



Audit Service Sierra Leone

Road Maintenance Fund Administration
Financial Statements for the year ended 31st December, 2013

ROAD MAINTENANCE FUND ADMINISTRATION

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER, 2013**

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Audit Service Sierra Leone

Road Maintenance Fund Administration
Financial Statements for the year ended 31st December, 2013

GENERAL INFORMATION

REGISTERED OFFICE

3rd & 4th Floors
Maritime House
Government Wharf
Freetown

BOARD OF DIRECTORS

| | |
|--------------------------------|--------------------------------------|
| Mr. Winstanley Bankole Johnson | Chairman (June 2011 – December 2013) |
| Mr. Y.T. Sesay | Chairman (January 2014) |
| Hon. Arthur Solo Harvey | Member (June 2011 – December 2013) |
| Ms. Esther Panda | Member (October 2010 – October 2013) |
| Madam Haja Kaday Sesay | Member |
| Mr. Winston Crowther | Member |
| Ing. Obafemi Davies | Member |
| Ing. M.G. Mansaray | Member – Died July 2013 |
| Arc. Edward Ganda | Member – October 2013 |
| Mr. Abdul Kareem Kalokoh | Member & CEO |

SECRETARY

Foresees Consultants Limited
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 2013.

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.



Audit Service Sierra Leone

Road Maintenance Fund Administration
Financial Statements for the year ended 31st December, 2013

REPORT TO THE DIRECTORS (Contd)

Directors

The following Directors served during the year 2013:

| | |
|--------------------------------|--------------|
| Mr. Winstanley Bankole Johnson | Chairman |
| Hon. Arthur Solo Harvey | Member |
| Ms. Esther Panda | Member |
| Madam Haja Kaday Sesay | Member |
| Mr. Winston Crowther | Member |
| Ing. Obafemi Davies | Member |
| Ing. M.G. Manasary | Member |
| Arc. Edward Ganda | 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 Genial or an auditor appointed by the Auditor General.

By Order of the Board of Directors

FORESEES CONSULTANTS
Foresees Consultants Limited
Secretary
Liverpool Street, Freetown

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 2013, a separate statement of comprehensive income for the year to 31st December 2013, a statement of cash flow for the year to 31st December 2013 and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 14.

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 2013 and its financial performance for the year then ended.

AUDITOR-GENERAL



Date:

May 2014

STATEMENT OF COMPREHENSIVE INCOME

| | <i>Notes</i> | 2013 Le | 2012 Le |
|--------------------------------|--------------|---------------------------------|---------------------------------|
| Operating income | 2 | 85,797,419,037.00 | 47,218,533,431.00 |
| Other operating income | 3 | 715,101,888.00 | 175,477,778.00 |
| Road maintenance expenses | 4 | (50,602,714,493.00) | (23,885,855,250.00) |
| Administrative expenses | 5 | (6,393,611,058.00) | (5,881,288,927.00) |
| Surplus/(deficit) for the year | | <u>29,516,195,374.00</u> | <u>17,626,867,033.00</u> |

STATEMENT OF FINANCIAL POSITION

| | Notes | 2013 Le | 2012 Le |
|---|-------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 1,440,012,550.00 | 617,751,524.00 |
| CURRENT ASSETS | | | |
| Receivables | 7 | 7,040,053,946.00 | 26,409,085.00 |
| Cash and cash equivalents | 8 | <u>45,787,979,015.00</u> 52,828,032,961.00 | <u>18,909,810,927.00</u> 18,936,220,012.00 |
| CURRENT LIABILITIES | | | |
| Payables: amounts falling due within one year | 9 | <u>(6,319,109,672.00)</u> | <u>(1,414,459,617.00)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | 46,508,923,289.00 | 17,521,760,395.00 |
| NON-CURRENT LIABILITIES | | | |
| Payables falling due after one year | 10 | <u>(490,873,431.00)</u> <u>47,458,062,407.00</u> | <u>(197,644,886.00)</u> <u>17,941,867,033.00</u> |
| FINANCED BY | | | |
| Capital Grant | 11 | 315,000,000.00 | 315,000,000.00 |
| Accumulated fund | 12 | <u>47,143,062,407.00</u> <u>47,458,062,407.00</u> | <u>17,626,867,033.00</u> <u>17,941,867,033.00</u> |

