

The going concern basis has been adopted.

The Financial Statements are presented in Mauritian rupees.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Depreciation is calculated on a pro-rata basis in the year of acquisition while no depreciation is charged in the year of sales or write-off.

TOURISM EMPLOYEES WELFARE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Depreciation is calculated to write off the cost of the assets on a straight-line basis over the estimated useful lives as follows:

SN	CATEGORY	LIFETIME	DEPRECIATION RATE
1	Computer Equipment	4 years	25%
2	Office Equipment	5 years	20%
3	Furniture and Fittings	10 years	10%
4	Motor Vehicles	10 years	10%
5	Intangible Assets	3 years	33%

4.2 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by First In First Out method (FIFO). Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

4.3 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of bank balances and cash in hand.

4.4 Retirement and Other Benefit Obligations

4.4.1 *Defined benefit pension plan*

Provision for retirement pension benefits is made under the Statutory Bodies Pension Funds Act of 1978 as amended. The scheme is a Defined benefit pension plan and its assets are managed by State Insurance Company of Mauritius (SICOM) Ltd.

The cost of providing benefits is actuarially determined using the projected unit credit method (see note 8).

The present value of funded obligations is recognised in the Statement of Financial Position as a non-current liability after adjusting for the fair value of plan assets, any actuarial gains and losses and any current or past service cost. The valuation of these obligations is carried out on a regular basis by the actuarial services of SICOM Ltd.

TOURISM EMPLOYEES WELFARE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The current service cost and any recognised past service cost are included in the income statement as an expense together with the associated interest cost; whereas the remeasurements of the net defined benefit liability or asset, comprising of actuarial gains and losses, return on plan assets and any changes in the effect of the asset ceiling is recognised as Other Comprehensive Income.

4.4.2 Defined Contribution Pension Scheme for new entrants as from 1 January 2013

The PRB has recommended at para. 15.91 to 15.95 of its 2013 Report a single Defined Contribution (DC) Pension scheme for new entrants to the Public Sector as from 01 January 2013. There have been no new recruits for the financial year ended 30 June 2018.

4.4.3 State Plan and Defined Contribution Plans

Contributions to the National Pensions Schemes, Family Protection Schemes and National Savings Fund are expensed in the same financial year.

4.4.4 Long-term Employee Benefits

Employees entitlement to sick leaves, are recognized as and when they are accrued to employees.

A provision for vacation leave is being provided for officers who may take the option to cash their accumulated vacation on retirement or death.

This is being recognized as a non-current liability in the financial statements with the comparative amount for the previous period (see Note 12).

4.4.5 Passage Benefits

Passage Benefits are earned and accumulated yearly by employees according to set criteria and fall due at short notice. They are therefore classified as short-term benefits and are measured at their nominal amount. Amounts paid are expensed during the period and amounts not paid are accrued and recognized as a liability. The carrying amount is re-measured each year after taking into account amount paid and earned during the period (see Note 13).

TOURISM EMPLOYEES WELFARE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4.5 Comparative Figures

The current Financial Statements figures cannot be compared with those pertaining to last year since same were prepared under an 18-months period ended 30 June 2017 due to statutory amendments.

4.6 Revenue recognition

Revenue on account of contribution from tourism employees applicable for the period of account is recognized on a cash basis. However, at the time of preparation of account, contribution received after year ended 30 June 2018 has been accrued in order to arrive at the actual contribution figure.

4.7 Interest Receivables

Interest receivable on investments and bank deposits are accrued. However, interest on loan to employees is recognized on a cash basis.

4.8 Trade and Other Receivables

This mainly includes contribution in arrears, loans and interest.

These are recognized on a cost basis taking into consideration provision for bad and doubtful debts. A provision for bad debt of 3% on outstanding loan balance, has been made for the year under review.

4.9 Expenses

All expenses incurred are accrued in the accounts.

4.10 Capital Commitments

Management has renewed for a further three-year period rental agreement as from 09 July 2018. Rental payable under operating leases are recognized to the Statement of Financial Performance on an accrual basis.

4.11 Critical accounting and key sources of estimation uncertainty

In the application of the Tourism Employees Welfare Fund's accounting policies, as described in the note above, Management and the Board are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from

TOURISM EMPLOYEES WELFARE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

other sources. Judgements and assumptions are continuously evaluated and are based on historical experience and other factors considered being reasonable and relevant under the circumstances. The actual results could therefore differ from these estimates.

The notes to the financial statements set out, where applicable, the areas where Management has applied a degree of judgement that have a significant effect on the amounts that are recognized in the financial statements.

5 RISK MANAGEMENT POLICIES

The Tourism Employees Welfare Fund is subject to various types of risks. A description of each type of the risk is given below as well as the measures adopted by Management to control and to mitigate them.

