



Promoting Accountability of Public Resources

## AUDITOR GENERAL'S REPORT

**ON THE LIBERIA MARITIME AUTHORITY'S  
(LMA) FINANCIAL STATEMENTS**

*For the Fiscal Year ended June 30, 2012*

*January 2016*



**Yusador S. Gaye, CPA, CGMA  
Auditor General, R.L.**

## **Republic of Liberia**



### **The Honorable Speaker of the House of Representatives, and the President Pro-Tempore of the House of Senate:**

We have undertaken the audit of the Liberia Maritime Authority's (LMA) financial statements for the financial years ended June 30, 2012. The audit was conducted under the Auditor General's statutory mandate, as provided for under Chapter 53.3 of the Executive Law of 1972.

Findings conveyed in this report have been formally communicated to the Management of the Liberia Maritime Authority (LMA). Where responses have been provided by the Authority on the audit findings, these have been evaluated and incorporated in this report.

Given the significance of the matters raise in this report, we urge the Hon. Speaker and the members of the House of Representatives and Hon. Pro-Tempore and members of the Liberian Senate to consider the implementation of the recommendations conveyed herein with urgency.

  
**Yusador S. Gaye, CPA, CGMA**  
**Auditor General, RL**

**Monrovia, Liberia**  
**January 2016**

## **ACRONYMS USED**

<b>Abbreviation</b>	<b>Meaning</b>
AG	Auditor General
ASC	Accounting Standards Codification
DCFA	Deputy Commissioner for Financial Affairs
DCO	Deputy Commissioner Office
DV	Disbursement Voucher
FAR	Fixed Asset Register
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
GAC	General Auditing Commission
GOL	Government of Liberia
IA	Internal Audit
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
INTOSAI	International Organization of Supreme Audit Institutions
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
LISCR LLC	Liberia International Ship & Corporate Registry Limited Liability Corporation
LMA	Liberia Maritime Authority
MOF	Ministry of Finance
PFM	Public Financial Management Act of (2009)
PPCC	Public Procurement Concession Commission
PRC	Procurement Review Committee
SOE	State-Owned Enterprise
U.S GAAP	United States Generally Accepted Accounting Principles

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## **AUDITOR GENERAL'S REPORT ON THE LIBERIA MARITIME AUTHORITY'S (LMA) FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2012**

We have audited the financial statements of the LMA, which comprise the balance sheets as at June 30, 2012, the income statements and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United States (US) Generally Accepted Accounting Principles (US GAAP), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor General's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

#### ***Property, Plant and Equipment***

In 2010, LMA recognized a gain on sale of fixed assets of \$26,438. This gain had a direct impact on the retained earnings balance as at June 30, 2012. GAC could not validate the gain recognized as the disposition was not recorded in the fixed assets roll forward. Additionally, GAC could not determine the fixed assets disposed thus were limited in scope in ascertaining the ending balance as of June 30, 2012.

**Auditor General's Opinion**

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Liberia Maritime Authority as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with US Generally Accepted Accounting Principles.

  
**Yusador S. Gaye, CPA, CGMA**  
**Auditor General, RL**

**Monrovia, Liberia**  
**January 2016**



**Liberia Maritime Authority**  
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Tubman Boulevard, Sinkor



December 24, 2015

**TRANSMITTAL OF LIBERIA MARITIME AUTHORITY RESTATED FINANCIAL STATEMENTS AS AT 30 JUNE 2012**

This is to herewith submit the Restated Financial Statements of the Liberia Maritime Authority for the period July 1, 2011- June 30, 2012. The restatement is in compliance with the recommendations placed in the draft management letter of January, 2014.

