Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA MARITIME AUTHORITY (LiMA)

FOR THE PERIOD ENDED JUNE 30, 2021

April 2025

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

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Republic of Liberia

TRANSMITTAL LETTER

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 (LiMA) financial statements for the financial year ended June 30, 2021. The audit was conducted under the Auditor General's statutory mandate, as provided for 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 Maritime Authority (LiMA). Where responses have been provided by the Management 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

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

Monrovia, Liberia
April 2025

STATEMENT OF RESPONSIBILITIES

The Financial Statements as set out on pages 7 to 34 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 as amended and restated 2019 and in compliance with International Financial Reporting Standards (IFRS) as promulgated by the International Accounting Standards Board (IASB) and adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009 amended and restated 2019, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Liberia Maritime Authority (LiMA).

Under the provisions of the same Act, I am required to prepare unaudited final accounts of the LiMA to be submitted to the Minister of Finance and Development Planning and the Auditor General (AG) two months after the end of the financial year to which it relates. However, I have delegated the preparation of the unaudited final accounts to the Deputy Commissioner for Financial Affairs for my transmittal to the Minister and the Auditor General as provided in the attendant Regulations of the Public Financial Management Act of 2009 amended and restated 2019. Accordingly, I am pleased to submit the required annual final account of the LiMA in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the provisions of the Public Financial Management (PFM) Act of 2009 amended and restated 2019.

L. Eugene Nagbe

Hon. Lenn Eugene Nagbe
Commissioner General
Liberia Maritime Authority (LiMA)

February 12, 2025
Date

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE LIBERIA MARITIME AUTHORITY (LiMA) FOR THE PERIOD ENDED JUNE 30, 2021

Qualified Opinion

We have audited the financial statements of the Liberia Maritime Authority (LiMA) for the period ended June 30, 2021. These financial statements comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flows Statement for the fiscal period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph the financial statements present fairly, in all material respects, the financial position of Liberia Maritime Authority as at June 30, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Qualified Opinion

The Authority's records indicate that Management fully withheld personal income taxes but did not fully remit same to LRA. Total amounts collected and not remitted during the period amounted to US$640,884.00

The Authority's records indicate that Management fully withheld employee's and Management's contributions of the National Social Security Cooperation (NASSCORP) but did not fully remit same to NASSCORP. Total amounts collected and not remitted during the period amounted to US$308,953.93

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial 'Reporting Standards (IFRS) 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 audit opinion.

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

Monrovia, Liberia
April 2025

Liberia Maritime Authority
P.O. BOX10-9042
1000 MONROVIA, 10 LIBERIA
1948 Maritime Drive
Congo Town

Liberia Maritime Authority

February 12, 2025

Transmittal of Liberia Maritime Authority's Adjusted Financial Statements for the Fiscal Year ended June 30, 2021

This is to herewith submit the Adjusted Financial Statements of the Liberia Maritime Authority for the fiscal year July 1, 2020- June 30, 2021.

Sincerely,

Desire S. Satia
Deputy Chief Financial Officer

LIBERIA MARITIME AUTHORITY
DEPUTY CHIEF FINANCIAL OFFICER

APPROVED: L. Eugene Nagbe
Lenn Eugene Nagbe
COMMISSIONER/CEO

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Monrovia Vienna New York Hamburg London Zurich Piraeus Hong Kong Tokyo

Liberia Maritime Authority
Statement of Financial Position
As at June 30, 2021

	NOTES	30-Jun-21	30-Jun-21
ASSETS		US$	US$
Non-Current Assets			
Plant Property and Equipment	1	8,364,549	7,622,861
		8,364,549	7,622,861
Current Assets			
Inventories		0	0
Prepaid Rent		2,400	0
Cash and Cash Equivalent	2	25,339	43,477
Trade and Other Receivables	3	601,678	665,354
Total Current Assets		629,417	708,832
TOTAL ASSETS		**8,993,965**	**8,331,693**
EQUITY AND LIABILITIES			
Non-Current Liabilities			
Long Term Ecobank Restructured Loan		0	0
Total Non-Current Liabilities		**0**	**0**
Equity Attributed to Owners or Parent			
Retained Earnings	6	2,467,785	2,735,754
Revaluation Surplus		1,157,141	1,251,231
Total Equity to Owner or Parent		**3,624,926**	**3,986,985**
Current Liabilities			
Short Term Bank Facility	5	90,522	296,896
Trade Payables		563,499	319,946
Other Current Liabilities	6	4,715,018	3,727,866
Total Current Liabilities		**5,369,039**	**4,344,708**
Total Equity and Liabilities		**8,993,965**	**8,331,693**

