



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On the Financial Statements Audit of Liberia
Petroleum Refining Company (LPRC)**

for Year-end June 30, 2020

August 2024

**Hon. P. Garswa Jackson, Sr. FCCA, CFIP, CFC
Auditor General, R.L.**

Table of Contents

Adverse Opinion.....	4
Basis for Opinion.....	4
Responsibilities of Management and Those Charged with Governance for the Financial Statements .	5
Auditor’s Responsibilities	5
Liberia Petroleum Refining Company Financial Statements	7
Report of the Management	8
Statement of Income and Expenses.....	9
Balance Sheet.....	10
Statement of Changes in Owners’ Equity.....	11
Notes to the Financial Statements	13

ACRONYMS USED

Acronym	Meaning
AG	Auditor General
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Practitioner
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
FCCA	Fellow Member of the Association of Certified Chartered Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information system
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standard of Supreme Audit Institutions
IT	Information Technology
LACF	Liberia Agriculture Commercialization Funds
MFDP	Ministry of Finance and Development Planning
PFM	Public Finance Management
PV	Payment Voucher

Republic of Liberia



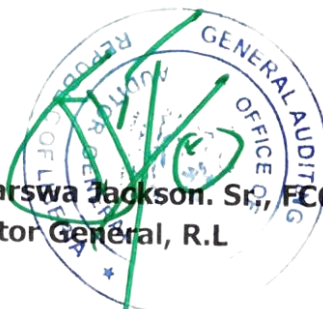
The Honorable Speaker of the House of Representatives, and the President Pro-Tempore of the Liberian Senate:

We have undertaken the audit of the Liberia Petroleum Refining Company (LPRC) Financial Statements for the financial year ended June 30, 2020. The audit was conducted under the Auditor General's statutory mandate, as provided under section 2.1.3 of the GAC Act of 2014.

Findings conveyed in this report have been formally communicated to the Management of the Liberia Petroleum Refining Company (LPRC), where the Management has responded to the audit findings, these have been evaluated and incorporated in this report.

Given the significance of the matters raised 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.

P. Garswa Jackson, Sr., FCCA, CFIP, CFC
Auditor General, R.L



Monrovia, Liberia

August 2024



AUDITOR GENERAL'S REPORT

September 5, 2024

Hon. Amos Tweh

Managing Director

Liberia Petroleum Refining Company (LPRC)
UN Drive, Free Port of Liberia, Bushrod Island
Montserrado County, Liberia

RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA PETROLEUM REFINING COMPANY (LPRC)

Adverse Opinion

We have audited the financial statements of the Liberia Petroleum Refining Company which comprise the statement of financial position as at June 30, 2020, the statement of financial performance, the statement of changes in net assets/equity, and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion Paragraphs below, the accompanying financial statements do not present fairly in all material respect, the financial position of the Liberia Petroleum Refining Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (US GAAP).

Basis for Opinion

- Management prepared its financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP) instead of the International Financial Reporting Standards (IFRS) as adopted by the Government of Liberia in 2009 as a financial reporting framework for State Owned Enterprises (SOE).
- Management provided no evidence of detailed schedules/aging analysis and we obtained no evidence of the existence through direct confirmation for US\$15,471,830.99 reported in the financial statements as net Account Receivables.

- Management provided no evidence that US\$4,179,068.45, for Personal Income Tax and other withholding taxes totaling US\$888,668.00, Corporate Income Tax amounting to US\$2,977,883.45, were remitted to the General Revenue Account. Also, there was no evidence that the LPRC Management remitted employees' Social Security Contribution of US\$312,517.00 to NASSCORP.
- The cash balance of US\$1,102,104.00 reported in the financial statement appears insufficient to settle the unremitted taxes and social security obligations.
- Management provided no evidence of supporting records of the costs, depreciation expense, accumulated depreciation, and net book values of the following fixed assets in use:
 - a. 34 vehicles
 - b. 14 Tanks for petroleum products
 - c. 11 printers
 - d. Assorted pieces of furniture

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Liberia Petroleum Refining Company (LPRC) Management in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the ASC Topic 205, 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.

