



Promoting Accountability of Public Resources

## AUDITOR GENERAL'S REPORT



**On the Financial Statements Audit of  
the Liberia Telecommunications  
Corporation (LIBTELCO)**

**For the Year Ended June 30, 2016**

**December 2022**

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

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**Republic of Liberia**



Richmond N. Tobii Sr.  
**Managing Director**  
Liberia Telecommunications Corporation (LIBTELCO)  
Republic of Liberia

November 8, 2023

Dear Hon. Tobii:

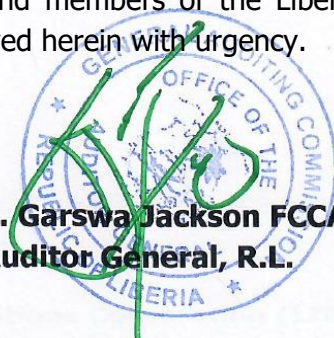
**The Honourable Speaker of the House of Representatives and the President Pro- Tempore of the House of Senate.**

We have undertaken the audit of the Liberia Telecommunications Corporation (LIBTELCO) for the financial year ended June 30, 2016. 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 Telecommunications Corporation. 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 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.

**Monrovia, Liberia**  
November 2023

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

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE LIBERIA TELECOMMUNICATIONS CORPORATION (LIBTELCO) FOR THE FISCAL PERIOD ENDED JUNE 30, 2016**

**Adverse Opinion**

We have audited the financial statements of the Liberia Telecommunications Corporation (LIBTELCO), which comprise the statement of financial position as at June 30, 2016, and statement of comprehensive income, statement of changes in equity and statement of cash flows 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 matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the financial position of LIBTELCO as at June 30, 2016, and its financial performance and cash flows for the year then ended in accordance with United States Accounting Standard Codification (ASC).

**Basis for Adverse Opinion**

The amount reported in the financial statements for total revenue exceeded the amount reported in the trial balance by US\$3,106,021.50.

The amount reported in the financial statements for other income exceeded the amount reported in the trial balance by US\$1,696,052.86.

Costs of sales amount of US\$410,451.00 in the notes did not reconcile to the amount of US\$112,754.00 reported in the financial statements.

There was a variance of US\$1,565,304.97 between the financial statements and the amount recorded in the notes to the financial statements for salaries and wages.

There was a variance of US\$1,490,954.00 between the financial statements and the amount recorded in the Fixed Asset Register (FAR) for depreciation expense.

The amount reported in the financial statements for total operating expense exceeded the amount reported in the trial balance by US\$3,987,394.81.

The amount reported in the financial statements for total receivables exceeded the amount reported in the trial balance by US\$2,197,465.28. Further, there was a significant variance between the financial statements and the notes amounting to US\$921,769.00.

Inadequate disclosure of the US\$5,000,000.00 investment in Cable Consortium Liberia in line with ASC 323 which requires the full disclosure of investment in the financial statements.

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 Management of LIBTELCO in accordance with the ethical requirements that are relevant to our audit of the financial statements under INTOSAI, and we have fulfilled our 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 adverse opinion.

### **Management's Responsibilities**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US Generally Accepted Accounting Principles (GAAP), financial reporting under the Accounting Standard Codification (ASC), and for such internal control as management determines 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 the institution's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LIBTELCO's financial reporting process.

### **Auditor's Responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

**Monrovia, Liberia**

December 2022

*AUDITOR GENERAL'S REPORT On the  
Financial Statements Audit of the  
Liberia Telecommunications Corporation (LIBTELCO)  
For the Year Ended June 30, 2016*

**Financial Statements of the Liberia Telecommunications Corporation (LIBTELCO) FY  
Ended June 30, 2016**



## STATEMENT OF AFFAIRS

As at June 30, 2016

| <b>ASSETS</b>                         | <b>30-Jun-16<br/>US\$</b> | <b>30-Jun-15<br/>US\$</b> |
|---------------------------------------|---------------------------|---------------------------|
| <b>Non-Current Assets</b>             |                           |                           |
| Property, Plant & Equipment           | 11,325,293                | 11,121,511                |
| Intangible Assets                     | 2,033,333                 | 2,142,039                 |
| Investment                            | 5,000,000                 | 500,000                   |
| Other Assets                          | 459,458                   | 128,100                   |
|                                       | <b>18,818,084</b>         | <b>13,891,650</b>         |
| <b>Current Assets</b>                 |                           |                           |
| Inventory                             | 810,615                   | 810,615                   |
| Receivables                           | 147,884                   | 1,190,116                 |
| Cash & Cash Equivalent                | 283,753                   | 1,398,149                 |
|                                       | <b>1,242,252</b>          | <b>3,398,880</b>          |
| <b>TOTAL ASSETS</b>                   | <b>20,060,336</b>         | <b>17,290,530</b>         |
| <b>EQUITY &amp; LIABILITIES</b>       |                           |                           |
| <b>Capital Reserves</b>               |                           |                           |
| Share Capital                         | 15,206,220                | 15,206,220                |
| Accumulated Losses                    | (3,771,251)               | (3,365,306)               |
|                                       | <b>11,434,969</b>         | <b>11,840,914</b>         |
| <b>Non-current Liability</b>          |                           |                           |
| Borrowing                             | 5,589,676                 | 5,589,676                 |
| Amount due to related company         | -                         | -                         |
| Contingent Liability                  | 500,322                   | 500,322                   |
|                                       | <b>6,089,998</b>          | <b>6,089,998</b>          |
| <b>Current liability</b>              |                           |                           |
| Bank Overdraft                        | -                         | -                         |
| Payables                              | 2,535,368                 | 3,859,617                 |
|                                       | <b>2,535,368</b>          | <b>3,859,617</b>          |
| <b>Total Liabilities</b>              | <b>8,625,366</b>          | <b>9,949,615</b>          |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>20,060,335</b>         | <b>21,790,529</b>         |