Liberia Maritime Authority

Statement of Comprehensive Income
For the Period June 30, 2021

	NOTES	30-Jun-21 US$	30-Jun-21 US$
Revenue	7	5,081,919	5,051,326
		5,081,919	**5,051,326**
Employees' Salaries and Benefits	8	3,665,839	3,391,637
Depreciation and Amortization Expense		157,773	151,121
Bad Debts Expense		54,905	96,490
Severance Benefits		0	0
Administrative Expenses	9	1,099,215	1,061,644
Impairment Loss on PP&E		0	0
Non-Administrative Expenses	10	466,246	433,030
		5,443,978	**5,133,922**
Profit (Loss) from Operations		**(362,059)**	**(82,596)**
Finance Cost		0	0
Profit (Loss) for the Year		**(362,059)**	**(82,596)**

Liberia Maritime Authority

Statement of Cash Flows

For the year ended June 30, 2021

	NOTES	30-Jun-21 US$	30-Jun-21 US$
Cash Flow from Operating Activities			
Profit (Loss) for the year		**(362,059)**	**(82,596)**
Adjustments to reconcile Surplus to Net Cash Provided by Operating Activities:			
Depreciation		157,773	151,121
Changes in Payables and Accruals		1,285,610	882,971
Changes in Receivables and Prepayments		6,372	(142,618)
Cash from Operating Activities		**1,449,755**	**891,474**
Net Cash Provided by Operating Activities		**1,087,696**	**808,878**
Cash Flow from Investing Activities			
Acquisition of Fixed Assets		(525,099)	(72,525)
Building and Improvements		(11,861)	0
Land Revaluation Gain		0	0
Leasehold Improvements		0	0
Construction in Progress		(362,500)	(904,000)
Net cash from Investing Activities		**(899,460)**	**(976,525)**
Cash flow from Financing Activities			
Ecobank Short Term Facility		(256,374)	296,896
Ecobank restructured Facility		50,000	(47,605)
Net cash from Financing Activities		**(206,374)**	**249,291**
Net Cash increase for the period		(18,138)	81,644
Cash at the Beginning at the Period		**43,477**	**(38,167)**
Cash at the End of the Period		**25,339**	**43,477**

Liberia Maritime Authority

Statement of Equity Changes

As at June 30, 2021

	Share capital	Retained Earnings	Revaluation Surplus	Total Equity
Balance at 1 June 2019/20	**-**	**2,724,260**	**0**	**2,724,260**
Changes in accounting policy	-	0	0	0
Correction of prior period error	-	0	0	0
Restated balance	**-**	**2,724,260**	**0**	**2,724,260**
Changes in equity for the year 2019/20				
Issue of share capital	-			
Income for the year		(82,596)	0	(82,596)
Revaluation gain			1,345,321	1,345,321
Transfer to Retained Earnings		94,091	(94,091)	0
Balance at 30 June 2020	**-**	**2,735,755**	**1,251,230**	**3,986,985**
Changes in equity for the year 2020/21				
Issue of share capital	-			
Income for the year		(362,059)	0	(362,059)
Revaluation gain		0	0	0
Transfers to Retained Earnings		94,090	(94,090)	0
Balance at 30 June 2021	**-**	**2,467,786**	**1,157,140**	**3,624,926**

Liberia Maritime Authority
Notes to the Financial Statements
For the Period ended June 30, 2021