Sincerely,



Desire S. Satta  
**Director of Finance**

APPROVED: \_\_\_\_\_

Nya S. Gbaintor  
**Director for Administration**





**LIBERIA MARITIME AUTHORITY (HEAD OFFICE)**  
**RESTATED BALANCE SHEET**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

<b>ASSETS</b>	<b>NOTES</b>	<b>USD</b>	<b>USD</b>
		<b>30-Jun-12</b>	<b>30-Jun-11</b>
<b>CURRENT ASSETS:</b>			
Cash & Cash Equivalent	1	458,007	139,342
Staff Receivable		44,537	28,415
Inventory Store-MRCC		2,398	2,398
Interagency Prepayments	1	261,914	47,414
<b>TOTAL CURRENT ASSETS</b>		<b>766,857</b>	<b>217,569</b>
<b>NON-CURRENT ASSETS</b>			
Buildings and Improvements		2,974,879	2,973,931
Leasehold Improvements	2	707,931	222,475
Work in Progress	2	1,670,100	0
Fixed Assets	2	1,033,614	853,192
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,386,524</b>	<b>4,049,598</b>
<b>TOTAL ASSETS</b>		<b>7,153,381</b>	<b>4,267,167</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current Liabilities	3	3,678,823	3,243,016
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,678,823</b>	<b>3,243,016</b>
<b>NON CURRENT LIABILITIES</b>			
Non - Current Liabilities		351,091	161,162
<b>Total NON CURRENT LIABILITIES</b>		<b>351,091</b>	<b>161,162</b>
<b>TOTAL LIABILITIES</b>		<b>4,029,914</b>	<b>3,404,178</b>
<b>EQUITY</b>			
Retained Earnings 07.01.2011		862,988	377,230
Net Income (Loss)		2,260,479	485,759
<b>Retained Earnings 06.30.2012</b>		<b>3,123,467</b>	<b>862,989</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,153,381</b>	<b>4,267,167</b>



**LIBERIA MARITIME AUTHORITY (HEAD OFFICE)**  
**RESTATED STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

INCOME	NOTES	USD	USD
		30-Jun-12	30-Jun-11
Government of Liberia Subsidy	4	13,946,120	9,662,000
Internally Generated	4	1,537,146	663,934
<b>TOTAL INCOME</b>		<b>15,483,266</b>	<b>10,325,934</b>
<b>OPERATING EXPENSES</b>			
Salaries, Wages and Benefits	1	3,015,453	2,747,906
Taxes	8	119,247	101,395
Miscellaneous. Freight and Subscriptions	15	357,483	140,073
Insurance		189,909	223,914
Special Project	18	2,772,212	1,024,799
Board Related Expenses		119,000	71,133
Diplomatic Initiatives		1,102,526	1,161,000
Contributions and Donations	14	253,419	315,254
Professional Services	10	727,132	1,235,513
Communications	13	950,322	251,558
Gas, Fuel and Lubricants	9	711,338	587,564
Stationeries, Supplies and Printing	12	198,372	131,736
Entertainment		21,614	41,255
Accommodation		75,335	658
Utilities	17	24,527	15,221
Repairs and Maintenance	11	221,676	161,082
Depreciation	2	349,382	276,287
Bank Charges		400,758	250,827
Travel and Transportation	16	1,030,875	1,038,149
Scholarship	19	252,482	44,017
Rent		40,000	1,500
Gain or Loss on FX		0	23,453
Other Expense		194,797	(4,117)
Conferences		94,931	0
<b>TOTAL OPERATIONAL EXPENSES</b>		<b>13,222,788</b>	<b>9,840,174</b>
<b>OPERATING INCOME (LOSS)</b>		<b>2,260,479</b>	<b>485,759</b>
<b>NET INCOME (LOSS)</b>		<b>2,260,479</b>	<b>485,759</b>