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended June 30, 2016

|  | <b>2016</b>      | <b>2015</b>      |
|--|------------------|------------------|
|  | <b>US\$</b>      | <b>US\$</b>      |
| Revenue                                  | 3,427,961        | 4,108,817        |
| Cost of Sales                            | (112,754)        | (34,076)         |
| <b>Gross profit</b>                      | <b>3,315,207</b> | <b>4,074,741</b> |
| Other income                             | 368,101          | 1,027,000        |
| Operating expenses                       | (4,089,253)      | (4,513,025)      |
| <b>Profit/(Loss) before tax</b>          | <b>(405,945)</b> | <b>588,716</b>   |
| Income Tax                               | -                | -                |
| <b>Profit after Tax</b>                  | <b>(405,945)</b> | <b>588,716</b>   |
| Other comprehensive income               | -                | -                |
| <b>Total comprehensive income/(Loss)</b> | <b>(405,945)</b> | <b>588,716</b>   |



## STATEMENT OF CHANGES IN EQUITY

Annual report for the year ended June 30, 2016

|                                 | Share Capital<br>US\$ | Retained<br>Earnings<br>US\$ | Total Equity<br>US\$ |
|---------------------------------|-----------------------|------------------------------|----------------------|
| <b>Balance at July 1, 2015</b>  | 15,206,220            | (3,365,305)                  | 11,840,915           |
| Changes in equity               | -                     | -                            | -                    |
| Profit/(Loss) for the year      | -                     | (405,945)                    | (405,945)            |
| Movements                       | -                     | -                            | -                    |
| Reserves                        | -                     | -                            | -                    |
| <b>Total Changes</b>            | <b>-</b>              | <b>-405,945</b>              | <b>-405,945</b>      |
| <b>Balance at June 30, 2016</b> | <b>15,206,220</b>     | <b>(3,771,250)</b>           | <b>11,434,970</b>    |
| <br>                            |                       |                              |                      |
| <b>Balance at July 1, 2014</b>  | 10,206,220            | (3,223,814)                  | 6,982,406            |
| Changes in equity               | -                     | -                            | -                    |
| Conversion of Debt to Equity    | 5,000,000             | -                            | 5,000,000            |
| Profit/(Loss) for the year      | -                     | 588,716                      | 588,716              |
| Movement in equity              | -                     | (730,207)                    | (730,207)            |
| Reserves                        | -                     | -                            | -                    |
| <b>Total Changes</b>            | <b>5,000,000</b>      | <b>(141,491)</b>             | <b>4,858,509</b>     |
| <b>Balance at June 30, 2015</b> | <b>15,206,220</b>     | <b>(3,365,305)</b>           | <b>11,840,915</b>    |

## STATEMENT OF CASH FLOWS

Annual report for the year ended June 30, 2016

|  | <b>30-Jun-16</b><br><b>US\$</b> | <b>30-Jun-15</b><br><b>US\$</b> |
|--|---------------------------------|---------------------------------|
| <b>Operating Activities:</b>                               |                                 |                                 |
| Profit/(Loss) before tax                                   | (405,945)                       | 588,716                         |
| <b>Adjustment for:</b>                                     |                                 |                                 |
| Depreciation and amortization                              | 789,252                         | 698,817                         |
| <b>Changes in working capital:</b>                         |                                 |                                 |
| Inventories  | -                               | 286,262                         |
| Trade and other receivable                                 | 1,042,232                       | (120,463)                       |
| Prepayments  | -                               | (126,768)                       |
| Other Assets   | (331,358)                       | -                               |
| Trade and other payables                                   | (1,324,249)                     | 611,555                         |
| <b>Net cash from Operating Activities</b>                  | <b>(230,068)</b>                | <b>1,938,119</b>                |
| <b>Investing Activities</b>                                |                                 |                                 |
| Purchase of property plant and equipment                   | (993,034)                       | (474,184)                       |
| Net movement in intangible assets                          | 108,706                         | -                               |
| <b>Net cash flows from investing activities</b>            | <b>(884,328)</b>                | <b>(474,184)</b>                |
| <b>Financing Activities:</b>                               |                                 |                                 |
| Borrowings   | -                               | 1,417,683                       |
| Other non-cash items                                       | -                               | (1,953,318)                     |
| <b>Net cash used in financing activities</b>               | <b>-</b>                        | <b>(535,635)</b>                |
| <b>Net (decrease)/increase in cash and cash equivalent</b> | <b>(1,114,396)</b>              | <b>928,300</b>                  |
| Cash and cash equivalents at the beginning of the year     | 1,398,149                       | 469,848                         |
| <b>Cash and cash equivalents at the end of the year</b>    | <b>283,753</b>                  | <b>1,398,148</b>                |