		30-Jun-21 US$	30-Jun-20 US$
1.0	**Property Plant and Equipment**		
	Fixed Assets	769,630	323,493
	Land	522,500	522,500
	Buildings and Improvements	2,927,665	2,994,614
	Construction in Progress	4,144,754	3,782,253
		8,364,549	**7,622,861**
2.0	**Cash and Cash Equivalent**		
	Cash in Ecobank/Small Watercraft	10,793	28,473
	Cash in Ecobank/Small Watercraft (LD)	4,385	12,833
	Cash in Ecobank/ Operations	0	0
	Cash in GT Bank/LiMA Operations	5,839	358
	Cash on Prepaid Card	1,822	1,822
	Petty Cash	2,501	(8)
	Total Cash and Cash Equivalent	**25,339**	**43,477**
3.0	**Trade and Other Receivables**		
	Account Receivables	653,666	660,470
	Allowance for Bad Debts	(54,905)	0
	Staff Receivables	2,917	4,884
		601,678	**665,354**
4.0	**Retained Earnings**		
	Retained Earnings Brought Forward	2,735,754	2,724,260
	Adjustments for:		
	Amount transferred to Retained Earnings	94,090	94,090
	Profit for the year	**(362,059)**	**(82,596)**
	Retained Earnings Carried Forward	**2,467,785**	**2,735,754**
5.0	**Short Term Bank Facility**		
	Ecobank Short Term Facility	40,522	296,896
	GT Bank Financing Gap Facility	50,000	0
		90,522	**296,896**
6.0	**Other Current Liabilities**		
	Board Fees Payable	0	0

	Foreign Travel Per Diem Payable	1,515	1,860
	Salaries Payable	5,130	2,430
	Income Tax Payable	2,976,248	2,335,364
	NASSCORP Payable	1,697,124	1,388,212
	Interagency Payable (DCFA)	0	0
	Audit Fees Payable	35,000	
	Other Benefits Payable	0	0
		4,715,018	**3,727,866**
7.0	**Revenue**		
	International Registry Funds	2,366,749	2,850,394
	Total International Registry Funds	**2,366,749**	**2,850,394**
	Domestic Vessel Registration	245,798	353,958
	Documentation and Inspection Fees	106,775	95,475
	Maritime Safety Charges	1,250,865	1,219,653
	Seafarers Permit Fees	60,535	93,775
	Casualty Investigation Fees	17,600	30,950
	Miscellaneous Income	25,000	5,000
	Other Income	1,008,596	402,121
	Internally Generated (Total)	**2,715,170**	**2,200,932**
		5,081,919	**5,051,326**
8.0	**Employees' Salaries and Benefits**		
	Salaries and Wages	2,921,598	2,689,882
	Social Security Management Contribution	175,296	185,885
	Medical	73,475	80,665
	Other Benefits	495,470	435,205
		3,665,839	**3,391,637**
9.0	**Administrative Expenses**		
	Insurance	1,157	0
	Allowances	730	8,500
	Special Project (Boundary Delimitation)	0	0
	Board Related Expenses	0	5,000
	Communications	104,777	60,413
	Gas, Fuel and Lubricant	237,045	267,549
	Stationeries, Supplies and Printing	299,486	144,071
	Utilities	1,762	23,984
	Repairs and Maintenance	166,643	159,795

Bank Charges	21,683	32,445
Interest and Other Charges	15,642	60,566
Income Tax Expense	0	0
Transfer to GoL	0	0
Audit Fees	40,000	0
Travel and Transportation	210,289	244,981
Rent	0	54,340
	1,099,215	**1,061,644**

10.0 Non-Administrative Expenses

International Obligations	62,941	109,593
Corporate Social Responsibility (Donations)	27,150	14,100
Miscellaneous, Freight and Others	177,512	64,837
Scholarship	0	874
Conferences	17,526	19,586
Entertainment and Accommodation	2,800	5,560
Professional Services (Including Contract Services)	178,317	218,480
	466,246	**433,030**

Liberia Maritime Authority
Notes to the Financial Statements
For the Period end

A. Corporation Information

The Liberia Maritime Program was established in 1948 with a launch of its registry during the post-world war II period, when there was tremendous international demand for ships to transport various goods and raw materials. Today, it is the second largest ship registry in the world. The signing into law of the Liberia Maritime Authority Act of 2010 transformed Liberia's Maritime Legacy from the one-dimensional Bureau of Maritime Affairs responsible for the administration of Liberia's Maritime Program into a new, dynamic and vibrant 21st Century Liberia Maritime Authority (LiMA), which is empowered by law to harness the full potential of Liberia's Maritime sector and ensure that the national economy is the ultimate beneficiary of its program activities.