Approved by the Directors on: 7th April, 2014

..... Chairman

..... Chief Executive Officer

STATEMENT OF CASHFLOWS

| | <i>Notes</i> | 2013 | 2012 |
|---|--------------|---------------------------------|---------------------------------|
| | | Le | Le |
| Net cash inflow from Operating Activities | <i>13</i> | 27,256,461,921.00 | (19,414,988,674.00) |
| Cash flow from Investing Activities | | | |
| Payments to acquire property, plant and equipment | | 1,093,395,721.00) | (680,655,525.00) |
| Interest received & other income | | <u>715,101,888.00</u> | <u>175,477,778.00</u> |
| Net cash flow from investing activities | | (378,293,833.00) | (505,177,747.00) |
| Cash flow from Financing Activities | | - | - |
| Net cash flow | | <u><u>26,878,168,088.00</u></u> | <u><u>18,909,810,927.00</u></u> |
| Increase/(decrease) in cash and cash equivalents | <i>14</i> | <u><u>26,878,168,088.00</u></u> | <u><u>18,909,810,927.00</u></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 & licencing fees from SLRTA.

(d) Other Operating Income

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

NOTES TO THE FINANCIAL STATEMENTS (Contd)

2 OPERATING INCOME

The analysis of Operating Income by class is as follows:

| | 2013 | 2012 |
|---------------------------------------|---------------------------------|---------------------------------|
| | Le'000 | Le'000 |
| Sierra Leone Road Transport Authority | 6,470,699,710.00 | 3,814,776,281.00 |
| Fuel Levy | <u>79,326,719,327.26</u> | <u>43,403,757,150.01</u> |
| | <u>85,797,419,037.26</u> | <u>47,218,533,431.01</u> |

3 OTHER OPERATING INCOME

Other Operating Income is as follows:

| | | |
|-------------------|------------------------------|------------------------------|
| Investment Income | 597,906,809.00 | 137,903,685.00 |
| Other income | <u>117,195,079.00</u> | <u>37,574,093.00</u> |
| | <u>715,101,888.00</u> | <u>175,477,778.00</u> |

4 ROAD MAINTENANCE EXPENSES

| | | |
|-----------------------------------|---------------------------------|---------------------------------|
| Direct payments to SLRA | 6,175,757,217.69 | 6,130,000,000.00 |
| Indirect costs - SLRA contractors | 8,138,026,963.22 | 3,162,411,330.46 |
| SLRA operational expenses | 19,397,009,981.20 | 12,343,451,919.18 |
| Freetown City Council | 898,540,000.00 | 883,592,000.00 |
| District Councils | 9,854,635,039.19 | - |
| Other road maintenance expenses | <u>6,138,745,291.58</u> | <u>1,366,400,000.00</u> |
| | <u>50,602,714,492.88</u> | <u>23,885,855,249.64</u> |

NOTES TO THE FINANCIAL STATEMENTS (Contd)