In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so. The Management is responsible for overseeing the financial reporting process.


Auditor's Responsibilities

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 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 was not sufficient and appropriate, which set a basis for our audit opinion.


P. Garswa Jackson, Sr., FCCA, CFIP, CFC
Auditor General, R.L

Monrovia, Liberia

August 2024

Liberia Petroleum Refining Company Financial Statements For the Year Ended June 30, 2020

Directors and professional advisers

Board of Directors	Directors	Capacity
	Mr. Randolph Cooper	Chairman
	Cllr. Dempster Browne	Member
	Mr. Eric Filor Nagbe	Member
	Mr. George Kpawulu	Member
	Mrs. Danielette Nimley	Member
	Mr. Emmett R. H. Sampson, Sr.	Member
	Mrs. Marie Urey Coleman	Secretary

Registered office Bushrod Island
PO Box 10-0090
1000 Monrovia
Liberia

Website <http://lprclib.com>

Auditors General Auditing Commission (GAC)

Legal Counselors International Law Group (ILG)

Bankers Liberian Bank for Development & Investment
International Bank Liberia Limited
Ecobank Liberia Limited
United Bank of Africa Liberia Limited
Guaranty Trust Bank Liberia Limited

Report of the Management

The Management has the pleasure of presenting this financial report as required by law, for the fiscal year ended June 30, 2020.

1. Principal activities

The mandate of the Company is to procure and supply quality petroleum and petroleum related products to the Liberian market.

2. Statement of management's responsibilities

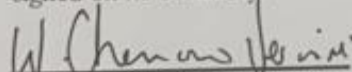
The Management is responsible for the preparation of the financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

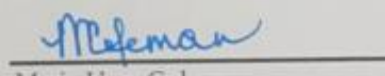
In preparing the financial statements, the Management confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgment and estimates have been made in the preparation of the financial statements for the fiscal year ended June 30, 2020. The Management confirms that the financial statements have been prepared on a going concern basis.

Results of operations

The results for the year and the state of affairs of the Company are shown in the attached financial statements.

The attached financial statements were approved and authorized for issue by the Management and were signed on its behalf by:


Wilhelmina C. Versini
Financial Comptroller


Marie Urey Coleman
Managing Director/CEO

**Statement of Income and Expenses
For the year ended June 30, 2020**

(All amounts are in United States Dollars unless otherwise stated)

	Note	June 30 2020	June 30 2019
Net Revenue	3	13,669,227	18,424,204
Other operating income	4	2,373,359	1,328,333
Depreciation and amortization	5	(1,288,632)	(1,237,151)
Personnel expenses	6	(8,996,870)	(8,493,677)
Other operating expenses	7	(2,232,122)	(2,583,467)
Other income/(expenses)	8	809,275	(1,865,405)
Finance cost	9	(53,026)	(10)
Profit before tax		4,281,211	5,572,827
Taxation	10	(208,893)	(315,822)
Result for the period		4,072,318	5,257,005

The accompanying notes are an integral part of the financial statements

Balance Sheet
As at June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	Note	June 30 2020	June 30 2019
ASSETS			
Cash and balances with banks	11	1,102,104	3,295,120
Accounts receivable (net)	12	19,980,887	17,090,639
Prepaid expenses and other assets	13	347,930	139,772
Total current assets		21,430,921	20,525,531
Properties, plants and equipment	14	41,488,469	40,492,465
Intangible assets	15	33,416	21,669
Total current assets		41,521,885	40,514,134
Total assets		62,952,806	61,039,665
LIABILITIES & EQUITY			
Accounts payable	16	2,199,247	2,588,352
Deferred income	17	844,848	244,681
Accruals & other liabilities	18	1,799,994	1,728,385
Corporate tax provision	19	2,977,884	2,938,602
Total liabilities		7,821,973	7,500,020
Share capital	20	15,000,000	15,000,000
Retained earnings		40,130,833	38,539,645
Total equity		55,130,833	53,539,645
Total liabilities and equity		62,952,806	61,039,665