LiMA's agent currently manages the Liberian Registry, the Liberian International Ship and Corporate Registry (LISCR), a US owned company, which provides the day-to-day operations for the Republic of Liberia Ship and Corporate Registry. The Liberia Maritime Authority implements Liberia's Maritime Laws, which include provision for the registration of ship, licensing of crews, certification of ships for safety, and other essential factors, and Policies promulgated by the office of the Commissioner of the Liberian Maritime Authority. The Liberia Maritime Authority has its headquarters in Congo Town, Monrovia.

B. Basis of preparation

The financial statements of LiMA have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (ISAB). LiMA makes use of accounting on an accrual basis in addition to complying with the IFRS as promulgated in the Public Finance Management (PFM) Act of 2009.

The financial statements have been prepared on a historical cost basis, except for land and building and financial instruments at fair value. The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (US$ 000), except otherwise indicated. The Authority conducted a revaluation exercise of its land as well as, buildings and improvements in 2020. The first exercise was conducted in 2016.

C. Summary of significant accounting policies

i) Foreign currency translation

a) Financial and presentation currency

Items included in LiMA's financial statements are measured using the currency of the primary economic environment in which LiMA operates. The financial statements are prepared in United States Dollars (USD), which is both the functional and presentation currency.

b) Transaction and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Differences are taken to the income statement.

ii) Cash and cash equivalent

For the purposes of the statement of cash flows, cash comprises cash balances and deposits with banks. Cash equivalents comprise highly of liquid investment (including many market funds) that is readily convertible to known amounts of cash and which are subject to insignificant risk for changes in value with original maturities of three months or less being used by LiMA for its short-term commitment.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Short-term deposits are initially recognized at fair value and subsequently, at amortized cost. Interest on short-term deposits is recognized in profit or loss on a time proportioned basis that takes into account the effective yield on the deposits.

iii) Financial Instruments

a) Financial Assets

Initial recognition and measurement of financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss and, loans and receivables; LiMA determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets, not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the LiMA commits to purchase or sell the assets. Lima's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, and unquoted financial instruments

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After the initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the income statement. The losses arising from impairment are recognized in the income statement.

b) Financial Liabilities

Financial liabilities, initial recognition and measurement within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and loans and borrowings. LiMA determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs. LiMA financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate (EIR) method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

iv) Determination of fair value

For financial instrument traded in an active market (most unlikely for LiMA), the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotation on the major exchanges.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instrument using models to estimate the present value of the expected future cash flows or model to estimate the present value of expected future cash flows or other valuation technique, using inputs existing at the reporting date.

v) Impairment of financial asset

a) Financial assets carried at amortized cost

LiMA assesses at each end of the reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of LiMA from the following events:

- Default of delinquency by a debtor;
- Restructuring of an amount due to the "LiMA on terms that LiMA would not consider favorable;
- Indications that a debtor or issuer will enter bankruptcy;

- The disappearance of an active market for the security because of financial difficulties
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in LiMA.

LiMA first assesses whether objective evidence of impairment exist individually for financial assets that are individually significant. If LiMA determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes that asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows (excluding the future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the losses is recognized in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's inability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized adjusting the assets reverses the previously recognized impairment loss. The amount of the reversal is recognized in the income statement.

(b) **Financial Liabilities** are initially measured at fair value less transaction costs that are directly attributable to the raising of the funds, and are subsequently carried at amortized cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognized in the statement of comprehensive income over the period of borrowing.

(c) **De-recognition of Financial Assets and Financial Liabilities**

The company derecognizes assets when the contractual rights to the cash flow from the asset expires; where there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred; or where the company retains the contractual rights to the cash flows from these assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers all or substantially all the risks and benefits associated with the assets. Where the company retains substantially all the risks and rewards of ownership of the financial asset, the company continues to recognize the asset. The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

vi) Foreign currency

The financial statements are expressed in United States dollars. Transactions denominated in currencies other than United States dollars are translated into United States dollars based on the rate of exchange prevailing on the date of each transaction. The United States dollar is legal tender in Liberia and circulates freely in the Liberian economy alongside the Liberian dollar.

vii) Taxation

IAS 12, concerned with income taxes, implements the comprehensive balance sheet method of accounting for income taxes which recognized both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits are recognized, with limited exception, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a probable profit test. However, LiMA, as a State-Owned Enterprise is not subject to taxation, except with various forms of withholdings taxes, which are managed as part of the normal payroll deductions.