5 ADMINISTRATIVE EXPENSES

| | 2013 | | 2012 | |
|------------------------------------|------------------|-------------------------|------------------|-------------------------|
| | Le | Le | Le | Le |
| Staff Costs | | | | |
| Gross salaries & allowances | 2,589,746,144.00 | | 2,612,172,319.00 | |
| Employers' 10% Nassit | 172,657,940.00 | | 207,901,600.00 | |
| Use of vehicle by directors | 13,500,000.00 | | 48,600,000.00 | |
| Leave allowances | 169,123,957.00 | | 179,394,583.00 | |
| Fuel Allocation | 92,250,000.00 | | 94,879,000.00 | |
| Phone card top-up | 56,159,000.00 | | 67,638,489.00 | |
| Professional subscriptions | | | 3,174,750 | |
| Medical | 102,055,850 | | 12,597,000 | |
| Uniforms & other staff costs | 2,628,000 | | 690,000 | |
| Casual & contract staff | 23,240,000 | | 55,676,000 | |
| End of service benefits provision | 340,403,375 | 3,561,764,266.00 | 197,644,886 | 3,480,368,627.36 |
| Board of Directors Costs | | | | |
| Entertainment | 14,211,050.00 | | | |
| Travel for monitoring & evaluation | 22,950,000.00 | | | |
| Fees & allowances | 429,048,800.00 | | 652,000,000.00 | |
| Sitting fees | 114,700,000.00 | 580,909,850.00 | 225,300,000.00 | 877,300,000.00 |
| Other operating expenses | | | | |
| Non capitalised expenditure | 31,876,000.00 | | 45,055,000.00 | |
| Electricity | 43,000,000.00 | | 61,000,000.00 | |
| Generator Repairs | 7,330,000.00 | | - | |
| Vehicle maintenance costs | 49,271,999.91 | | 6,199,684.14 | |
| Rent & rates | 306,600,000.00 | | 303,503,900.00 | |
| Printing, newspaper, adverts | 10,833,100.00 | | 78,242,574.00 | |
| Computer stationery | 42,277,650.00 | | 18,731,017.00 | |
| Office supplies | 23,930,000.00 | | 37,943,700.00 | |
| Entertainment | 22,117,500.00 | | 19,322,475.00 | |
| Cleaning costs | - | | 3,842,000.00 | |
| Internet subscription | 49,189,410.00 | | 57,748,652.50 | |
| DSTV subscription | 4,666,200.00 | | 6,583,395.00 | |
| Vehicle license & registration | 51,797,635.00 | | 23,638,300.00 | |
| Monitoring & supervision | 91,237,500.00 | | 142,715,600.00 | |
| Training | 12,281,286.00 | | - | |
| Overseas travelling | 287,608,171.20 | | 242,779,876.00 | |
| Legal retainership fees | 133,600,000.00 | | 33,000,000.00 | |
| Public Relations | 267,156,580.00 | | - | |
| Security expenses | 9,610,250.00 | | 6,879,411.29 | |
| Networking & IT Expenses | 53,850,250.00 | | - | |
| Repairs & maintenance | 62,953,921.00 | | 16,748,000.00 | |
| Board secretary retainership fees | 34,500,000.00 | | 77,228,052.00 | |
| Other professional fees | 16,714,285.68 | | 1,375,000.00 | |
| Vehicle rental | 9,938,250.40 | | 155,020,000.00 | |
| Other vehicle expense | 16,946,000.00 | | 1,653,000.00 | |
| Transportation | 1,463,000.00 | | 2,658,000.00 | |
| Bank charges | 207,904,928.38 | | 56,244,229.41 | |
| Website hosting | - | | 1,968,000.00 | |
| Incentive/honorarium | - | | 550,000.00 | |
| Police clearance check | - | | 450,000.00 | |
| Other office expenses | 30,168,329.30 | | 3,638,531.84 | |
| Workshops/Sensitisation | 35,980,000.00 | | - | |
| Christmas hamper | 25,000,000.00 | | 30,997,900.00 | |
| Audit fee | 40,000,000.00 | | 25,000,000.00 | |
| Depreciation | 271,134,695.00 | 2,250,936,941.87 | 62,904,001.00 | 1,523,620,299.18 |
| | | <u>6,393,611,058.87</u> | | <u>5,881,288,927.00</u> |



NOTES TO THE FINANCIAL STATEMENTS (Contd)

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 2012 | 48,449,500.00 | 167,677,000.00 | 377,316,250.00 | 87,212,775.00 | - | 680,655,525.00 | | | | | |
| Additions | 18,600,000.00 | 35,570,000.00 | 601,635,000.00 | 345,595,720.80 | 91,995,000.00 | 1,093,395,720.80 | | | | | |
| Disposals | - | - | - | - | - | - | | | | | |
| At 31st December 2013 | 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 | | | | | |
| Accumulated Depreciation | | | | | | | | | | | |
| At 31st December 2012 | 3,610,313.00 | 15,647,250.00 | 33,308,985.00 | 10,337,453.00 | - | 62,904,001.00 | | | | | |
| Charge for the year | 12,789,900.00 | 19,657,033.00 | 206,766,876.00 | 25,021,261.00 | 6,899,625.00 | 271,134,695.00 | | | | | |
| Disposals | - | - | - | - | - | - | | | | | |
| At 31st December 2013 | 16,400,213.00 | 35,304,283.00 | 240,075,861.00 | 35,358,714.00 | 6,899,625.00 | 334,038,696.00 | | | | | |
| NBV at 31st December 2013 | 50,649,287.00 | 167,942,717.00 | 738,875,389.00 | 397,449,781.80 | 85,095,375.00 | 1,440,012,549.80 | | | | | |
| NBV at 31st December 2012 | 44,839,187.00 | 152,029,750.00 | 344,007,265.00 | 76,875,322.00 | - | 617,751,524.00 | | | | | |

