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ROAD MAINTENANCE FUND ADMINISTRATION

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2016**



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GENERAL INFORMATION

REGISTERED OFFICE

Maritime House
Government Wharf
Freetown

BOARD OF DIRECTORS

Mr. Y. T Sesay
Madam Haja Kaday Sesay
Mr. Edward Ganda
Ing. Obafemi Davies
Ing. Edward Victor Silma
Reverend J. Y. Konteh
Ms. Virginia R. Kamara
Mr. Buffy Bailor
Mr. Abdul Kareem Kalokoh

Chairman
Member
Member – (Died March 2016)
Member
Member – (wef 22nd September 2016)
Member
Member
Member
Member & CEO

SECRETARY

Foresees Consultants Ltd
4, Liverpool Street
Freetown

SOLICITORS

Tanner Legal Advisory
1st Floor, Red Lion Building
65 Siaka Stevens Street
Freetown

BANKERS

Bank of Sierra Leone
Union Trust Bank
Zenith Bank

AUDITORS

Audit Service Sierra Leone
2nd Floor Lotto Building
Tower Hill
Freetown



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REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31st December 2016.

Statement of Responsibilities of Directors

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of the Administration and of its surplus or deficit for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the administration will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements comply with International Accounting Standards and the requirements of the Sierra Leone Companies Act 2009. They are also responsible for safeguarding the assets of the Administration and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of the Administration is the proper, efficient, economic and sustainable management and administration of the Fund to finance the maintenance of the core road network.

Results

The results for the year and the state of the Administration's affairs are as shown in the attached financial statements.

Significant changes in property, plant and equipment

The movements in the property, plant and equipment of the Administration are shown in note 6 to the financial statements.



REPORT OF THE DIRECTORS (Continued)

Directors

The following Directors served during the year:

Mr. Y. T Sesay	Chairman
Madam Haja Kaday Sesay	Member
Mr. Edward Ganda	Member - (Died March 2016)
Ing. Obafemi Davies	Member
Ing. Edward Victor Silma	Member - (wef 22 nd September 2016)
Reverend J. Y. Conteh	Member
Ms. Virginia R. Kamara	Member
Mr. Buffy Bailor	Member
Mr. Abdul Kareem Kalokoh	Member & CEO

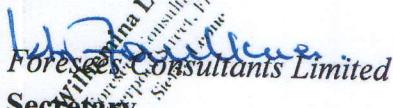
The Chairman and other members of the Board, had no interest in any contract or arrangement of significance to which the Administration is or was a party.

No Director had, during the year, or has a material interest in any contract or arrangement of significance to which the Administration is or was a party.

Auditors

The books and accounts of the Administration shall be audited each year by the Auditor General or an auditor appointed by the Auditor General.

By Order of the Board of Directors


Wilfred L. Faulkner
Forensic Consultants Limited
Secretary

REPORT OF THE AUDITORS - AUDIT SERVICE SIERRA LEONE TO THE BOARD OF DIRECTORS

Introduction

I have audited the accompanying Financial Statements of the Road Maintenance Fund Administration which comprise a separate statement of the financial position as at 31st December 2016, a separate statement of comprehensive income for the year to 31st December 2016, a statement of cash flow for the year to 31st December 2016 and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 16.

Responsibility of Management

The responsibility for the prevention of fraud and error and other irregularities rests with the management of the Administration.

Other responsibilities include:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor General

The Financial Statements of the Administration are subject to audit by the Auditor General in accordance with section 119(2) of the Constitution of the Republic of Sierra Leone, 1991. My responsibility is to express an opinion on these financial statements based on my audit.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls.

An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management;
- overall presentation of the financial statements; and
- adequacy of design and the effective implementation of internal controls.

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

Unqualified Opinion

In my opinion the Financial Statements of the Administration give a true and fair view, in all material respects, of the financial position as at 31st December 2016 and its financial performance for the year then ended.