5.1 Credit Risk

Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit. Loans are provided to employees of tourism enterprises after assessment of credit worthiness. In order to mitigate and to minimise this type of risk, the organization keeps a track record of each borrower, grant one type of loan at a time and has established a close monitoring system.

5.2 Liquidity Risk

Liquidity Risk is the risk to an organization's earnings and capital arising from its inability to meet timely obligations when they become due without incurring unacceptable losses. Management must ensure that sufficient funds are available at a reasonable cost to meet potential demands. Hence, cash flow forecast are prepared regularly. Moreover, bank loan facilities are available to meet obligations.

5.3 Interest Rate Risk

Interest rate risk is the current and prospective risk to earnings or capital arising from movements in the interest rates. Changes in interest rates affect income earned from assets and the cost of funding those assets. In order to mitigate this type of risk, the organization prefers to invest in the longterm deposit at a fixed interest rate rather than short term investment at floating rates.

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

6 PROPERTY, PLANT AND EQUIPMENT

	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	FURNITURE, FIXTURES AND FITTINGS	MOTOR VEHICLE	TOTAL
	Rs	Rs	Rs	Rs	Rs
COST					
1 July 2017	1,317,813	452,326	1,116,129	1,428,000	4,314,268
Additions	93,790	25,530	-	-	119,320
30 June 2018	1,411,603	477,856	1,116,129	1,428,000	4,433,588
DEPRECIATION					
1 July 2017	902,170	347,474	665,469	546,357	2,461,470
Charge for the year	166,006	45,804	86,849	142,800	441,459
30 June 2018	1,068,176	393,278	752,318	689,157	2,902,929
CARRYING AMOUNT					
30 June 2018	343,427	84,578	363,811	738,843	1,530,659
30 June 2017	415,643	104,852	450,660	881,643	1,852,798

7 INTANGIBLE ASSETS

	Computer Software Rs
COST	
1 July 2017	445,150
Additions	327,995
30 June 2018	773,145
AMORTISATION	
1 July 2017	316,157
Charge for the year	126,111
30 June 2018	442,268
CARRYING AMOUNT	
30 June 2018	330,877
30 June 2017	128,993

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

8 RETIREMENT BENEFIT OBLIGATIONS

	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Defined Benefit Pension Plan		
Amounts recognised in Statement of Financial Position at end of year:		
Defined benefit obligation	8,028,901	6,851,693
Fair value of plan assets	(6,233,064)	(5,003,437)
Liability recognised in Balance Sheet at end of year	1,795,837	1,848,256
Amounts recognised in Income Statement:		
Service cost:		
Current service cost	511,030	742,519
Past service cost	-	-
(Employee contributions)	(262,829)	(377,576)
Fund expenses	15,026	21,485
Net Interest expense/(income)	104,117	78,276
P & L Charge	367,344	464,704
Remeasurement		
Liability (gain) / loss	203,227	705,883
Assets (gain) / loss	(132,376)	57,222
Total Other Comprehensive Income (OCI) recognised in staff cost	70,851	763,105
Total	438,195	1,227,809
Movements in liability recognised in Statement of Financial Position:		
At start of year	1,848,255	1,325,256
Amount recognised in P & loss	367,344	464,704
(Contributions paid by employer)	(490,614)	(704,809)
Amount recognised in OCI	70,851	763,105
At end of year	1,795,837	1,848,255

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 Ltd.

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

8 RETIREMENT BENEFIT OBLIGATIONS (Continued)

	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Defined Benefit Pension Plan		
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of period	6,851,693	4,937,886
Current service cost	511,030	742,519
Interest cost	479,619	481,444
(Benefits paid)	(16,668)	(16,039)
Liability (gain)/loss	203,227	705,883
Present value of obligation at end of period	8,028,901	6,851,693
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	5,003,437	3,612,630
Expected return on plan assets	375,502	403,168
Employer contributions	490,614	704,809
Employee contributions	262,829	377,576
(Benefits paid + other outgo)	(31,694)	(37,524)
Asset gain/(loss)	132,376	(57,222)
Fair value of plan assets at end of period	6,233,064	5,003,437
Distribution of plan assets at end of period		
<i>Percentage of assets at end of year</i>	Jun-18	Jun-17
Government securities and cash	59.5%	56.6%
Loans	3.7%	4.4%
Local equities	14.6%	15.8%
Overseas bonds and equities	21.6%	22.6%
Property	0.6%	0.6%
Total	100.0%	100.0%
Additional disclosure on assets issued or used by the reporting entity		
<i>Percentage of assets at end of year</i>	Jun-18	Jun-17
	(%)	(%)
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0
Components of the amount recognised in OCI		
Year	Jun-18	Jun-17
Currency	Rs	Rs
Asset experience gain/(loss) during the period	132,376	(57,222)
Liability experience gain/(loss) during the period	(203,227)	(705,883)
	(70,851)	(763,105)
Year	2018/2019	
Expected employer contributions (Estimate to be reviewed by Tourism Employees Welfare Fund)	519,494	
Weighted average duration of the defined benefit obligation (Calculated as a % change in PV of liabilities for a 1% change in discount rate)	22 years	

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

8 RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

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

	Year ended 30 Jun 2018	18-month period ended 30 Jun 2017
Discount rate	7.00%	6.50%
Future salary increases	4.50%	4.00%
Future pension increases	3.50%	3.00%
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables rated down by 2 year: Statutory Bodies Pension Funds	
Retirement Age	Act	

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

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

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 1.6M (increase by Rs 2.1M) if all other assumptions were held unchanged.