Taxes reported in the financial statements are basically personal income related and include withholdings from employees and contractors, board remuneration along with taxes withheld for the National Social Security Scheme. These are measured at the amount expected to be paid to the tax authorities based on the tax rates enacted or substantively enacted in the Liberia Revenue Code of 2000 at the balance sheet date. Income tax expense outlined in this financial statement accounts for the Real Estate Tax due on building currently leased by LiMA as well as withholdings on the Lease. Under the agreement, LiMA is to underwrite all taxes related to the lease;

hence, the gross amount of the lease is paid to the Owner leaving LiMA to execute the payment of a statutory sum amounting to 10% of the lease as tax due the Liberia Revenue Authority (LRA).

viii) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured. Revenue is not recognized until it is both realized and earned.

LiMA receives a significant amount of its revenue (income) from the International Registry Fund, which are principally funds received from ships flying the Liberian flag. Such fees are recognized as long as no uncertainty as to collectability exists and if certain other criteria are met (for example, the fees are such that they are paid principally for the services indicated and all other services are paid for separately). Where the fees entitles the members (ship carrying the flag) to services or purchase of goods or services at prices lower that those charged to non-members, it is recognized on a basis that reflects the timing, nature and value of the benefit provided. LiMA collects revenue as well from registering vessels transacting business in its jurisdictional waters and maritime related companies that execute stevedoring and other shipping related functions. Fees collected include vessel registration fees (tonnage), inspection and documentation fees; seafarers permit fees and casualty investigation fees. In addition, LiMA levies fees on all vessels docking at the port of Monrovia and other seaports of the country. Such fees are termed as Maritime Safety Charges.

ix) Fixed Assets (Property, Plant and Equipment)

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, LiMA derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognized after the date of the revaluation.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognized in Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case, the increase is recognized in the income statement.

Under IFRS the requirement for initial recognition of an item of property, plant and equipment is that the cost to acquire an asset along with any cost directly attributable to bringing the assets to its location of use and condition necessary for it to be capable of operating in the manner intended by management are capitalized if future economic benefits are probable and can be reliably measured. Additionally, repairs and maintenance costs are expenses as incurred. A provision is required for asset retirement cost when a legal obligation exists.

In connection with LiMA first-time adoption of IFRS, it has elected to selectively use the fair value of property plant and equipment at the date of transition as the deemed cost for IFRS. Capital expenditure and incidental expenditure incurred during construction including related overhead expenditure are classified as capital construction-in-progress.

Disposals Gains or losses on the disposal or scrapping of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other income" in profit or loss.

Subsequent costs, the cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day-to- day servicing of property, plant and equipment are recognized in profit or loss as incurred. The Authority in this quarter had secured and fully paid a short-term loan for the continuation of the Headquarters Construction in Monrovia. Key operations of the Authority have been transitioned to the new global headquarters situated in Congo Town, a township in the suburbs of the Liberia Capital Monrovia as completion work is ongoing.

Land and buildings referred to real property in Marshall playing host to the Liberia Maritime Training Institute (LMTI). LiMA has purchased the furniture and fixture for the new headquarters and it is already in use while the cost of finishing thus far will be applied beginning next fiscal year.

x) Depreciation

Depreciation is recognized in the profit or loss statement on a declining balance basis and presents a fairer value of usage of each part of an item of property, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative period are as follows:

Machinery	16.67%
Fixtures and fittings	10%
Motor vehicles	33.33%
Office furniture	10%
Building and improvement	2.63%

The residual value and the useful life of each asset or category of assets is reviewed, and adjusted if appropriate at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The values carried on the financial statements for Fixed Assets are properly supported and explained by the **Depreciation Matrix labeled Appendix I, found on Page 21** of the financial statements.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and differences are recognized in the income statement.

IAS 8 permits the revision of the useful life of an asset. It states that the residual value and the life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IAS 8.36 requires that the effect of a change in an accounting estimate shall be recognized prospectively by including it in profit and loss: a) the period of the change, if the change affects that period only or in the period of the change and future periods, if the change affects both.

Depreciation for the last fiscal year for Building and Improvement is US$80,885.65, derived from dividing the revalued asset (US$3,075,500) by the remaining useful life of 38 years. The remaining life is 38 years due to the fact that the life span of Buildings and Improvements were reassessed for 50 years and noting that the category aforementioned has depreciated for 12 years.

