

ROAD MAINTENANCE FUND ADMINISTRATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2015**

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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. Winston Crowther
Ing. Obafemi Davies
Mr. Edward Ganda
Reverend J. Y. Konteh
Ms. Virginia R. Kamara
Mr. Buffy Bailor
Mr. Abdul Kareem Kalokoh

Chairman
Member
Member - (Died 28th April 2015)
Member
Member
Member
Member - (wef 18th June 2015)
Member - (wef 20th October 2015)
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

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31st December 2015.

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 2015:

Mr. Y. T Sesay	Chairman
Madam Haja Kaday Sesay	Member
Mr. Winston Crowther	Member - (Died 28th April 2015)
Ing. Obafemi Davies	Member
Mr. Edward Ganda	Member
Reverend J. Y. Konteh	Member
Ms. Virginia R. Kamara	Member - (wef 18th June 2015)
Mr. Buffy Bailor	Member - (wef 20th October 2015)
Mr. Abdul Kareem Kalokoh	Member & CEO

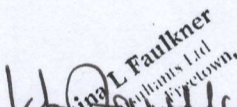
The Chairman and other members of the Board had no interest in any contract or arrangement of significance to which the Administration is or was a party.

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 her.

By Order of the Board of Directors


Virginia L. Faulkner
Secretary
Foresee Consultants Limited
1 Liberty Street, Freetown,
Sierra Leone

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 2015, a separate statement of comprehensive income for the year to 31st December 2015, a statement of cash flow for the year to 31st December 2015 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.

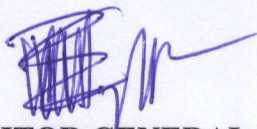
An audit also includes evaluating the:

- 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 2015 and its financial performance for the year then ended.



AUDITOR GENERAL

Date:

7/3/17

STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	2015 Le	2014 Le
Operating income	2	93,235,383,403	90,983,781,894
Other operating income	3	695,047,497	3,793,483,897
Road maintenance expenses	4	(88,017,886,694)	(71,962,629,755)
Administrative expenses	5	(8,685,542,906)	(8,089,382,039)
Surplus/(deficit) for the year		<u>(2,772,998,700)</u>	<u>14,725,253,997</u>

STATEMENT OF FINANCIAL POSITION

		2015		2014	
	Notes	Le	Le	Le	Le
NON-CURRENT ASSETS					
Property, plant and equipment	6		1,173,022,561		1,282,195,984
Goods - in - Transit	6b		1,988,266,015		
CURRENT ASSETS					
Receivables	7	84,768,999,861		44,970,199,234	
Cash and cash equivalents	8	<u>4,454,931,276</u>		<u>23,985,746,842</u>	
		89,223,931,137		68,955,946,077	
CURRENT LIABILITIES					
Payables: amounts falling due within					
one year	9	<u>(103,525,780,723)</u>		<u>(6,113,057,382)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>(14,301,849,586)</u>		<u>62,842,888,695</u>
NON-CURRENT LIABILITIES					
Payables falling due after one year	10		<u>(996,873,303)</u>		<u>(689,042,953)</u>
			<u>(12,137,434,313)</u>		<u>63,436,041,725</u>
FINANCED BY					
Capital Grant	11		315,000,000		315,000,000
Accumulated fund	12		<u>(12,452,434,313)</u>		<u>63,121,041,725</u>
			<u>(12,137,434,313)</u>		<u>63,436,041,725</u>

Approved by the Directors on: 28/02/172017

.....Chairman

.....Chief Executive Officer

NOTE FOR FILE

The Audit of the RMFA Financial Statements for 2014 and 2015 were submitted by Audit Service Sierra Leone on 24th 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.