AUDITOR GENERAL

Date: 9th April, 2018



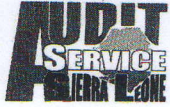
STATEMENT OF FINANCIAL POSITION

	Notes	2016		2015	
		Le	Le	Le	Le
NON-CURRENT ASSETS					
Property, plant and equipment	6		1,848,182,700		1,173,022,563
Goods - in - Transit	6b		0		1,988,266,015
CURRENT ASSETS					
Receivables	7	96,473,896,068		84,768,999,861	
Cash and cash equivalents	8	3,861,587,374		4,454,931,276	
		<u>100,335,483,442</u>		<u>89,223,931,137</u>	
CURRENT LIABILITIES					
Payables: amounts falling due within one year	9	(103,399,962,928)		(103,525,780,723)	
NET CURRENT ASSETS/(LIABILITIES)					
			(3,064,479,486)		(14,301,849,586)
NON-CURRENT LIABILITIES					
Payables falling due after one year	10		<u>(35,510,940,371)</u>		<u>(996,873,303)</u>
			<u>(36,727,237,157)</u>		<u>(12,137,434,312)</u>
FINANCED BY					
Capital Grant	11		315,000,000		315,000,000
Accumulated fund	12		<u>(37,042,237,157)</u>		<u>12,452,434,313)</u>
			<u>(36,727,237,157)</u>		<u>(12,137,434,313)</u>

Approved by the Directors on..... 6th April2018

.....Chairman

.....Chief Executive Officer



STATEMENT OF CASHFLOWS

	Notes	2016	2015
		Le	Le
Net cash inflow from Operating Activities	13	(1,048,854,715)	(19,672,180,916)
Cash flow from Investing Activities			
Payments to acquire property, plant and equipment		306,483,614	(553,682,148)
Interest received & other income		<u>149,027,196</u>	<u>695,047,497</u>
Net cash flow from investing activities		455,510,809	141,365,350
		<u>(593,343,906)</u>	<u>(19,530,815,566)</u>
Cash flow from Financing Activities			
		-	-
Net cash flow		<u>(593,343,906)</u>	<u>(19,530,815,566)</u>
Increase/(decrease) in cash and cash equivalents	14	<u>(593,343,906)</u>	<u>(19,530,815,566)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Administration's affairs.

(a) Accounting Convention

The financial statements set out on pages 6 to 16 are prepared under the historical cost convention. The financial statements also comply with applicable International Accounting Standards.

(b) Depreciation

Depreciation is provided on all non-current assets at the appropriate rates to write off the cost of each asset over its estimated useful life on the straight-line basis at the following rates:

Office equipment	20%
Office furniture & fittings	10%
Motor vehicles	25%
Computer equipment	25%
Generator	10%

(c) Operating Income

Operating Income represents receipts from Oil Marketing companies by way of fuel levies and registration & licensing fees from SLRTA.

(d) Other Operating Income

This represents income from investments arising from short term placement of funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 OPERATING INCOME

The analysis of Operating Income by class is as follows:

	2016	2015
	Le	Le
Fuel Levy	88,435,840,943	87,406,702,389
Sierra Leone Road Transport Authority	4,675,227,995	5,828,681,014
	<u>93,111,068,937</u>	<u>93,235,383,403</u>

3 OTHER OPERATING INCOME

Other Operating Income is as follows:

Investment Income	8,977,645	316,703,810
Income from Utility Companies	54,976,941	298,575,413
Other Income	85,072,610	79,768,275
	<u>149,027,196</u>	<u>695,047,497</u>

4 ROAD MAINTENANCE EXPENSES

Direct payments to SLRA	2,626,939,116	3,972,658,102
Indirect costs - SLRA contractors	72,451,746,758	44,410,328,108
SLRA operational expenses	-	853,981,932
Freetown City Council	7,645,842,503	2,646,374,189
District Councils	8,541,494,813	20,169,192,160
Other road maintenance expenses	21,132,892,778	15,965,352,202
Interest on (Road Maintenance) Borrowing	1,019,059,338	-
	<u>113,417,975,306</u>	<u>88,017,886,693</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 ADMINISTRATIVE EXPENSES

	2016	2015
	Le	Le
Staff Costs		
Gross salaries & allowances	3,005,120,027	2,478,811,354
Employers' 10% Nassit	297,973,236	247,881,135
Use of vehicle by directors	1,609,477	0
Leave allowances	291,691,060	291,269,128
Fuel Allocation	95,441,250	76,496,250
Phone card top-up	59,273,000	56,477,000
Casual & contract staff	55,545,455	147,478,044
End of service benefits	587,205,797	396,828,293
Medical	160,963,000	77,736,950
Staff Annual Bonus	257,937,627	234,780,877
Overtime (Drivers & Office Assistants only)	243,460	-
Uniforms & other staff costs	9,035,000	7,395,000
Staff Rent Allowance	500,192,512	421,667,303
Other Salary Allowances	99,185,481	98,193,653
	<u>5,421,416,382</u>	<u>4,535,014,988</u>
Board of Directors Costs		
Fees & allowances	626,355,612	552,932,240
Sitting fees	52,000,000	74,750,000
Entertainment	9,148,750	11,231,000
Travel	27,308,720	104,818,080
	<u>714,813,082</u>	<u>743,731,320</u>
Other operating expenses		
Electricity	91,000,000	64,000,000
Generator Repairs	2,157,500	14,140,000
Generator Fuel	10,541,250	24,562,500
Rent & rates	383,250,000	344,220,800
Vehicle Fuel	22,584,750	21,220,500
Vehicle maintenance costs	95,341,099	124,517,588
Cost of newspapers, bid adverts etc.	1,130,625	17,436,000
Recruitment expenses	9,600,000	-
Human Resource Expenses	29,333,200	17,910,000
Office Stationary	58,633,000	37,664,500
General Office supplies	33,414,000	34,750,400
Telephone & other Communication Expenses	149,074,335	110,007,207