The accompanying notes are an integral part of the financial statements

**Statement of Changes in Owners' Equity
For the Year June 30, 2020**

(All amounts are in United States Dollars unless otherwise stated)

	Share capital	Retained earnings	Total
Balance as at July 1, 2019	15,000,000	38,539,645	53,539,645
Adjustment to opening balance	-	69,432	69,432
Adjusted opening balance	15,000,000	38,609,077	53,609,077
Comprehensive income/(loss) for the period			
Results for the period	-	4,072,318	4,072,318
Total comprehensive gain	-	4,072,318	4,072,318
Transactions with owners			
Contributions to GoL	-	(2,550,562)	(2,550,562)
Total transactions with owners	-	(2,550,562)	(2,550,562)
Balance as at June 30, 2020	15,000,000	40,130,833	55,130,833
Balance as at July 1, 2018	15,000,000	37,884,275	52,884,275
Adjustment to opening balance	-	(3,170,768)	(3,170,768)
Adjusted opening balance	15,000,000	34,713,507	49,713,507
Comprehensive income/(loss) for the period			
Results for the period	-	5,257,005	5,257,005
Total comprehensive gain	-	5,257,005	5,257,005
Transactions with owners			
Contributions to GoL	-	(1,430,867)	(1,430,867)
Total transactions with owners	-	(1,430,867)	(1,430,867)
Balance as at June 30, 2019	15,000,000	38,539,645	53,539,645

Statement of Cashflows
For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	June 30 2020	June 30 2019
Cash flow from operating activities		
Result for the period	4,072,318	5,257,005
Adjustments:		
Depreciation & amortization	1,288,632	1,237,151
Prior period adjustments	69,432	301,447
Changes in accounts receivable	(2,890,248)	1,539,587
Changes in prepaid expenses and other current assets	(208,158)	572,111
Changes in accounts payable	(389,105)	106,495
Changes in deferred liabilities	600,167	(534,703)
Changes in accruals & other liabilities	71,609	1,144,050
Changes in corporate & other taxes payable	39,282	315,822
Changes GoL Road Funds payable	-	(6,856,168)
Net cash flow used in operations	2,653,929	3,082,797
Investing activities		
Purchase of property, plant and equipment	(91,232)	(5,179,598)
Additions to construction in progress	(2,177,651)	(1,367,574)
Purchase of intangible assets	(27,500)	(23,499)
Net cash generated from investing activities	(2,296,383)	(6,570,671)
Financing activities		
GoL Budget Support (dividend)	(2,550,562)	(1,430,867)
Net cash used in financing activities	(2,550,562)	(1,430,867)
Net change in cash and cash equivalents	(2,193,016)	(4,918,741)
Cash and cash equivalents at beginning of period	3,295,120	8,213,861
Cash and cash equivalents at end of period	1,102,104	3,295,120

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

1 General information

The Liberia Petroleum Refining Company (LPRC) "the Company" is a State owned entity, wholly owned by the Government of Liberia (GOL), with the mandate to procure and supply quality petroleum and petroleum related products to the Liberian market. The LPRC is a business entity engaged in profit making activities. It has every power which a corporation now or hereafter organized under the Liberian Business Corporation Act may have.

Before the warring crises that started 1990, the function of the Company was fully operational, but has ceased to do so due to the damaging of all its refining machineries. Now, the Company is only engaged in providing storage tank to stock refined oil brought into the country by independent marketers (importers) of oil products on the Liberian market.

The members of the Board of Directors and Managing Director are appointed by the President of Liberia.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies are applicable to the Company's financial statements and have been consistently applied to the period presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with and complies with generally accepted accounting principles (GAAP). These financial statements comprise the balance sheet, statement of income, statement of changes in equity, statement of cash flows and the notes to the financial statements.