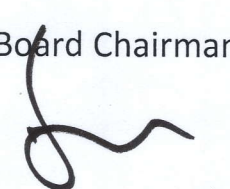
Name: Y. T. Sesay

Name: Abdul Kalokoh

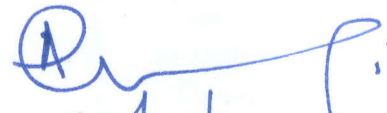
Designation: Board Chairman

Designation: Chief Executive Officer

Signature:


28/02/17

Signature:


28/2/2017

STATEMENT OF CASHFLOWS

	Notes	2015	2014
		Le	Le
Net cash inflow from Operating Activities	13	(19,672,180,916)	(25,293,590,578)
Cash flow from Investing Activities			
Payments to acquire property, plant and equipment	(553,682,148)	(302,125,492)	
Interest received & other income	<u>695,047,497</u>	<u>3,793,483,897</u>	
Net cash flow from investing activities		141,365,350	3,491,358,405
		<u>(19,530,815,566)</u>	<u>(21,802,232,173)</u>
Cash flow from Financing Activities		-	-
Net cash flow		<u>(19,530,815,566)</u>	<u>(21,802,232,173)</u>
Increase/(decrease) in cash and cash equivalents	14	<u>(19,530,815,566)</u>	<u>(21,802,232,173)</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:

	2015	2014
	Le	Le
Fuel Levy	87,406,702,388.73	84,727,044,394
Sierra Leone Road Transport Authority	5,828,681,014.42	6,256,737,500
	<u>93,235,383,403</u>	<u>90,983,781,894</u>

3 OTHER OPERATING INCOME

Other Operating Income is as follows:

Investment Income	316,703,810	1,155,223,822
Income from Utility Companies	298,575,413	998,923,015
Other income	79,768,275	1,639,337,060
	<u>695,047,497</u>	<u>3,793,483,897</u>

4 ROAD MAINTENANCE EXPENSES

Direct payments to SLRA	3,972,658,102.00	997,986,050.00
Indirect costs - SLRA contractors	44,410,328,108.25	51,270,843,643.14
SLRA operational expenses	853,981,932.30	1,842,300,000.00
Freetown City Council	2,646,374,189.00	0.00
District Councils	20,169,192,159.75	2,649,589,135.61
Other road maintenance expenses	15,965,352,202.40	15,201,910,926.00
	<u>88,017,886,693.70</u>	<u>71,962,629,754.75</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. ADMINISTRATIVE EXPENSES

	2015		2014	
	Le	Le	Le	Le
Staff Costs				
Gross salaries & allowances	2,478,811,353.85		2,236,463,886.64	
Employers' 10% Nassit	247,881,135.39		223,538,871.59	
Use of vehicle by directors	0.00		0.00	
Leave allowances	291,269,128.37		244,287,224.20	
Fuel Allocation	76,496,250.00		88,189,000.00	
Phone card top-up	56,477,000.00		53,248,000.00	
Casual & contract staff	147,478,044.16		54,700,000.00	
End of service benefits	396,828,293.14		219,752,889.00	
Medical	77,736,950.00		22,401,425.00	
Staff Annual Bonus	234,780,876.60		187,163,319.00	
Overtime (Drivers & Office Assistants only)	0.00		175,000.00	
Uniforms & other staff costs	7,395,000.00		13,855,000.00	
Staff Rent Allowance	421,667,303.08		379,006,382.25	
Other Salary Allowances	98,193,653.13	4,535,014,987.72	85,699,636.00	3,808,480,633.68
Board of Directors Costs				
Fees & allowances	552,932,240.27		384,653,700.00	
Sitting fees	74,750,000.00		59,400,000.00	
Entertainment	11,231,000.00		4,198,000.00	
Travel	104,818,079.73	743,731,320.00	90,374,244.00	538,625,944.00
Other operating expenses				
Electricity	64,000,000.00		63,500,000.00	
Generator Repairs	14,140,000.10		3,088,063.00	
Generator Fuel	24,562,500.00		29,835,000.00	
Rent & rates	344,220,800.00		334,003,599.00	
Vehicle Fuel	21,220,500.00		25,565,000.00	
Vehicle maintenance costs	124,517,588.23		105,463,223.57	
Cost of newspapers, bid adverts etc.	17,436,000.00		0.00	
Recruitment expenses	0.00		0.00	
Human Resource Expenses	17,910,000.00		19,200,000.00	
Office Stationary	37,664,500.00		39,057,850.00	
General Office supplies	34,750,400.00		26,559,050.00	
Telephone & other Communication Expenses	110,007,207.43		74,470,880.00	
Entertainment & Hospitality	22,025,000.00		34,442,000.00	
Statutory Audit fee	50,000,000.00		50,000,000.00	
Internal Audit Fee	35,000,000.00		33,018,800.00	
Subscriptions & Donations	62,704,500.00		514,325,000.00	
Vehicle license & registration	108,015,301.92		64,472,105.00	
Other Property Insurance	6,244,449.89		6,955,204.43	
Staff Medical Overseas	0.00		21,549,125.00	
Local M&E Travel	101,928,250.00		101,373,400.00	
Overseas travelling	473,847,771.27		570,892,749.50	