*Road Maintenance Fund Administration
Financial Statements
for the year ended 31st December 2016*

Entertainment & Hospitality	16,820,399	22,025,000
Statutory Audit fee	60,225,000	50,000,000
Internal Audit Fee	38,325,000	35,000,000
Subscriptions & Donations	106,677,525	62,704,500
Vehicle license & registration	77,321,871	108,015,302
Other Property Insurance	8,380,970	6,244,450
Staff Medical Overseas	93,645,460	-
Local M&E Travel	113,929,250	101,928,250
Overseas travelling	376,624,282	473,847,771
Printing, newspaper, adverts,, publications	13,966,900	23,045,000
Public Relations	183,637,572	113,997,500
Security expenses	32,500,000	15,180,000
Cleaning costs	55,258,000	67,903,000
Networking & Website Hosting	13,643,464	-
Building Repairs & Maintenance	32,374,950	32,270,000
Consultancies & Other Professional Fees	-	-
Legal retainership fees	88,000,000	110,000,000
Board secretary retainership fees	66,539,000	80,677,500
Computer Running Costs	24,868,000	53,808,500
Bank charges	464,281,597	405,075,184
Office Furniture & Equipment repairs	14,643,000	24,571,500
Staff Training Local	1,500,000	3,000,000
Staff Training Overseas	417,455,225	208,744,462
Examination Fees & Professional Membership Subs	2,520,000	3,169,819
Professional Membership Fees - International	23,377,406	13,049,625
Workshops & Conferences	-	50,000,000
Management Staff Retreat	-	-
Non capitalised expenditure	2,030,000	5,940,000
Loss/(profit) on sale of fixed assets	37,110,833	56,226,575
Other office expenses	5,211,948	6,557,501
Transportation	315,000	1,580,000
Other Committee Fees	-	-
Christmas hamper	48,284,400	35,000,000
Incentive/honorarium	-	-
Workshops/Sensitisation	-	-
Gifts & Donations	-	-
Depreciation	742,829,417	426,805,664
	<u>4,048,356,226</u>	<u>3,406,796,599</u>
	<u>10,184,585,690</u>	<u>8,685,542,906</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PROPERTY, PLANT AND EQUIPMENT

The movement on these accounts during the year was as follows:

Cost	Office Equipments		Office Furniture & Fittings		Motor Vehicles		IT equipment		Generator		Total
	Le	Le	Le	Le	Le	Le	Le	Le	Le	Le	
At 31st December 2015	104,950,042	302,757,000	924,298,992	577,108,619	91,995,000	2,001,109,653					
Additions	70,918,593	49,537,500	1,341,930,804	219,395,499	0	1,681,782,396					
Disposals	0	0	(460,010,000)	0	0	(460,010,000)					
Adjustments		0	22,000,000	0	0	22,000,000					
At 31st December 2016	175,868,635	352,294,500	1,828,219,796	796,504,118	91,995,000	3,244,882,049					
Accumulated Depreciation											
At 31st December 2015	60,150,720	86,323,208	402,623,330	275,691,207	25,298,625	850,087,091					
Charge for the year	34,037,727	34,074,303	493,776,797	171,741,090	9,199,500	742,829,417					
Disposals	0	0	(422,899,167)	0	0	(422,899,167)					
Adjustments	792,443	(101,189)	229,795,622	(3,804,867)	0	226,682,009					
At 31st December 2016	94,980,890	120,296,322	703,296,582	443,627,430	34,498,125	1,396,699,350					
NBV at 31st December 2016	80,887,745	231,998,178	1,124,923,214	352,876,688	57,496,875	1,848,182,700					
NBV at 31st December 2015	44,799,322	216,433,792	521,675,662	301,417,412	66,696,375	1,151,022,563					



NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016	2015
	Le	Le
7. RECEIVABLES		
Advance Payment to SLRA Contractors	68,723,815,648	50,023,183,187
Receivable from OMCs	3,401,330,727	5,955,276,940
Receivable from Utility Companies	238,520,061	255,056,292
SLRTA Receivable	1,125,475,000	1,775,603,514
Receivable from SLRA	-	1,872,300,000
Fuel Prepayment	8,046,000	10,569,670
Interest Receivable from Placement with Banks/Other Receivables	-	510,000,000
Advance Payment to Beton Villa (as per MOU)	22,973,767,094	24,350,505,000
Staff travel contingencies	-	-
Staff Advances	2,941,537	16,505,259
	<u>96,473,896,068</u>	<u>84,768,999,861</u>
8. CASH & CASH EQUIVALENTS		
Bank of Sierra Leone	786,382,657	2,252,315,455
Union Trust Bank (Admin a/c)	457,668,119	1,283,395,627
Union Trust Bank (Maint. a/c)	74,686,620	8,879,698
Zenith Bank Salaries Account	1,218,888,125	105,881,778
Zenith Bank End-of-Service Account	1,231,249,672	796,481,470
Bank of Sierra Leone (Escrow a/c)	84,928,734	-
Short-term call Accounts	-	-
Forex Account	7,770,727	7,770,727
Cash Imprest	12,720	206,520
	<u>3,861,587,374</u>	<u>4,454,931,276</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CURRENT LIABILITIES

PAYE Payable	170,302,084	129,196,426
Nassit Payable	38,690,646	30,932,266
WHT Payable	2,133,346,185	705,195,345
BOD Fees Payable	12,575,040	12,575,040
SLRA O/S Contractors	-	-
Other Payables	462,778,320	671,976,381
Interest Payable	617,126,801	-
Provision for audit fees	148,031,200	135,000,000
SLRA Contractors	93,173,102,865	90,747,300,804
Retention Fees Payable	6,557,811,198	2,574,422,110
Payable to District Councils	86,198,589	8,519,182,351
	<u>103,399,962,928</u>	<u>103,525,780,723</u>

10. LONG TERM LIABILITIES

End of service benefits	1,584,079,101	996,873,303
Revolving Loan	33,926,861,270	-
	<u>35,510,940,371</u>	<u>996,873,303</u>

11. Capital Grant

Ministry of Finance - AG Department	315,000,000	315,000,000
	<u>315,000,000</u>	<u>315,000,000</u>

12. ACCUMULATED FUND

Balance b/f	(12,452,434,313)	63,121,041,725
Prior Year Adjustment	5,752,662,018	(72,800,477,338)
P & L a/c	(30,342,464,863)	(2,772,998,700)
	<u>(37,042,237,157)</u>	<u>(12,452,434,313)</u>

NOTES TO THE FINANCIAL STATEMENTS

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016	2015
	Le	Le
Operating surplus/(deficit)	(30,342,464,863)	(2,772,998,700)
Depreciation	742,829,417	426,805,664
Interest received	(149,027,196)	(695,047,497)
Loss on sale of Fixed Assets	37,110,833	56,226,575
Prior year adjustment not involving cash movement	5,752,662,018	(72,800,477,338)
Assets Adjustments	-226,682,009	(1,808,442,684)
Increase in receivables	(11,704,896,206)	(39,798,800,627)
Increase in payables	34,388,249,272	97,720,553,691
Net cash (outflow)/inflow from operating activities	<u><u>(1,048,854,715)</u></u>	<u><u>(19,672,180,916)</u></u>

14 ANALYSIS OF INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Balance at the beginning of the period	4,454,931,276	23,985,746,842
Balance at the end of the year	<u>3,861,587,374</u>	<u>4,454,931,276</u>
Increase/(decrease) in cash and cash equivalents	<u><u>(593,343,902)</u></u>	<u><u>(19,530,815,566)</u></u>

15 SHARE CAPITAL

The Administration was set up exclusively for the management of the Fund and accordingly has no share capital.

16 RELATED PARTY TRANSACTIONS

For the period ended 31 December 2016, the RMFA obtained a Le 35 billion loan from Commerce & Mortgage Bank PLC a local bank wholly owned by the National Social Security & Insurance Trust an institution set up and owned by the Government of SL.

17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2016.