



Road Maintenance Fund Administration
Financial Statements For the 18 months ended 31 December 2012

ROAD MAINTENANCE FUND ADMINISTRATION

FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED 31ST DECEMBER 2012

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Audit Service Sierra Leone

Road Maintenance Fund Administration
Financial Statements For the 18 months ended 31 December 2012

GENERAL INFORMATION

REGISTERED OFFICE

Maritime House
Government Wharf
Freetown

BOARD OF DIRECTORS

Winstanley Bankole Johnson
Hon. Arthur Harvey
Ms. Esther Panda
Haja Kaday Sesay
Mr. Winston Crowther
Mr. Obafemi Davies
Mr. M.G. Mansaray
Mr. Abdul Kareem Kalokoh

Chairman
Member
Member
Member
Member
Member
Member
Member & CEO

SECRETARY

Foresees Consultants Limited
4, Liverpool Street
Freetown

BANKERS

Union Trust Bank
Bank of Sierra Leone

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 18 months ended 31st December 2012.

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 Administration 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 period 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

REPORT TO THE DIRECTORS (Contd)

Directors

The following Directors served during the year:

Winstanley Bankole Johnson	Chairman
Hon. Arthur Harvey	Member
Ms. Esther Panda	Member
Haja Kaday Sesay	Member
Mr. Winston Crowther	Member
Mr. Obafemi Davies	Member
Mr. M.G. Mansaray	Member
Mr. Abdul Kareem Kalokoh	Member and 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

FORESEES CONSULTANTS
[Signature]
 Foresees Consultants Ltd
 Secretary
 4 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 for the 18 months ending 31st December 2012, a separate statement of comprehensive income for the 18 months ending 31st December 2012, a statement of cash flow for the 18 months ending 31st December 2012 and a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 15.

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 Road Maintenance Fund 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 judgment, 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 Road Maintenance Fund Administration give a true and fair view, in all material respects, of the financial position as at 31st December 2012 and its financial performance for the eighteen months period then ended.

Emphasis of Matter

Without qualifying my opinion I draw your attention to note 4 to the financial statement, other road maintenance expenses of which Le1.2billion was paid to SALCOST for emergency road works, no contract documents was provided for audit inspections. Management did provide other supporting documents to substantiate that the work was carried out.

Other Matters

I draw attention to the following matter that is ancillary to my responsibilities in the audit of the Financial Statements



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Breach of RMFA Act 2010

- There was no Board meeting for the period 29th March, 2012 to 9th October, 2012 which was in contravention of section 6(1) of the Road Maintenance Fund Administration Act 2010, which states that “The Board shall hold its first meeting on a date and at a time to be determined by the minister, after consultation with the board; and after that, the Board shall meet for the dispatch of business at least once every three months”.
- The last meeting attended by the chairman was on the 29th March 2012, two subsequent meetings of the board were held on 9th October 2012 and 23rd January 2013 respectively. The RMFA Act is not clear on the power to convey regular Board meetings.

AUDITOR GENERAL

Date

16/7/13



Audit Service Sierra Leone

Road Maintenance Fund Administration
Financial Statements For the 18 months ended 31 December 2012


STATEMENT OF COMPREHENSIVE INCOME


		2012
	Notes	Le
Operating income	2	47,218,533,431.00
Other operating income	3	175,477,778.00
Road maintenance expenses	4	(23,885,855,250.00)
Administrative expenses	5	(5,881,288,927.00)
Surplus for the year		<u>17,626,867,033.00</u>

STATEMENT OF FINANCIAL POSITION

	Notes	Le	2012 Le
NON-CURRENT ASSETS			
Property, plant and equipment	6		617,751,524.00
CURRENT ASSETS			
Receivables	7	26,409,085.00	
Cash and cash equivalents	8	<u>18,909,810,927.00</u>	
		18,936,220,012.00	
CURRENT LIABILITIES			
Payables: amounts falling due within one year	9	<u>(1,414,459,617.00)</u>	
NET CURRENT ASSETS			17,521,760,395.00
NON-CURRENT LIABILITIES			
Payables falling due after one year	10		<u>(197,644,886.00)</u>
			<u>17,941,867,033.00</u>
FINANCED BY			
Capital Grant	11		315,000,000.00
Accumulated fund	12		<u>17,626,867,033.00</u>
			<u>17,941,867,033.00</u>

Approved by the Directors on: 11th July 2013


Chairman


Chief Executive Officer

STATEMENT OF CASH FLOWS

2012

	Notes	Le	Le
Net cash inflow from Operating Activities	13		19,414,988,674.00
Cash flow from investing Activities			
Payments to acquire property, plant and equipment		(680,655,525.00)	
Interest received & other income		<u>175,477,778.00</u>	
Net cash flow from investing activities			<u>(505,177,747.00)</u>
Cash flow Financing Activities			<u>18,909,810,927.00</u>
Net cash flow			<u>18,909,810,927.00</u>
Cash and cash equivalent at the end of the year	14		<u>18,909,810,927.00</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 7 to 15 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%

(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 (Contd)

2. OPERATING INCOME

The analysis of Operating Income by class is a follows:

	2012 Le'000
Sierra Leone Road Transport Authority	3,814,776,281.00
Fuel Levy	<u>43,403,757,150.00</u>
	<u>47,218,533,431.00</u>

3. OTHER OPERATING INCOME

Other Operating Income is as follows:

Investment Income	137,903,685.00
Other Income	<u>37,574,093.00</u>
	<u>175,477,778.00</u>