Printing, newspaper, adverts,, publications	23,045,000.00		73,134,200.00	
Public Relations	113,997,500.00		53,768,684.00	
Security expenses	15,180,000.00		10,557,500.00	
Cleaning costs	67,903,000.00		49,018,533.27	
Networking & Website Hosting	0.00		9,416,374.00	
Building Repairs & Maintenance	32,270,000.00		120,062,100.00	
Consultancies & Other Professional Fees	0.00		0.00	
Legal retainership fees	110,000,000.00		114,690,000.00	
Board secretary retainership fees	80,677,500.00		70,477,500.00	
Computer Running Costs	53,808,500.00		22,669,000.00	
Bank charges	405,075,183.99		220,736,592.31	
Office Furniture & Equipment repairs	24,571,500.00		39,275,000.00	
Staff Training Local	3,000,000.00		2,250,000.00	
Staff Training Overseas	208,744,461.50		155,035,079.80	
Examination Fees & Professional Membership Subs	3,169,818.98		3,974,340.00	
Professional Membership Fees - International	13,049,625.00		12,921,687.50	
Workshops & Conferences	50,000,000.00		70,000,000.00	
Management Staff Retreat	0.00		20,408,000.00	
Non capitalised expenditure	5,940,000.00		5,944,250.00	
Loss/(profit) on sale of fixed assets	56,226,575.40		33,107,942.71	
Other office expenses	6,557,501.00		33,116,178.82	
Transportation	1,580,000.00		555,000.00	
Other Committee Fees	0.00		21,200,000.00	
Christmas hamper	35,000,000.00		24,903,000.00	
Incentive/honorarium	0.00		35,100,000.00	
Workshops/Sensitisation	0.00		0.00	
Gifts & Donations	0.00		0.00	
Depreciation	426,805,664.06	3,406,796,598.77	422,183,449.81	3,742,275,461.72
		8,685,542,906		8,089,382,039

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
At 31st December 2014	103,235,042.24		264,772,000.00		1,056,323,992.00		492,278,493.80		91,995,000.00		2,008,604,528.04	
Additions	59,506,093.00		37,985,000.00		357,211,764.70		98,979,290.00		0.00		553,682,147.70	
Disposals	0.00		0.00		(132,025,000.00)		(14,149,166.00)		0.00		(146,174,166.00)	
Adjustments	(57,791,093.00)		0.00		(357,211,764.70)		0.00		0.00		(415,002,857.70)	
At 31st December 2015	104,950,042.24		302,757,000.00		924,298,992.00		577,108,617.80		91,995,000.00		2,001,109,652.04	
Accumulated Depreciation												
At 31st December 2014	40,276,861.78		59,824,699.67		458,523,894.83		151,683,962.95		16,099,125.00		726,408,544.23	
Charge for the year	20,990,008.45		27,898,908.33		239,326,310.50		129,390,936.02		9,199,500.00		426,805,663.30	
Disposals	0.00		0.00		(79,765,104.17)		(10,182,486.43)		0.00		(89,947,590.60)	
Adjustments	(1,116,150.00)		(1,400,400.00)		(215,461,771.16)		4,798,794.80		0.00		(213,179,526.36)	
At 31st December 2015	60,150,720.23		86,323,208.00		402,623,330.00		275,691,207.34		25,298,625.00		850,087,090.57	
NBV at 31st December 2015	44,799,322.01		216,433,792.00		521,675,662.00		301,417,410.46		66,696,375.00		1,151,022,561.47	
NBV at 31st December 2014	62,958,180.46		204,947,300.33		597,800,097.17		340,594,530.85		75,895,875.00		1,282,195,983.81	

