

**ROAD MAINTENANCE FUND ADMINISTRATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014**

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**GENERAL INFORMATION**

**REGISTERED OFFICE**

Maritime House  
Government Wharf  
Freetown

**BOARD OF DIRECTORS**

Mr. Y. T Sesay

Chairman

Madam Haja Kaday Sesay

Member

Mr. Winston Crowther

Member

Ing. Obafemi Davies

Member

Mr. Edward Ganda

Member

Reverend J. Y. Konteh

Member - (wef December 2014)

Mr. Abdul Kareem Kalokoh

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  
2<sup>nd</sup> Floor Lotto Building  
Tower Hill  
Freetown

## REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31<sup>st</sup> December 2014.

### 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 TO THE DIRECTORS (Continued)**

**Directors**

The following Directors served during the year 2014:

Mr. Y. T Sesay	: Chairman
Madam Haja Kaday Sesay	: Member
Mr. Winston Crowther	: Member
Ing. Obafemi Davies	: Member
Mr. Edward Ganda	: Member
Reverend J. Y. Konteh	: Member - (wef December 2014)
Mr. Abdul Kareem Kalokoh	: Member & CEO

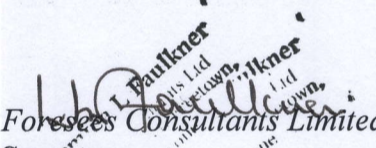
The Chairman and other members of the Board had no interest in any contract or arrangement of significance to which the Administration is or was a party.

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 Genial or an auditor appointed by the Auditor General.

**By Order of the Board of Directors**

  
**Secretary**  
Forester Consultants Limited

## **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 31<sup>st</sup> December 2014, a separate statement of comprehensive income for the year to 31<sup>st</sup> December 2014, a statement of cash flow for the year to 31<sup>st</sup> December 2014 and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 17.

### **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.

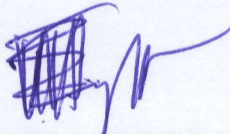
An audit also includes evaluating the:

- 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 2014 and its financial performance for the year then ended.



**AUDITOR GENERAL**

**Date:**

7/3/14

**STATEMENT OF COMPREHENSIVE INCOME**

	<i>Notes</i>	<b>2014 Le</b>	<b>2013 Le</b>
Operating income	2	90,983,781,894	85,797,419,037
Other operating income	3	3,793,483,897	715,101,888
Road maintenance expenses	4	(71,962,629,755)	(50,602,714,493)
Administrative expenses	5	(8,089,382,040)	(6,393,611,058)
Surplus/(deficit) for the year		<u><b>14,725,253,997</b></u>	<u><b>29,516,195,374</b></u>



**STATEMENT OF FINANCIAL POSITION**

		2014		2013	
	Notes	Le	Le	Le	Le
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6		1,282,195,984		1,440,012,550
<b>CURRENT ASSETS</b>					
Receivables	7	44,970,199,234		7,040,053,946	
Cash and cash equivalents	8	<u>23,985,746,842</u>		<u>45,787,979,015</u>	
		68,955,946,077		52,828,032,961	
<b>CURRENT LIABILITIES</b>					
Payables: amounts falling due within					
one year	9	<u>(6,113,057,382)</u>		<u>(6,319,109,672)</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<b>62,842,888,695</b>		<b>46,508,923,289</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables falling due after one year	10		<u>(689,042,953)</u>		<u>(490,873,431)</u>
			<u>63,436,041,725</u>		<u>47,458,062,407</u>
<b>FINANCED BY</b>					
Capital Grant	11		315,000,000		315,000,000
Accumulated fund	12		<u>63,121,041,725</u>		<u>47,143,062,407</u>
			<u>63,436,041,725</u>		<u>47,458,062,407</u>

Approved by the Directors on: ..... 25/02 ..... 2017

..... Chairman

..... Chief Executive Officer

**STATEMENT OF CASHFLOWS**

	Notes	2014	2013
		Le	Le
<b>Net cash inflow from Operating Activities</b>	<i>13</i>	(25,293,590,578)	27,256,461,922
<b>Cash flow from Investing Activities</b>			
Payments to acquire property, plant and equipment		(302,125,492)	(1,093,395,721)
Interest received & other income		<u>3,793,483,897</u>	<u>715,101,888</u>
Net cash flow from investing activities		<u>3,491,358,405</u>	<u>(378,293,833)</u>
		(21,802,232,173)	26,878,168,089
<b>Cash flow from Financing Activities</b>		-	-
Net cash flow		<u>(21,802,232,173)</u>	<u>26,878,168,089</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<i>14</i>	<u>(21,802,232,172)</u>	<u>26,878,168,089</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 14 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:

	<b>2014</b>	<b>2013</b>
	<b>Le</b>	<b>Le</b>
Fuel Levy	84,727,044,394	79,326,719,327
Sierra Leone Road Transport Authority	6,256,737,500	6,470,699,710
	<u>90,983,781,894</u>	<u>85,797,419,037</u>

**OTHER OPERATING INCOME**

**3 Other Operating Income is as follows:**

Investment Income	1,155,223,822	597,906,809
Income from Utility Companies	998,923,015	-
Other income	1,639,337,060	117,195,079
	<u>3,793,483,897</u>	<u>715,101,888</u>

**ROAD MAINTENANCE EXPENSES**

**4**

Direct payments to SLRA	997,986,050.00	6,175,757,217.69
Indirect costs - SLRA contractors	51,270,843,643.14	8,138,026,963.22
SLRA operational expenses	1,842,300,000.00	19,397,009,981.20
Freetown City Council	0.00	898,540,000.00
District Councils	2,649,589,135.61	9,854,635,039.19
Other road maintenance expenses	15,201,910,926.00	6,138,745,291.58
	<u>71,962,629,754.75</u>	<u>50,602,714,492.88</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 ADMINISTRATIVE EXPENSES

	2014		2013	
	Le	Le	Le	Le
<b>Staff Costs</b>				
Gross salaries & allowances	2,236,463,886.64		2,589,746,144.00	
Employers' 10% Nassit	223,538,871.59		172,657,940.00	
Use of vehicle by directors	0.00		13,500,000.00	
Leave allowances	244,287,224.20		169,123,957.00	
Fuel Allocation	88,189,000.00		92,250,000.00	
Phone card top-up	53,248,000.00		56,159,000.00	
Casual & contract staff	54,700,000		23,240,000	
End of service benefits	219,752,889		340,403,375	
Medical	22,401,425		102,055,850	
Staff Annual Bonus	187,163,319			
Overtime (Drivers & Office Assistants only)	175,000			
Uniforms & other staff costs	13,855,000		2,628,000	
Staff Rent Allowance	379,006,382			
Other Salary Allowances	85,699,636	3,808,480,633.83		3,561,764,266.00
<b>Board of Directors Costs</b>				
Fees & allowances	384,653,700.00		429,048,800.00	
Sitting fees	59,400,000.00		114,700,000.00	
Entertainment	4,198,000.00		14,211,050.00	
Travel	90,374,244.00	538,625,944.00	22,950,000.00	580,909,850.00
<b>Other operating expenses</b>				
Electricity	63,500,000.00		43,000,000.00	
Generator Repairs	3,088,063.00		7,330,000.00	
Generator Fuel	29,835,000.00		0.00	
Rent & rates	334,003,599.00		306,600,000.00	
Vehicle Fuel	25,565,000.00		0.00	
Vehicle maintenance costs	105,463,223.57		49,271,999.91	
Recruitment & HR Expenses	19,200,000.00			
Office Stationary	39,057,850.00		42,277,650.00	
General Office supplies	26,559,050.00		23,930,000.00	
Telephone & other Communication Expenses	74,470,880.00		53,855,610.00	
Entertainment & Hospitality	34,442,000.00		26,783,700.00	
Statutory Audit fee	50,000,000.00		40,000,000.00	
Internal Audit Fee	33,018,800.00		0.00	
Subscriptions & Donations	514,325,000.00			
Vehicle license & registration	64,472,105.00		51,797,635.00	
Other Property Insurance	6,955,204.43			
Staff Medical Overseas	21,549,125.00			
Local M&E Travel	101,373,400.00		114,181,500.00	
Overseas travelling	570,892,749.50		287,608,171.20	
Printing, newspaper, adverts,, publications	73,134,200.00		10,833,100.00	
Public Relations	53,768,684.00		267,156,580.00	
Security expenses	10,557,500.00		9,610,250.00	
Cleaning costs	49,018,533.27		0.00	
Networking & Website Hosting	9,416,374.00		53,850,250.00	