NOTES TO THE FINANCIAL STATEMENTS (Contd)

| | 2013 | 2013 |
|---|---------------------------------|---------------------------------|
| | Le | Le |
| 7. RECEIVABLES | | |
| PAYE Overpayment to NRA | - | 25,800,750.00 |
| Loan to SLRA | 1,872,300,000.00 | - |
| SLRTA Receivable | 859,676,520.00 | - |
| Receivable from OMCs | 3,861,656,221.02 | - |
| Interest Receivable from Placement with Banks/Other Receivables | 418,364,302.84 | - |
| Staff travel contingencies | 24,290,400.00 | - |
| Staff Advances | 3,766,502.40 | 608,335.00 |
| | <u>7,040,053,946.26</u> | <u>26,409,085.00</u> |
| 8. CASH & CASH EQUIVALENTS | | |
| Union Trust Bank (Admin a/c) | 750,650,778.50 | 965,907,172.09 |
| Bank of Sierra Leone | 5,173,540,833.28 | 15,777,667,185.24 |
| Union Trust Bank (Maint. a/c) | 4,662,203,883.36 | 2,165,916,569.58 |
| Zenith Bank Salaries Account | 190,259,619.71 | - |
| Short-term call Accounts | 35,000,000,000.00 | - |
| Forex Account | 11,300,400.00 | - |
| Cash Imprest | 23,500.00 | 320,000.00 |
| | <u>45,787,979,014.85</u> | <u>18,909,810,926.91</u> |
| 9. CURRENT LIABILITIES | | |
| Cheques Control | - | 280,212,465.40 |
| WHT Payable | 536,342,334.50 | 1,103,901.38 |
| Provision for audit fees | 40,000,000.00 | 25,000,000.00 |
| PAYE Payable | 106,826,880.00 | - |
| Nassit Payable | 8,345,255.00 | - |
| Other Payables | 5,487,928,423.35 | - |
| BOD Fees Payable | 26,315,400.00 | 4,744,000.00 |
| SLRA Contractors | 113,351,379.63 | 1,103,399,250.00 |
| | <u>6,319,109,672.48</u> | <u>1,414,459,616.78</u> |
| 10. LONG TERM LIABILITIES | | |
| End of service benefits | 490,873,431.36 | 197,644,886.36 |
| | <u>490,873,431.36</u> | <u>197,644,886.36</u> |
| 11. Capital Grant | | |
| Ministry of Finance - AG Department | 15,000,000.00 | 15,000,000.00 |
| Ministry of Finance - AG Department | 300,000,000.00 | 300,000,000.00 |
| | <u>315,000,000.00</u> | <u>315,000,000.00</u> |
| 12. ACCUMULATED FUND | | |
| Balance b/f | 17,626,867,032.77 | 6,533,438,290.51 |
| P & L a/c | 29,516,195,374.30 | 11,093,428,742.26 |
| | <u>47,143,062,407.07</u> | <u>17,626,867,032.77</u> |

NOTES TO THE FINANCIAL STATEMENTS

13 NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2013 | 2012 |
|---|---------------------------------|---------------------------------|
| | Le | Le |
| Operating surplus/(deficit) | 29,516,195,374.30 | 17,626,867,033.77 |
| Depreciation | 271,134,695.00 | 62,904,001.00 |
| Interest received | (715,101,887.79) | (175,477,778.94) |
| Increase in receivables | (7,013,644,861.26) | (26,409,085.00) |
| Increase in payables | 5,197,878,601.70 | 1,927,104,503.14 |
| Net cash inflow from operating activities | <u><u>27,256,461,821.95</u></u> | <u><u>19,414,988,674.97</u></u> |

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

Cash and cash equivalents

| | | |
|--|---------------------------------|---------------------------------|
| Balance at the beginning of the period | 18,909,810,927.91 | - |
| Balance at the end of the year | 45,787,979,015.85 | 18,909,810,927.91 |
| Increase/(decrease) in cash and cash equivalents | <u><u>26,878,168,088.94</u></u> | <u><u>18,909,810,927.91</u></u> |

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 as at 31 December 2013.

17 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2013.