**RESTATED STATEMENT OF CASH FLOWS  
 FOR THE PERIOD JULY, 2011 THROUGH JUNE, 2012**

		USD	USD
	NOTES	30-Jun-12	30-Jun-11
<b>OPERATING ACTIVITIES</b>			
<b>Net Income (Loss)</b>		<b>2,260,479</b>	<b>485,759</b>
<b>Adjustments to reconcile Surplus to Net Cash</b>			
<b>Provided by Operating Activities:</b>			
Depreciation	2	349,382	276,287
Changes in Payables and Accruals		625,735	1,694,215
Changes in Receivables and Prepayments		(230,622)	(36,994)
<b>TOTAL ADJUSTMENTS</b>		<b>744,495</b>	<b>1,933,508</b>
<b>Net Cash Provided by Operating Activities</b>		<b>3,004,973</b>	<b>2,419,267</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		(529,804)	(703,630)
Building and Improvements		(948)	(2,913,967)
Leasehold Improvements		(485,456)	(7,000)
Work in Progress		(1,670,100)	1,253,036
<b>Net cash provided by Investing Activities</b>		<b>(2,686,308)</b>	<b>(2,371,560)</b>
Net Cash increase for the period		318,666	47,707
Beginning Cash balance		139,342	91,635
<b>Ending Cash balance</b>		<b>458,007</b>	<b>139,342</b>

## **Notes to the Restated Liberia Maritime Authority Financial Statements as of 30 June 2012**

### **1 General information**

#### **1.1 Overview**

The Liberia Maritime Authority (the "Authority"), formerly the Bureau of Maritime Affairs, was established by an Act of the National Legislature on September 6, 2010 with the mandate, among others, to regulate, control and administer all matters to the standards for merchant shipping, and all foreign and domestic water-borne commercial and noncommercial activities. The Authority is also charged with the responsibilities of coordinating and assisting by forming strategic partnerships in the growth and development of the maritime sector and other maritime related industries in Liberia.

#### **1.2 Accounting Policies**

##### **1.2.1 Basis of preparation**

The Authority's financial statements have been prepared on the historical cost basis as modified by the revaluation of financial assets and financial liabilities at fair value through the Revenue and Expenses accounts, in accordance with the **United States- Generally Accepted Accounting Principle (US-GAAP)**. Upon the adoption of the use of International Financial Reporting Standards (IFRS) by the Government of Liberia, the Authority will continue to use US-GAAP for the preparation of its Financial Statements.

Assets costing US\$500 and above are capitalized by the Authority. Work-in-progress involved the renovation and the improvement on the Liberia Marine Training Institute (LMTI).

##### **1.2.2 Accounting Period**

The Authority's financial statements are prepared on a Fiscal Year basis (July 1-June 30).

##### **1.2.3 Segment reporting**

Operating segments are those segments for which results are reviewed by the Authority's Board of Directors (BoD) to assess performance and make decisions about resources to be allocated.

The (BoD) meets regularly throughout the year to discuss the performance and results of the Authority as a whole. The business of the Authority is focused almost entirely to regulate, control and administer all matters pertaining to the standards for merchant shipping, and all foreign and domestic water-borne commercial and noncommercial activities. The Authority operates as a legal entity in Liberia, the United States, United

Kingdom, and Ghana and in order to provide information in a structured manner to readers of the accounts who are unfamiliar with the internal management reporting of the Authority, its financial statements are consistent with the core principle of US GAAP, which is to disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the Authority engages the economic activities in which it operates.

#### **1.2.4 Foreign Currencies**

Functional and Presentation Currency – the Authority's financial statements are presented in United States Dollars. The functional currency of the nation is the Liberian Dollar. However, the currency (reporting currency) of the primary economic environment in which the entity operates both in Liberia and abroad is the US Dollar.

Transactions and Balances – transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the balance sheet date. Exchange differences on retranslating monetary assets and liabilities are recognized in the Revenue and Expense Statement.

#### **1.2.5 Taxation**

Income tax for the year comprises current and deferred tax on withholdings from employees, professional services, board remuneration that are taxable and vendors payments subject to withholdings as enshrined in Section 905 of the **Liberia Revenue Code (LRC)** of 2000. Income tax is recognized in the Revenue and Expense Statement to the extent that it relates to items recognized directly in the statements. Additionally, it includes taxes withheld for the National Social Security Scheme. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities based on tax rates and laws that are enacted at the balance sheet date.