IAS 16.35 states when an item of property plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

a) Restate proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to determine its depreciated replacement cost;

b) Eliminate against the gross carrying amount of the asset and the net amount restated to the valued amount of the asset. This method is often used for building. The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in the carrying amount that is accounted in accordance with para. 39. Para. 39 states that if an asset carrying amount is increased as the result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same property assets previously recognized in profit or loss.

Messrs. AKSAD Consultants, Inc., an Independent Real Estate Valuators, revalued the assets in March 2020. The Building and Improvement and Land revalued was initially carried under the cost model. The surplus on the assets is recorded in Revaluation

Surplus. The realized portion (the difference between depreciation expenses of cost and revalued amount) or when the asset is sold.

IAS 16.41 states that the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the assets is derecognized.

This may involve transferring the whole of the surplus when the asset is retired or disposed.

However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit and loss. This amount is usually transferred to retained earnings during each period. During the period, the difference between the depreciation of the Building and Improvement and the revalued amount in US$94,089.60 and was transferred to Retained Earnings.

xi) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets are recognized at cost. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful economic life, generally not exceeding 3 years. Intangible assets with indefinite useful lives are not amortized. At the end of each reporting period, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analyzed to assess whether their carrying amount is fully recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount.

xii) Research and development

Research and development costs are expensed as incurred.

Development expenditures, on an individual project, are recognized as an intangible asset when LiMA can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

xiii) Employment benefits

LiMA operates a defined contribution plan for its employees. Employee benefit obligations such as wages, salaries and social security contributions, paid annual and paid sick leave are measured on an undiscounted basis and are expensed as the related service is received. A provision is recognized for the amount expected to be paid under short-term cash bonus if LiMA has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The obligation is the present value of benefits that have accrued to employees through services rendered to that date based on actuarial methods of calculation.

xiv) Inventories

Inventories are carried at the lower of cost or net realizable value. Net realizable (NRV) is defined as the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make a sale. Inventories in this financial statement accounts for materials purchased to begin a marine store at the Search and Rescue Center. A public private partnership is being sought to execute such.

xv) Financial risk management objectives and policies

LiMA's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance LiMA's operations and to provide guarantees to support its operations. LiMA has loan and other receivables, trade and other receivables, and cash and short-term deposits that derived directly from its operations. LiMA is exposed to market risk, credit risk and liquidity risk.

LiMA's Senior Management oversees the management of these risks. The Senior Management is supported by a Finance Department that advises on financial risks and the appropriate financial risk governance framework.

The financial department provides assurance to senior management that the LiMA's financial risk-taking activities are governed by appropriate policies and procedures and

that financial risks are identified, measured and managed in accordance with LiMA's policies and risk appetite:

a) Currency risk

The US Dollar is the functional currency of LiMA and as a result a currency exposure arises from transactions and balances in currencies other than the US Dollar.

LiMA's potential currency exposures comprise: Transactional exposure in respect of non-functional currency expenditure and revenues; and translation exposure in respect of non-functional currency monetary items.

b) Interest rate risk

LiMA is exposed to interest rate risk to the extent of the balance of the bank accounts and loans. Interest rate risk management activities are conducted in the context of the LiMA sensitivity to interest rate changes.

c) Liquidity risk

Liquidity risk arises in the general funding of the LiMA's activities. Liquidity management is directed towards ensuring that all of LiMA's operations can meet their funding needs, whether this is to replace existing funding as it matures or if it is withdrawn.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the LiMA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

xvi) Provision

General Provisions are recognized when LiMA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Warranty provisions for warranty-related costs are recognized when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

xvii) Borrowing cost

Financing costs related to borrowings that are incurred during the acquisition, construction or production of certain qualifying assets to be capitalized as costs of such assets. IFRS expressly prohibits the capitalization of interest or borrowing costs related to inventories that are manufactured or otherwise produced in large quantities on a repetitive basis. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale and specifically excludes assets measured at fair value. LiMA contracted a loan for the construction of a headquarters that is still under construction and nearing completion.

Capitalization of borrowing costs is required while a qualifying asset is being acquired, constructed or produced. Borrowing costs include interest and other costs that an entity incurs in connection with the borrowing of funds for the construction of qualifying assets. Borrowing costs include interest expense calculated using the effective interest method and finance charges related to finance leases.

xviii) Government grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where LiMA receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided governments or related institutions with an interest rate below the current applicable market rate regard the effect of this favorable interest regarded as additional government grant.

xix) Leases

Lease broadly involves the conveyance of the right to use an asset with certain limited exceptions, such as leases to explore for or use natural resources and licensing agreements and that of the current headquarters beings leased to host the LiMA headquarters.