6b **GOODS - IN - TRANSIT**

This includes 9 Toyota Vehicles & 16 Motorbikes bought for use by SLRA & RMFA

1,988,266,014.70

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015	2014
	Le	Le
7 RECEIVABLES		
Advance Payment to SLRA Contractors	50,023,183,186.82	30,061,924,421.31
Receivable from OMCs	5,955,276,939.86	2,510,231,491.18
Receivable from Utility Companies	255,056,291.62	173,138,165.76
SLRTA Receivable	1,775,603,514.42	1,725,291,750.00
Receivable from SLRA	1,872,300,000.00	1,872,300,000.00
Fuel Prepayment	10,569,670.00	(951,080.00)
Interest Receivable from Placement with Banks/Other Receivables	510,000,000.00	39,154,525.04
Advance Payment to Beton Villa (as per MOU)	24,350,505,000.00	8,557,679,240.74
Staff travel contingencies		
Staff Advances	16,505,258.64	31,430,720.40
	<u>84,768,999,861.36</u>	<u>44,970,199,234.43</u>
8 CASH & CASH EQUIVALENTS		
Bank of Sierra Leone	2,252,315,455.43	1,907,103,545.23
Union Trust Bank (Admin a/c)	1,283,395,626.51	105,569,659.41
Union Trust Bank (Maint. a/c)	8,879,698.25	226,441,322.20
Zenith Bank Salaries Account	105,881,778.40	26,017,642.60
Zenith Bank End-of-Service Account	796,481,470.48	713,645,217.03
Cheques Control	0.00	0.00
Short-term call Accounts	0.00	21,000,000,000.00
Forex Account	7,770,727.00	6,895,956.00
Cash Imprest	206,520.00	73,500.00
	<u>4,454,931,276.07</u>	<u>23,985,746,842.47</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 CURRENT LIABILITIES

	2015	2014
	Le	Le
PAYE Payable	129,196,426.14	3,878,890.73
Nassit Payable	30,932,266.28	1,443,960.29
WHT Payable	705,195,345.10	1,364,966,370.17
BOD Fees Payable	12,575,040.00	12,575,040.00
SLRA O/S Contractors	0.00	17,568,468.75
Other Payables	671,976,380.64	541,912,914.75
Wages & Salaries Control	0.00	0.00
Provision for audit fees	135,000,000.00	50,000,000.00
SLRA Contractors	90,747,300,804.08	2,590,863,450.87
Retention Fees Payable	2,574,422,110.20	1,455,532,296.63
Payable to District Councils	8,519,182,350.58	74,315,990.03
	<u>103,525,780,723.02</u>	<u>6,113,057,382.22</u>

10 LONG TERM LIABILITIES

End of service benefits	996,873,303.29	689,042,953.18
	<u>996,873,303.29</u>	<u>689,042,953.18</u>

11 Capital Grant

Ministry of Finance - AG Department	315,000,000.00	315,000,000.00
	<u>315,000,000.00</u>	<u>315,000,000.00</u>

12 ACCUMULATED FUND

Balance b/f	63,121,041,725.07	47,143,062,407.02
Prior Year Adjustment	(72,800,477,337.97)	1,252,725,321.43
P & L a/c	(2,772,998,700)	14,725,253,997
	<u>(12,452,434,313)</u>	<u>63,121,041,725.07</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	Le	Le
Operating surplus/(deficit)	(2,772,998,700)	14,725,253,997
Depreciation	426,805,663	422,183,450
Interest received	(695,047,497)	(3,793,483,897)
Loss on sale of Fixed Assets	56,226,575	33,107,943
Prior year adjustment not involving cash movement	(72,800,477,338)	1,241,021,653
Fixed Assets Adjustment	(1,808,442,684)	4,650,665
Increase in receivables	(39,798,800,627)	(37,930,145,288)
Increase/(Decreased) in payables	97,720,553,691	(206,052,290)
Net cash (outflow)/inflow from operating activities	<u>(19,672,180,916)</u>	<u>(25,293,590,579)</u>

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

Cash and cash equivalents

Balance at the beginning of the period	23,985,746,842	45,787,979,015
Balance at the end of the year	4,454,931,276	23,985,746,842
Increase/(decrease) in cash and cash equivalents	<u>(19,530,815,566)</u>	<u>(21,802,232,172)</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 31st December 2015.

17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 2015.