#### **1.2.6 Inventories**

Inventories including work-in-progress are measured at the lower of cost and net realizable value on a weighted average cost basis. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### **1.2.7 Receivables and Prepayments**

Receivables are non-interest bearing and are stated at their nominal amount less provisions made for estimated irrecoverable amounts in the financial statements. Estimated irrecoverable amounts are based on historical experience together with specific amounts that are not expected to be collectible. Individual amounts are written off when management deems them not to be collectible.

Prepayments are inter agency/department pass thru account given to the Government of Liberia and other relevant agencies and sub-offices of the Authority like that of the Deputy Commissioner for Financial Affairs (DCFA) in Vienna, VA, in the United States. The increment in prepayment for 2011/12 accounts for advance to DCFA for the preparation of upcoming council bid in 2013 ahead of funding from GoL that might be slow as well as prepayment to Orion that is in charge of remitting wages to the Beaches and Waterways Program daily hires.

<b>Interagency Prepayment</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Prepayment to DCFA	222,414	47,414
Prepayment to Escrow	39,500	0
<b>Total Interagency Prepayment</b>	<b>261,914</b>	<b>47,414</b>

### 1.2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, short-term deposits and bank overdrafts. Bank overdrafts are disclosed as current liabilities except where the group participates in offset arrangements with certain banks whereby cash and overdraft amounts are offset against each other. Increase in cash for the end of this fiscal year is largely due to the late remittance of the allotment for June 2012.

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
<b>CASH &amp; CASH EQUIV.</b>		
Cash in Bank/Ecobank Lighthouses	2,650	(101)
Cash in Ecobank/ Building Fund	(880)	2
Cash in Ecobank/ Operations	8,049	48,458
Cash in Ecobank/LMTI	1,823	3,928
Cash in Ecobank/Small Watercraft	55,361	49,624
Cash in Bank-CBL	503	590
Cash in Bank/LBDI LD	1,034	1,124
Cash in Bank/UBA	270	5,328
Cash in GT Bank/Special Project	380,081	20,179
Cash in GT Bank/Operations	(5,041)	0.00
<b>Total Cash In Bank</b>	<b>443,850</b>	<b>129,132</b>
Cash in Vault	4,225	2,000
Petty Cash	9,932	8,210
<b>Total Cash</b>	<b>458,007</b>	<b>139,342</b>

### 1.2.9 Salaries and Other benefits

Other benefits plan or scheme is a scheme in which the group pays contributions or pay-off retired employees in accordance with Liberia Labor Law and statutory or contractual basis. The group has no further payment obligations once the contributions have been made. The

amount charged to the Revenue and Expense Statement is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as payables in the balance sheet.

Other benefits are a defined benefit scheme, which involves the amount of pay-offs benefit that an employee will receive on retirement. For the defined benefit scheme, other benefit costs and the costs of providing other post-retirement benefits are charged to the Revenue and Expense Statement. Additionally, the provision of a bag of rice to junior and support staff on a monthly basis is a part of the other benefits expenditure. The increase in Salaries, wages and other benefits was a direct result of the anticipated opening of the Liberia Marine Training Institute in Marshall after over 20 years of closure and as well expansion of other departments.