Arrangements that convey the right to use assets other than land or depreciable assets, for example arrangements that provide the exclusive right to use an intangible asset for a finite period of time, may be considered leases.

A lessee classifies a lease based on an overall assessment of the substance of the transaction. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards of ownership; otherwise, it is classified as an operating lease. The lease standard indicates that a lease is a finance lease when substantially all of the risks and rewards of ownership are transferred in a lease. For example, the following examples of situations that would normally lead to a lessee classifying a lease as finance lease.

- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments at the beginning of the lease term is substantially all of the fair value of the leased property.

All other leases are classified as operating leases. As such, a lease may contain one of the indicators of a finance lease; however, if an assessment of other features of the lease results in an overall determination that the lease does not transfer substantially all of the risks and rewards of ownership, the lease would be classified as an operating lease.

xx) Finance cost

Finance cost for long and short-term debt facilities obligations were also omitted from the financial statements.

xxi) Disclosures of current long-term liability and contingent liabilities

IFRS requires that obligations for debt and leases be broken down into short-term and long-term obligations. In view of the aforementioned, the Authority is in a labor case involving one of its former employees in person of Mr. Balniel Stewart. That case is being adjudicated. A judgment is yet expected.

APPENDIX I. Depreciation Analysis for FY2020/21

-	B & I	Land	OFF. F/F	OFF. EQUIP.	COMP. & ACC.	OFF. GEN	CONSTRU. IN PROGRESS	VEHICLES	TOTAL
Rates	2.63%	0.00%	10%	16.67%	16.67%	16.67%	0.00%	33.33%	
At July 1 2020	3,075,500.00	522,500.00	209,338.58	290,697.06	318,381.90	337,250.00	3,782,254.00	1,362,837.97	9,898,759.51
Additions	11,860.95	0.00	367,389.33	78,216.18	19,493.66	0.00	362,500.00	60,000.00	899,460.12
Amount to align asset with Market Value	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
At June 30 2020	3,087,360.95	522,500.00	576,727.91	368,913.24	337,875.56	337,250.00	4,144,754.00	1,422,837.97	10,764,403.63
Depreciation:									
Accum. Depreciation at July 1 2020	80,885.65	0.00	136,225.92	207,345.25	254,676.52	293,692.91	0.00	1,303,071.56	2,275,897.81
Adj. to eliminate Accum. Due to Revaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charge for the Year (Asset acquired during the period)	52.00	0.00	9,046.56	3,314.29	1,349.27	0.00	0.00	6,245.95	20,008.07
Charge for the year (existing Assets)	78,758.36	0.00	7,311.27	13,894.75	10,619.69	7,260.97	0.00	19,920.14	137,765.17
Total Charge for 20/21	78,810.36	0.00	16,357.83	17,209.04	11,968.96	7,260.97	0.00	26,166.09	157,773.24
At June 30 2021	159,696.01	0.00	152,583.75	224,554.29	266,645.48	300,953.88	0.00	1,329,237.65	2,433,671.05
Net Book Amount June 30 2021	2,927,664.94	522,500.00	424,144.16	144,358.95	71,230.08	36,296.12	4,144,754.00	93,600.32	8,364,548.58
						Total Assets			8,364,549

Liberia Maritime Authority
Notes to the Financial Statements
For the Period ended June 30, 2021

APPENDIX II: Expected Credit Loss Analysis at June 30, 2021

No.	Age	%Allocation of aged amount to ARB	Amount	Historical Loss Rate	Expected Credit Loss Amount
1	1-30days	6.5%	42,488.27	0.50%	212.44
2	31-60days	2.5%	16,341.64	2%	326.83
3	61-90days	1.1%	7,190.32	3%	215.71
4	91-180days	2.6%	16,995.31	4%	679.81
5	181-365days	11.0%	71,903.23	5%	3,595.16
6	365days above	76.3%	498,746.97	10%	49,874.70
		100.0%	653,665.76		**54,904.66**

The expected credit losses calculation is based on parameters enshrined in IFRS 9.