(b) Functional and Presentation Currency

The Financial Statements are presented in United States Dollars (USD) which is the company's reporting currency. All figures have been rounded up to the nearest Dollar.

(c) Going Concern

The Company's management has assessed the company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

(d) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make informed judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. Management evaluates its estimates and related assumptions regularly, including those related to the value of properties, plant and equipment; and intangible assets. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates.

(e) Comparative Financial Statements

Under US generally accounting principles and applicable presentation standards, financial statements are presented in a comparative fashion with prior periods.

(f) Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. Throughout the period July 1, 2019 - June 30, 2020, the Company used the daily transactional rate published on Central bank of Liberia website (www.cbl.org.lr).

(g) Revenue

The Company provides storage and handling services to the various importers of petroleum products (AGO, PMS & Jet fuel). Under these arrangements, the Company receives fees and recognizes revenue at the time services are performed. The revenue is included in the Company's Statements of Income and Expenses.

Also during the fiscal year, the Company purchased and imported PMS from neighboring countries to address shortages on the market. Sales of the products were recognized as revenue at the time of the sales. This revenue is also include in the Company's Statement of Income and Expenses.

(h) Other operating income

The Company has the authority to license importers and distributors of all petroleum products in the Liberian market. With that authority, the Company charges fees for the issuance of license the importers and distributors. Licenses are applied for and renewed annually. The annual license covers the fiscal year July 1 to June 30. The other operating income is included in the Company's Statements of Income and Expenses.

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

2 Summary of significant accounting policies (continued)

(j) Properties, plants and equipment

i. Recognition

Properties, plants & equipment is initially recorded at cost. Cost prices include costs directly attributed to the acquisition of property, plant and equipment as well as any subsequent expenditures that adds material value and it is estimated that future economic benefits of such additional expenditure will flow to the Company and that the expenditure can be measured reliably. All other expenditures associated with property, plant and equipment is recognized in the statement of profit or loss.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in accounting estimate in accordance with ASC 250 Accounting Changes and Error Corrections.

ii. Derecognition

Properties, plants and equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the de-recognition of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in "other operating income" in the statement of profit or loss in the year the asset is derecognized.

iii. Depreciation

Depreciation/amortization is the periodic reduction in the cost of fixed assets due to its use which is recognized in the statement of profit or loss and calculated on the straight-line basis to write down the cost of property, plant and equipment over the estimated useful economic life. Property, plant and equipment are depreciated from the month the asset is brought into use. The estimated useful lives adopted for the various asset categories for accounting reporting purpose are as follows:

i. Buildings	40 years
ii. Machineries & equipment	5 years
iii. Furniture & fittings	3 years
iv. Computer hardware	3 years
v. Motor vehicles	3 years
vi. Jetty & loading racks	21 years

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	June 30 2020	June 30 2019
3 Net Revenue		
Storage & handling - AGO	6,118,664	8,485,804
Storage & handling - PMS	7,138,784	9,082,977
Storage & handling - Jet fuel	632,773	855,423
Sales of PMS	162,779	-
GoL emergency fuel sales	990,012	-
Gross revenue	15,043,012	18,424,204
Less: Cost of products sold	(1,373,785)	-
	13,669,227	18,424,204
4 Other operating income		
Import License Fees	824,799	1,161,335
Distributorship Fees	179,618	123,081
Lubricant Permit Fees	44,167	43,917
Royalties on importation	981,798	-
Other operating income	342,977	-
	2,373,359	1,328,333
5 Depreciation and amortization		
Depreciation	1,272,879	1,234,784
Amortisation	15,753	2,367
	1,288,632	1,237,151
6 Personnel expenses		
Salaries, wages & benefits expenses	8,078,922	7,579,461
Personnel related expenses	141,005	243,523
Retirement & pension benefits	776,943	670,693
	8,996,870	8,493,677