<b>SALARIES, WAGES AND BENEFITS</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Salaries and Wages	2,522,486	2,141,993
Other Benefits	256,109	340,959
Medical	2,721	4,765
Bonus	211,092	170,349
Incidental Allowance	23,045	8,900
Relocation Allowance	0	45,000
Honorarium	0	35,940
<b>TOTAL Salaries, Wages and Benefits</b>	<b>3,015,453</b>	<b>2,747,906</b>

## 2 Property and Equipment

Equipment is recorded at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The Authority has restated property previously revalued in accordance with US GAAP and to treat these earlier revaluations as deemed cost. Additionally, there are some fixed assets without value that were kept on the book. Leasehold improvement consists of arrangement with the Ministry of National Defense and the Coast Guard involved the renovation and maintenance of the Monrovia Regional-Maritime Rescue Coordination Center (This is a global distress maritime signal center for MR-MRCC covering Liberia, Ghana, Cote d'Ivoire and Sierra Leone) and a Guest House Project being carried out in Lofa County.

Work in progress is a direct result of LMTI rehabilitation after being in ruins for 20 years as well as architectural and engineering design work and excavation of the site of the global headquarters of the Authority in Marshall, Margibi County.

Depreciation is calculated on the depreciable amount (being cost less the estimated residual value) on a straight line basis over the estimated useful lives of the assets as follow:

Machinery	6 Years
Fixtures and fittings	6 Years
Motor vehicles	3 Years
Office furniture	10 Years

All assets are depreciated fully regardless of the date of purchase. Residual values and useful lives are reviewed at each balance sheet date for continued appropriateness and indications of impairment and adjusted if appropriate.

<b>FIXED ASSETS COST SUMMARY</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Furniture, Fixtures & Fittings	84,126	81,124
Machines and Equipment	448,978	395,840
Motor vehicles	500,510	376,228
<b>TOTAL Fixed Assets Cost Summary</b>	<b>1,033,614</b>	<b>853,192</b>
<b>FIXED ASSETS- BOOK VALUE REFLECTED</b>		
Cost for the Period	2,240,644	1,710,840
Less: Accumulated Depreciation	1,207,030	857,648
<b>Net book value as at 30 June</b>	<b>1,033,614</b>	<b>853,192</b>

### 3 Liabilities

Accounts payable and others are stated at their nominal value. Additionally, as at June 30, 2012 Account payables were being classified as a portion was inherited by the current administration. However, the vetting process is still being conducted as some of the payables were vetted and paid while others are still being vetted. Liabilities increased in this period due to delays, in some instances, no funding from the GoL. This caused a heavy reliance on financing gaps from banks.

<b>LIABILITIES</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	336,378	786,897
Commissioner Allowance Payable	0	82,600
Income Tax Payable	282,643	281,274
NASSCORP Payable	319,069	140,855
Incidental Allowance Payable	0	13,085
Housing Allowance Payable	0	153,861
Accrued Expense Payable	0	1,566
Own Your Own Car Payable	0	24,900
Salaries Payable	0	157,978
Ecobank Restructured Facility (Repayment)	2,113,494	600,000
GT Bank Financing Gap Facility (Short Term)	627,239	1,000,000
<b>TOTAL Current Liabilities</b>	<b>3,678,823</b>	<b>3,243,016</b>



### 3.1 Long-term Liabilities

Long-term liabilities comprise of accruals made between 2006 and 2012, which were reclassified from accounts payable in current liabilities to notes payable in non-current liabilities. The total amount reclassified for the period ending June 30, 2012 was \$351,091.

## 4 Revenue

Revenue comprises the amounts received or receivable in respect of the services provided in the normal course of business and subsidies from the Government of Liberia and donors. Revenue is recognized when the significant risks and rewards of services have been performed or cash in the case of GOL subsidies have been received by the Authority. Increase in Domestic Registry collections was a direct result of activity within the oil sector as it relates to exploration and the registration of more fishing vessels.