4. ROAD MAINTENANCE EXPENSES

	Le
Direct payments to SLRA	6,130,000,000.00
Indirect costs – SLRA contractors	3,162,411,330.46
SLRA operational expenses	12,343,451,919.18
Freetown City Council	883,592,000.00
Other road maintenance expense	<u>1,366,400,000.00</u>
	<u>23,885,855,249.64</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd)
ADMINISTRATIVE EXPENSES

	2012	2012
	Le	Le
Staff Costs		
Gross salaries & allowances	2,612,172,319.00	
Employers' 10% Nassit	207,901,600.00	
Use of vehicle by directors	48,600,000.00	
Leave allowances	179,394,583.00	
Fuel Allocation	94,879,000.00	
Phone card top-up	67,638,489.00	
Professional subscriptions	3,174,750.00	
Medical	12,597,000.00	
Uniforms & other staff costs	690,000.00	
Casual & contract staff	55,676,000.00	
End of service benefits	<u>197,644,886.00</u>	
Board of Directors Costs		3,480,368,627.36
Fees & allowances	652,000,000.00	
Sitting fees	<u>225,300,000.00</u>	
Other operating expenses		877,300,000.00
Non capitalized expenditure	45,055,000.00	
Electricity	61,000,000.00	
Vehicle maintenance costs	6,199,684.14	
Rent & rates	303,503,900.00	
Printing, newspaper, adverts, publications	78,242,574.00	
Computer stationery & accessories	18,731,017.00	
Office supplies	37,943,700.00	
Entertainment	19,322,475.00	
Cleaning costs	3,842,000.00	
Internet subscription	57,748,652.50	
DSTV subscription	6,583,395.00	
Vehicle license & registration	23,638,300.00	
Monitoring & supervision	142,715,600.00	
Overseas travelling	242,779,876.00	
Legal retainership fees	33,000,000.00	
Security expenses	6,879,411.29	
Repairs & maintenance	16,748,000.00	
Board secretary retainership fees	77,228,052.00	
Other professional fees	1,375,000.00	
Vehicle rental	155,020,000.00	
Other vehicle expenses	1,653,000.00	
Transportation	2,658,000.00	
Bank charges	56,244,229.41	
Website hosting	1,968,000.00	
Incentive/honorarium	550,000.00	
Police clearance check	450,000.00	
Other office expenses	3,638,531.84	
Christmas hamper	30,997,900.00	
Audit fee	25,000,000.00	
Depreciation	<u>62,904,001.00</u>	
		<u>1,523,620,299.18</u>
		<u>5,881,288,927.00</u>



6. PROPERTY, PLANT AND EQUIPMENT

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

Cost	Office Equipments Le	Office Furniture & Fittings Le	Motor Vehicles Le	IT Equipment Le	Total Le
Additions in 2011	1,780,000.00	59,700,000.00	-	10,637,500.00	72,117,500.00
Additions in 2012	46,669,500.00	107,977,000.00	377,316,250.00	76,575,275.00	608,538,025.00
Disposals					
At 31st December 2012	48,449,500.00	167,677,000.00	377,316,250.00	87,212,775.00	680,655,525.00
Accumulated Depreciation					
Charge in 2011					
Charge in 2012	3,610,313.00	15,647,250.00	33,308,985.00	10,337,453.00	62,904,001.00
Disposals					
At 31st December 2012	3,610,313.00	15,647,250.00	33,308,985.00	10,337,453.00	62,904,001.00
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)

		2012
		Le
7.	RECEIVABLES	
	PAYE Overpayments to NRA	25,800,750.00
	Staff Advances	<u>608,335.00</u>
		<u>26,409,086.00</u>
8.	CASH & CASH EQUIVALENTS	
	Union Trust Bank (Admin a/c)	965,907,172.09
	Bank of Sierra Leone	15,777,667,185.24
	Union Trust Bank (Maint. a/c)	2,165,916,569.58
	Cash Imprest	<u>320,000.00</u>
		<u>18,909,810,926.91</u>
9.	CURRENT LIABILITIES	
	Cheques Control	280,212,465.40
	WHT Payable	1,103,901.38
	Provision for audit fees (18 months)	25,000,000.00
	BOD Fees Payable	4,744,000.00
	SLRA Contractors	<u>1,103,399,250.00</u>
		<u>1,414,459,616.78</u>
10.	LONG TERM LIABILITIES	
	End of service benefits	<u>197,644,886.36</u>
		<u>197,644,886.36</u>
11.	Capital Grant	
	Ministry of Finance AG Department	2011 15,000,000.00
	Ministry of Finance – AG Department	2012 <u>300,000,000.00</u>
		<u>315,000,000.00</u>
12.	Accumulated Fund	
	Balance b/f	6,533,438,290.51
	P & L a/c	<u>11,093,428,742.26</u>
		<u>17,626,867,032.77</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd)

13 NET CASH IN FLOW FROM OPERATING ACTIVITIES

	2012
	Le
Operating surplus	17,626,867,033.00
Depreciation	62,904,001.00
Interest received	(175,477,778).00
Interest in receivables	(26,409,085).00
Increase in payables	<u>1,927,104,503.00</u>
Net cash inflow from operating activities	<u>19,414,988,674.00</u>

14. ANALYSIS OF INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Balance at the beginning of the period	-
Balance at the end of the year	18,909,810,927.00
Total cash and cash equivalent in the statement of cash flows	<u>18,909,810,927.00</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 at 31st December 2012.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 31st December 2012.