- If the expected salary growth would increase (decrease) by 100 basis points, the defined benefit obligation would increase by Rs 1.4M (decrease by Rs 1.2M) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs 0.19M (decrease by 0.19M) if all assumptions were held unchanged.

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

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

9 LOANS RECEIVABLES

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Multipurpose	46,531,603	43,502,843
Computer	194,564	216,266
Motorcycle	144,330	392,671
SC / HSC Loan	25,495	25,495
Educational Loan	65,418	114,034
Travel Loan	1,106,758	1,290,325
Loan Educational	29,161	29,161
	48,097,329	45,570,795

9 LONG TERM LOANS RECEIVABLES

	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Total loans	48,097,329	45,570,795
Provision for Bad Debt	(1,451,962)	(1,367,124)
	46,645,367	44,203,671
Less amount receivable within one year	20,526,776	17,525,575
Amount receivable after one year	26,118,591	26,678,096

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

10 INVENTORIES

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Repairs & Maintenance- Office Equipment	46,465	44,408
Printing & Stationery	11,602	13,380
Total	58,067	57,788

11 ACCOUNTS RECEIVABLE

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 (Restated) Rs
Investment Receivable	-	38,500,000
Contribution in arrears	2,726,237	2,750,208
Car Loan Receivable	798,771	991,804
Salary Refund	61,891	36,495
Sundry Receivables & Prepayments	289,838	171,837
Contribution receivable within 1 year	94,639	123,667
Total	3,971,376	42,574,011

12 LONG TERM EMPLOYEE BENEFITS

Employee benefits represent sick leaves and vacation leaves accrued by staff.

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 (Restated) Rs
Sick leave benefits	1,860,996	1,779,586
Provision for Vacation Leaves Refund	1,743,957	1,618,858
Amount due after one year	3,604,953	3,398,444

TOURISM EMPLOYEES WELFARE FUND

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 30 June 2018

13 ACCOUNTS PAYABLE

Items	Year ended	18-month
	30 Jun 2018	Period ended
	Rs	30 Jun 2017
	Rs	Rs
Other payables and accruals	227,160	290,750
Contribution prepaid	173,497	230,353
Loan Overpaid	234,910	232,315
Interest, Admin & Insurance Receivable on Loan	4,592,776	6,518,264
Passage Benefits	284,555	269,926
Audit fees	300,000	150,000
Total	5,812,898	7,691,608

14 OTHER INCOME

Items	Year ended	18-month
	30 Jun 2018	Period ended
	Rs	30 Jun 2017
	Rs	Rs
Interest receivable on Loans	2,304,412	2,200,574
Interest Received on car loan	27,346	50,919
Administration fees	643,235	1,341,129
Sundry income	60,020	69,761
Insurance	291,312	618,394
Total	3,326,325	4,280,777

TOURISM EMPLOYEES WELFARE FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 30 June 2018

15 GRANT SCHEMES

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 Rs
Marriage Gift	1,340,000	1,931,000
CPE Grant	9,000	1,806,000
Death Grant	290,000	480,000
Death Grant Dependant Relative	110,000	170,000
Training	489,966	487,360
Leisure Activities	953,208	2,673,065
SC Grant	70,000	165,000
HSC Grant	60,000	200,000
Laureate Gift	20,000	120,000
Scholarship Grant	704,000	1,009,600
Parental Gift	1,512,000	2,214,000
Retirement Gift	957,000	1,722,000
Special Medical Assistance	200,000	-
Total	6,715,174	12,978,025

16 STAFF COSTS

Items	Year ended 30 Jun 2018 Rs	18-month Period ended 30 Jun 2017 (Restated) Rs
Salaries	4,534,740	6,503,168
Allowances to officers	355,341	347,780
End of year Bonus	370,825	357,639
Gratuity and Passage Benefits	194,569	286,719
Travelling Expenses	628,963	908,601
Uniforms	14,630	48,700
Overtime	32,571	46,785
NPS Contributions	83,940	120,427
FPS / Pension Contributions	87,610	590,563
Sicom Pension Fund	438,195	763,105
Vacation Leave	125,099	1,618,858
Sick leave	322,444	509,904
Staff Medical Insurance	123,392	170,285
Staff training	21,753	150,121
TOTAL	7,334,072	12,422,655