Revenues include the following:

- a. Revenue from Domestic (Small) Watercraft
- b. Subsidy from DCO (Deputy Commissioner Office)
- c. Special Qualification Revenue (Training Fund)
- d. Miscellaneous income
- e. Government of Liberia Subsidy

<b>Government of Liberia Subsidy</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Subsidy from GOL	13,946,120	9,662,000
<b>Total Government of Liberia Subsidy</b>	<b>13,946,120</b>	<b>9,662,000</b>
<b>Internally Generated</b>		
Domestic (Small) watercraft	1,171,590	570,434
Miscellaneous Income	365,556	93,500
<b>Internally Generated(Total)</b>	<b>1,537,146</b>	<b>663,934</b>
<b>TOTAL REVENUE</b>	<b>15,483,266</b>	<b>10,325,934</b>

## 5 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Payments made under such leases are charged to the Revenue and Expense Statement on a straight line basis over the period of the lease.

## 6 Foreign Exchange Risk

The Authority operates internationally and is exposed to foreign currency risk on charges and fees due and purchases made that are denominated in a currency other than USD and Liberian Dollar. There are a range of currencies giving rise to this risk. To mitigate risks associated with future exchange rate fluctuations, the Authority uses the daily market rate as of the date of that transaction.

## **6.1 Liquidity Risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due subject to the availability of funding through the Ministry of Finance.

## **7 Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with generally accepted accounting principles require the use of certain estimates and associated assumptions that affect the application of policies, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on a regular and ongoing basis.

The estimates and judgments that have had the most significant effect on the amounts included in these financial statements are as follows:

### **7.1 Allowance for doubtful debts**

Provision is made against accounts that in the estimation of management may be impaired. Within the receivables, assessment is made of the recoverability of receivables based on a range of factors including the age of the receivable and the creditworthiness of the customer.

Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. If the LMA is cautious as to the financial condition of the customer the entity may provide for accounts that are subsequently recovered. Similarly, if the entity is optimistic as to the financial condition of the customer, the entity may not provide for an account that is subsequently determined to be irrecoverable.

### **7.2 Inventories**

For financial reporting purposes the Authority evaluates its inventory to ensure it is carried at the lower of cost or net realizable value. Provision is made against obsolete and damaged inventories. Damaged inventories are identified and written down through the inventory counting procedures.

### **7.3 Income taxes**

In determining the Authority's provisions for income tax and deferred tax, it is necessary to consider transactions in a small number of key tax jurisdictions for which the ultimate tax determination is uncertain. To the extent that the final outcome differs from the tax that has been provided, adjustments will be made to income tax and deferred tax provisions held in

the period the determination is made.

#### 7.4 Other benefit obligations

The liability recognized in respect of other (retirement) benefit obligations is dependent on a number of estimates including those relating to mortality, inflation, salary increases, and the rate at which liabilities are discounted. Any change in these assumptions would impact the retirement benefit obligations recognized. Additionally, obligations quoted were inherited from prior administration dating far back as 1999. In FY2011/12, after being vetted the management wrote off said obligations due to the lack substantial evidence.

#### 8 Taxes

Taxes, in the case of this financial statement, represent the accounting for social security taxes (Management contribution) in the amount of 4.75% of the total gross monthly payroll. This is a mandate under the Liberian Labor Law.

Taxes	30-Jun-12	30-Jun-11
Social Security Tax	119,247	101,395
<b>TOTAL Taxes</b>	<b>119,247</b>	<b>101,395</b>

#### 9 Gas, Fuel and Lubricants

This segment is the sum of fuel and lubricants consumption at all Maritime Installations in Liberia especially at the MR-MRCC Headquarters at the Coast Guard Base that runs a 24-hour service for 365 days of the year. The center has never shut down since its inception and opening in April, 2009.

Fuel Cost increased due to price changes, increment in staffs of expanded departments and the LMTI as well as increased inspections at the port of Buchanan and Greenville in order to ensure that the all the ports are complaint with the International Ship and Port Security (ISPS) convention. The Authority serves as the Designated Authority- appointed in 2009 by the President of the Republic of Liberia.