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	June 30 2020	June 30 2019
7 Other operating expenses		
Bank charges	21,212	26,827
Board expenses	203,231	179,026
Corporate social contributions	561,607	403,818
Fees, licenses & subscriptions	68,824	301,286
Operational expenses	514,442	715,831
Professional services	573,942	558,247
Utilities	287,436	372,727
Other expenses	1,428	25,705
	<u>2,232,122</u>	<u>2,583,467</u>
8 Other income/(expenses)		
Foreign exchange gain	43,547	-
Scrap sales	3,040	-
Rebate from road fund	1,564,620	1,674,775
Miscellaneous income	-	7,301
	<u>1,611,207</u>	<u>1,682,076</u>
Contingency	(135,136)	-
Foreign exchange loss	-	(3,547,246)
Losses from missing products/write-off	(661,796)	-
Miscellaneous Other Losses	(5,000)	(235)
	<u>(801,932)</u>	<u>(3,547,481)</u>
	<u>809,275</u>	<u>(1,865,405)</u>
9 Finance cost		
Interest expense	<u>53,026</u>	<u>10</u>
	<u>53,026</u>	<u>10</u>
10 Taxation		
Current period corporate tax provision	<u>208,893</u>	<u>315,822</u>
	<u>208,893</u>	<u>315,822</u>

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	June 30 2020	June 30 2019
11 Cash and balances with banks		
Cash on hand	4,170	2,119
Cash at bank	1,097,934	3,231,322
Undeposited checks	-	61,679
	<u>1,102,104</u>	<u>3,295,120</u>
12 Accounts receivable (net)		
Gross trade receivables	<u>23,492,654</u>	<u>20,602,406</u>
	23,492,654	20,602,406
Allowance for doubtful debt:		
Opening balance	(3,511,767)	(3,511,767)
Provision for the period	-	-
Closing balance	<u>(3,511,767)</u>	<u>(3,511,767)</u>
	<u>19,980,887</u>	<u>17,090,639</u>
13 Prepaid expenses and other assets		
Prepaid expenses	327,516	117,962
Receivables from staff	2,451	3,847
Other receivables	<u>17,963</u>	<u>17,963</u>
	<u>347,930</u>	<u>139,772</u>
14 Properties, plants and equipment		
Buildings & leasehold improvements	2,053,138	2,041,176
Tanks, machineries & equipment	17,291,158	17,279,653
Hardware	703,165	695,260
Furniture & fixture	847,750	843,890
Vehicles	4,155,062	4,099,062
Land	352,260	352,260
Construction-in-progress	30,784,460	28,606,809
Accumulated depreciation	<u>(14,698,524)</u>	<u>(13,425,645)</u>
	<u>41,488,469</u>	<u>40,492,465</u>

Notes to the Financial Statements For the Year June 30, 2020

(All amounts are in United States Dollars unless otherwise stated)

	June 30 2020	June 30 2019
15 Intangible assets		
Cost	249,693	222,193
Accumulated amortization	(216,277)	(200,524)
	<u>33,416</u>	<u>21,669</u>
16 Accounts payable		
Trade payables	<u>2,199,247</u>	<u>2,588,352</u>
	<u>2,199,247</u>	<u>2,588,352</u>
17 Deferred income		
Deferred import license fees	725,000	200,000
Deferred distributorship fees	35,000	7,000
Deferred lubricant permit fees	30,417	15,000
Deferred other fees	54,431	22,681
	<u>844,848</u>	<u>244,681</u>
	June 30 2020	June 30 2019
18 Accruals & other liabilities		
Salaries & wages Payable	96,500	370,926
Withholding taxes payable	888,668	614,789
Social security payables	312,517	262,504
Workers' & credit unions payable	5,315	77,538
Payable to LBDI	394,697	400,332
Other payables	102,297	2,296
	<u>1,799,994</u>	<u>1,728,385</u>
19 Corporate tax provision		
Tax provision	<u>2,977,884</u>	<u>2,938,602</u>
	<u>2,977,884</u>	<u>2,938,602</u>
20 Share capital		
Opening balance	15,000,000	15,000,000
Additional contribution to capital	-	-
Closing balance	<u>15,000,000</u>	<u>15,000,000</u>