Building Repairs & Maintenance	120,062,100.00		62,953,921.00	
Consultancies & Other Professional Fees	0.00		0.00	
Legal retainership fees	114,690,000.00		133,600,000.00	
Board secretary retainership fees	70,477,500.00		34,500,000.00	
Computer Running Costs	22,669,000.00		0.00	
Bank charges	220,736,592.31		207,904,928.38	
Office Furniture & Equipment repairs	39,275,000.00		0.00	
Staff Training Local	2,250,000.00		12,281,286.00	
Staff Training Overseas	155,035,079.80		0.00	
Examination Fees & Professional Membership Subs	3,974,340.00		0.00	
Professional Membership Fees - International	12,921,687.50		16,714,285.68	
Workshops & Conferences	70,000,000.00		0.00	
Management Staff Retreat	20,408,000.00		0.00	
Non capitalised expenditure	5,944,250.00		31,876,000.00	
Loss/(profit) on sale of fixed assets	33,107,942.71		0.00	
Other office expenses	33,116,178.82		30,168,329.30	
Transportation	555,000.00		1,463,000.00	
Other Committee Fees	21,200,000.00		0.00	
Christmas hamper	24,903,000.00		25,000,000.00	
Incentive/honorarium	35,100,000.00		0.00	
Workshops/Sensitisation	0.00		35,980,000.00	
Gifts & Donations	0.00		0.00	
Depreciation	422,183,449.81	3,742,275,461.72	271,134,695.00	2,250,936,941.87
		<u>8,089,382,040</u>		<u>6,393,611,058</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 Equipment's		Office Furniture & Fittings		Motor Vehicles		IT equipment		Generator		Total	
	Le	Le	Le	Le	Le	Le	Le	Le	Le	Le	Le	Le
<b>At 31st December 2013</b>	67,049,500.00	203,247,000.00	978,951,250.00	432,808,495.80	91,995,000.00	1,774,051,245.80						
Additions	17,986,500.00	57,480,000.00	166,938,992.00	59,720,000.00	0.00	302,125,492.00						
Disposals	0.00	0.00	(89,566,250.00)	0.00	0.00	(89,566,250.00)						
Adjustments	18,199,042.24	4,045,000.00	0.00	(250,002.00)	0.00	21,994,040.24						
<b>At 31st December 2014</b>	<b>103,235,042.24</b>	<b>264,772,000.00</b>	<b>1,056,323,992.00</b>	<b>492,278,493.80</b>	<b>91,995,000.00</b>	<b>2,008,604,528.04</b>						
<b>Accumulated Depreciation</b>												
<b>At 31st December 2013</b>	16,400,213.00	35,304,283.00	240,075,861.01	35,358,714.00	6,899,625.00	334,038,696.01						
Charge for the year	19,040,733.45	23,711,416.67	253,901,342.42	116,330,457.28	9,199,500.00	422,183,449.81						
Disposals	0.00	0.00	(35,453,308.60)	0.00	0.00	(35,453,308.60)						
Adjustments	4,835,915.33	809,000.00	0.00	(5,208.33)	0.00	5,639,707.00						
<b>At 31st December 2014</b>	<b>40,276,861.78</b>	<b>59,824,699.67</b>	<b>458,523,894.83</b>	<b>151,683,962.95</b>	<b>16,099,125.00</b>	<b>726,408,544.22</b>						
<b>NBV at 31st December 2014</b>	<b>62,958,180.46</b>	<b>204,947,300.33</b>	<b>597,800,097.17</b>	<b>340,594,530.85</b>	<b>75,895,875.00</b>	<b>1,282,195,983.82</b>						
<b>NBV at 31st December 2013</b>	<b>50,649,287.00</b>	<b>167,942,717.00</b>	<b>738,875,388.99</b>	<b>397,449,781.80</b>	<b>85,095,375.00</b>	<b>1,440,012,549.79</b>						