GAS, FUEL AND LUBRICANTS	30-Jun-12	30-Jun-11
Fuel	711,338	587,002
Gasoline	0	547
Lubricants	0	15
<b>TOTAL Gas, Fuel and Lubricants</b>	<b>711,338</b>	<b>587,564</b>

#### 10 Professional Services

This includes the hiring of consultants to assist in the rebranding and reorganization of the Authority as the strategic plan had been rolled out and the need to ratify International Maritime Law and Regulations, the establishment of an IT Data Center and reopening of the Liberia Marine Training Institute were the core objectives to the achieved during this



reporting period.

All laws of the Republic of Liberia apply to the selection and maintenance of such consulting services. The decrease in Professional Service as compared to the previous fiscal period was driven by the fact that some of the consultants for the period had completed their duties hence the number was dramatically reduced.

<b>PROFESSIONAL SERVICES</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Professional Services	306,232	1,072,513
Legal Services	420,900	163,000
<b>TOTAL Professional Services</b>	<b>727,132</b>	<b>1,235,513</b>

## 11 Repairs and Maintenance

This segment of the financial statement highlights the sum total expense for maintaining equipment, vehicles, Buildings, Generators, etc. that are either owned or leased by the Liberia Maritime Authority. Vehicles services are carried out by entities that the vehicles are purchased from as this form part of the initial contract that is signed after the bidding process. Increase in repairs and maintenance was driven by the increase in the Authority fleet of vehicles and the numerous trips to Buchanan, Greenville and the Marshall area (LMTI Campus).

<b>REPAIRS AND MAINTENANCE</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Repair and Maintenance- Equipment	12,721	11,286
Repair and Maintenance- Building	88,429	72,307
Repair and Maintenance- Vehicles	90,839	43,518
Repair and Maintenance- General	995	3,317
Repair and Maintenance- Generators	18,937	16,886
Repair and Maintenance- Grounds	9,755	13,768
<b>TOTAL Repair and Maintenance</b>	<b>221,676</b>	<b>161,082</b>

## 12 Stationeries, Supplies and Printing

This segment of the Revenue and Expense Statement highlights the Authority's expenditure on stationeries, supplies, printing and binding. The supplies highlighted are office, janitorial, canteen, security and instructional supplies that may be needed by departments of the Authority, as it is known that the authority runs an elite Maritime Security Division. The increase in Stationery and Supplies is driven by the expansion of some existing department as well as the creation of the Coastal and Inland Waterways Department.

<b>STATIONERIES, SUPPLIES &amp; PRINTING</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Stationery and Supplies Expense	133,078	97,724
Janitorial supplies Expense	7,337	9,466

<b>STATIONERIES, SUPPLIES &amp; PRINTING</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Security Supplies Expense	37,696	1,657
Canteen Supplies Expense	8,644	10,582
Printing	11,617	12,197
Binding	0	110
<b>TOTAL Stationeries, Supplies and Printing</b>	<b>198,372</b>	<b>131,736</b>

### 13 Communication

The Liberia Maritime Authority used this account to highlight cost of telephone and Telex, Press and Public Relations, Advertisement, postage and or any other publication that the Authority may deemed necessary for the public consumption. The increase in communication is largely due to the Authority's rebranding locally and internationally ahead of its bid for the council seat in November 2011. As a result of the vigorous press and public relations in building a new maritime image, Liberia regain a Category "C" seat on the IMO Council, the highest decision making body of Maritime Nations of the world.

<b>COMMUNICATION</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Telephone and Telex	70,797	66,998
Postage	7,106	2,870
Press and Public Relations	872,419	181,690
<b>TOTAL Communication</b>	<b>950,322</b>	<b>251,558</b>

### 14 Contributions and Donation

This segment controls all of the Authority's contribution and donation for the period. It also highlights the Authority's corporate social responsibility program, which focuses on three (3) areas Health and Social Welfare, Community Volunteering and Education. The education forms part of the Liberia Maritime Authority Local Scholarships. Expenditure reported in this segment is related to health and community volunteering.