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2014	2013
	Le	Le
<b>7 RECEIVABLES</b>		
Advance Payment to SLRA Contractors	30,061,924,421.31	0.00
Receivable from OMCs	2,510,231,491.18	3,861,656,221.02
Receivable from Utility Companies	173,138,165.76	0.00
SLRTA Receivable	1,725,291,750.00	859,676,520.00
SLRA Receivable	1,872,300,000.00	1,872,300,000.00
Fuel Prepayment	(951,080.00)	0.00
Interest Receivable from Placement with Banks/Other Receivables	39,154,525.04	418,364,302.84
Receivable from Beton Villa	8,557,679,240.74	0.00
Staff travel contingencies	0.00	24,290,400.00
Staff Advances	31,430,720.40	3,766,502.40
	<u><b>44,970,199,234.43</b></u>	<u><b>7,040,053,946.26</b></u>
 <b>8 CASH &amp; CASH EQUIVALENTS</b>		
Bank of Sierra Leone	1,907,103,545.23	5,173,540,833.28
Union Trust Bank (Admin a/c)	105,569,659.41	750,650,778.50
Union Trust Bank (Maint. a/c)	226,441,322.20	4,662,203,883.36
Zenith Bank Salaries Account	26,017,642.60	190,259,619.71
Zenith Bank End-of-Service Account	713,645,217.03	0.00
Cheques Control	0.00	0.00
Short-term call Accounts	21,000,000,000.00	35,000,000,000.00
Forex Account	6,895,956.00	11,300,400.00
Cash Imprest	<u><b>73,500.00</b></u>	<u><b>23,500.00</b></u>
	<u><b>23,985,746,842.47</b></u>	<u><b>45,787,979,014.85</b></u>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>9 CURRENT LIABILITIES</b>	<b>2014</b>	<b>2013</b>
	<b>Le</b>	<b>Le</b>
PAYE Payable	3,878,890.73	106,826,880.00
Nassit Payable	1,443,960.29	8,345,255.00
WHT Payable	1,364,966,370.17	536,342,334.50
BOD Fees Payable	12,575,040.00	26,315,400.00
SLRA O/S Contractors	17,568,468.75	113,351,379.63
Other Payables	541,912,914.75	5,487,928,423.35
Wages & Salaries Control	0.00	0.00
Provision for audit fees	50,000,000.00	40,000,000.00
SLRA Contractors	2,590,863,450.87	0.00
Retention Fees Payable	1,455,532,296.63	0.00
Payable to District Councils	74,315,990.03	0.00
	<u><b>6,113,057,382.22</b></u>	<u><b>6,319,109,672.48</b></u>
 <b>10 LONG TERM LIABILITIES</b>		
End of service benefits	<u>689,042,953.18</u>	<u>490,873,431.36</u>
	<u><b>689,042,953.18</b></u>	<u><b>490,873,431.36</b></u>
 <b>11 Capital Grant</b>		
Ministry of Finance - AG Department	<u>315,000,000.00</u>	<u>315,000,000.00</u>
	<u><b>315,000,000.00</b></u>	<u><b>315,000,000.00</b></u>
 <b>12 ACCUMULATED FUND</b>		
Balance b/f	47,143,062,407.02	17,626,867,032.77
Prior Year Adjustment	1,252,725,321.43	0.00
P & L a/c	<u>14,725,253,997</u>	<u>29,516,195,374.25</u>
	<u><b>63,121,041,725</b></u>	<u><b>47,143,062,407.02</b></u>

**13 NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2014	2013
	Le	Le
Operating surplus/(deficit)	14,725,253,997	29,516,195,374
Depreciation	422,183,450	271,134,695
Interest received	(3,793,483,897)	(715,101,888)
Loss on sale of Fixed Assets	33,107,943	-
Prior year adjustment not involving cash movement	1,252,725,321	-
Assets Adjustment	4,650,665	-
Increase in receivables	(37,930,145,288)	(7,013,644,861)
Decrease in payables	(7,882,768)	5,197,878,602
Net cash (outflow)/inflow from operating activities	<u>(25,293,590,579)</u>	<u>27,256,461,922</u>

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

**Cash and cash equivalents**

Balance at the beginning of the period	45,787,979,015	18,909,810,927
Balance at the end of the year	23,985,746,842	45,787,979,015
Increase/(decrease) in cash and cash equivalents	<u>(21,802,232,172)</u>	<u>26,878,168,088</u>

**NOTES TO THE FINANCIAL STATEMENTS****15 SHARE CAPITAL**

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

**16 CAPITAL COMMITMENTS**

There were no capital commitments at 31<sup>st</sup> December 2014.

**17 CONTINGENT LIABILITIES**

There were no contingent liabilities at 31<sup>st</sup> December 2014.

## NOTE FOR FILE

The Audit of the RMFA Financial Statements for 2014 and 2015 were submitted by Audit Service Sierra Leone on 24<sup>th</sup> January 2017. These were forwarded to the Board Directors for their review.

The Chairman of the Finance Sub-Committee of the Board, Mr. Buffy Bailor, came up with 2 valid points as follows:

1. The adjustments to the Accumulated Fund Balance on page 15 of the Audited financials should have a disclosure note explaining the reason for the adjustments and
2. In 2015, the financials closed in a negative net current assets position which questioned the going concern of the Administration.

A note for the accumulated fund adjustment would read thus:

"This relates to a reversal of contract amounts debited to the Statement of Comprehensive Income in previous years now written back, as contract periods now exceed the usual 12 months duration".

With regard to point 2, the Administration will continue as a going concern for as long as Fuel Levies are received from the Oil Marketing Companies (OMCs). The Administration was set up for the purpose of road maintenance. However, in the recent past, RMFA has had to finance not only maintenance of roads but rehabilitation and construction and re-construction which has resulted in the negative net current asset position at the end of 2015.

Management and the Board are working closely with the Ministry of Finance & Economic Development for an increase in the fuel levy from the current Le295.37 Per liter to Le450 per liter in order to reverse this trend.


Name: Y. T. Sesay

Name: Abdul Kalokoh


Designation: Board Chairman

Designation: Chief Executive Officer

Signature:

  
28/02/17

Signature:

  
28/2/2017