<b>CONTRIBUTIONS AND DONATION</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Corporate Social Responsibility	253,419	315,254
<b>TOTAL Contributions and Donations</b>	<b>253,419</b>	<b>315,254</b>

### 15 Miscellaneous, Freight and Subscription

This category summarizes the Authority's expenditure on honorarium, contract services, subscriptions, freight forwarding and handling, license and registration as well as miscellaneous.

<b>MISCELLANEOUS, FREIGHT, &amp; SUBSCRIPTION</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Honorarium	147,089	0
Contract Services	10,750	2,575

<b>MISCELLANEOUS, FREIGHT, &amp; SUBSCRIPTION</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Subscriptions	52,212	44,667
Freight, Handling and Forwarding	18,922	2,275
License and Registration	4,105	4,548
Miscellaneous Expense	124,405	86,008
<b>TOTAL Other Expenses</b>	<b>357,483</b>	<b>140,073</b>

## 16 Travel and Transportation

This accounts for cost of local and foreign travel in terms of the tickets for foreign travels and that of the per diem component for both local and foreign travel. All rates are in line with the finance manual of the Authority as approved for usage. Moreover, these rates were inherited by the current administration and had been used from the pre war era. The costing for vehicle rental is also a part of this segment as the Authority used this as a means of travel domestically to attend to pertinent maritime obligations at the port of Buchanan, Greenville and Harper. This fiscal period saw the regaining of Liberia's seat on the IMO Council.

<b>TRAVEL AND TRANSPORTATION</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Local Travel	92,119	79,177
Foreign Travel-Air Tickets	385,822	241,521
Per Diems	479,504	584,357
Transportation (Vehicle Rental)	73,430	133,094
<b>TOTAL Travel and Transportation</b>	<b>1,030,875</b>	<b>1,038,149</b>

## 17 Utilities

Utilities capture the Authority's usage of water from the Liberia Water and Sewer Corporation and that of the Electricity from the Liberia Electricity Corporation all at the Headquarters in Sinkor, Monrovia.

<b>UTILITIES</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Water	3,689	1,616
Electricity	20,838	13,604
<b>TOTAL Utilities</b>	<b>24,527</b>	<b>15,220</b>

## 18 Special Project

This accounts for the "Reclaiming Liberia's Waterways" Project and other projects that brings in direct benefits to the Republic of Liberia. This project has employed nearly 2,000 persons in coastal communities around Monrovia. Increase in this expenditure line was driven by the increase in waterways daily hires spanning from Bushrod Island up to ELWA Communities as well as the signing of a memorandum of understanding between the Authority and National Security Agency pertaining to the proper surveillance structure of the

Liberian jurisdictional waters in collaboration with the MR-MRCC and the Liberian National Coast Guard and Lofa Independence celebration amongst others.

<b>Special Project</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Waterways	1,895,472	102,537
Ferry Cargo Acquisition	0	32,262
Special Project- Others	665,825	0.00
LMTI Road Rehabilitation	210,915	890,000
<b>Total Special Project</b>	<b>2,772,212</b>	<b>1,024,799</b>

## 19 Scholarship

This accounts for the Authority's expenditure on foreign and local scholarships. The Authority maintains scholarship at the Regional Maritime University in Accra, Ghana and other International Maritime Institutes and Universities around the world. The Authority also under its local scholarship program maintained by the Corporate Social Responsibility Department handles tuition payments several students at the almost all of the higher institutions of learning and high schools across the country. Increase in employees, students on Foreign Scholarships at International Maritime Law Institute in Malmo, Sweden, John Moores University in Liverpool, England, Regional Maritime University in Accra, Ghana as well as increment in beneficiaries of CSR scholarships across the Country drove the increase in scholarships over the previous fiscal period.

<b>Scholarships</b>	<b>30-Jun-12</b>	<b>30-Jun-11</b>
Foreign	86,339	9,829
Local (CSR/LMTI)	166,143	34,188
<b>Total Scholarships</b>	<b>252,482</b>	<b>44,017</b>