

**Roberts International Airport (RIA)  
Financial Statements  
For Six Months to June 30, 2006 and  
Twelve Months to December 31, 2005**

# Contents

	Page
Governance	2
Balance Sheet	3
Income Statement	4
Statement of Cash Flow	5
Notes to the Financial Statements	6

# Governance

## Board of Directors

The Board of Directors comprises five members appointed by the President of Liberia including:

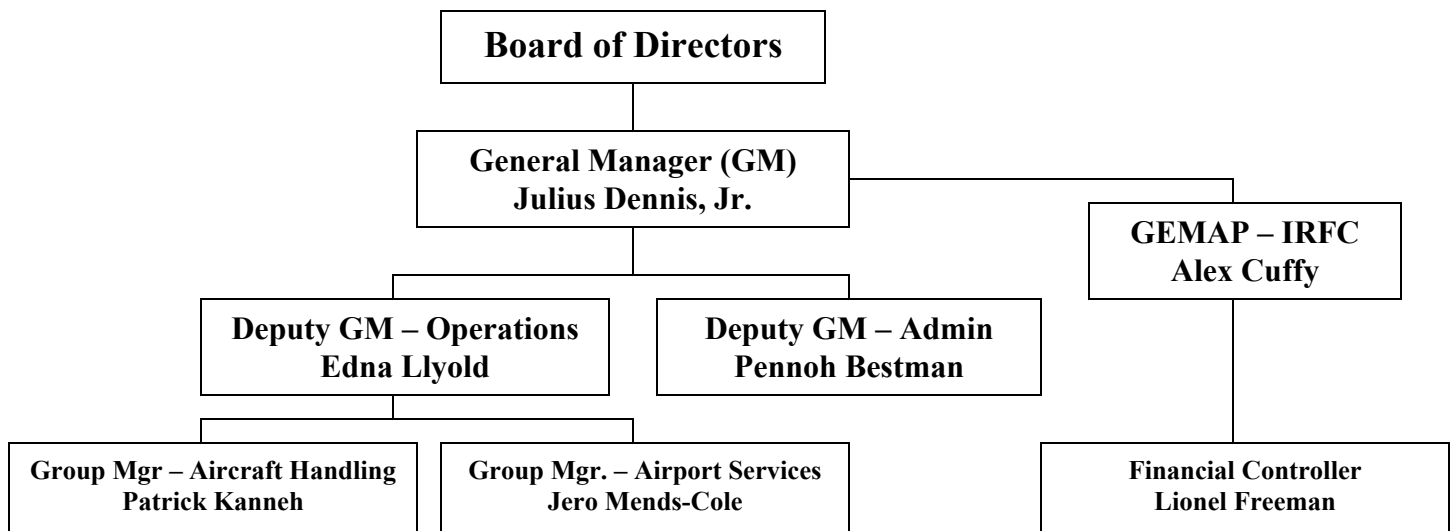
<b>Name</b>	<b>Title</b>	<b>Tenure</b>
Hon. Jeremiah Sulonteh	Chairman and Minister of Transport	Member since 2006
Hon. Julius Dennis	Secretary and General Manager	Member since 2006
Hon. Ophelia Hoff-Saytumah	Member and Mayor, City of Monrovia	Member since 1997
Hon. Edwin Williams	Member and Businessman	Member since 2006
Hon. Fatu White	Member and Businesswoman	Member since 2006
Hon. Arthur Wisseh	Member	Member since 2006

## Senior Management Officers

The senior management team comprises seven officers. The General Manager and two Deputy General Managers are appointed by the President of Liberia with the consent of the Senate. The GEMAP-IRFC is one of four international financial experts recruited and sponsored by the USAID to provide controllership at four state-owned enterprises, including the RIA, NPA, LPRC and FDA.

<b>Name</b>	<b>Title</b>
Hon. Julius Dennis	General Manager
Mr. Pennoh Bestman	Deputy General Manager – Administration
Ms. Edna Lloyd	Deputy General Manager – Operations
Mr. Patrick Kanneh	Group Manager – Aircraft Handling
Mr. Jero Mends-Cole	Group Manager – Airport Services
Mr. Lionel Freeman	Financial Controller
Mr. Alex Cuffy	GEMAP – Internationally Recruited Financial Controller (IRFC)

## Reporting Structure



# Balance Sheet

As of June 30, 2006 and December 31, 2005

	Note	2006 US\$	2005 US\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	3	66,229	15,948
Accounts receivable, net	4	353,868	217,793
Other assets	5	<u>82,805</u>	<u>67,691</u>
<b>Total current assets</b>		<b>502,902</b>	<b>301,432</b>
<b>Fixed assets, net</b>	6	<b><u>4,029,568</u></b>	<b><u>4,089,108</u></b>
<b>Total assets</b>		<b><u>4,532,470</u></b>	<b><u>4,390,540</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable		162,343	141,320
Bank overdraft		-	40,713
Deferred revenue	2.4	31,124	43,880
Other payables	7	<u>205,412</u>	<u>250,970</u>
<b>Total current liabilities</b>		<b>398,879</b>	<b>476,883</b>
<b>RETAINED EARNINGS</b>			
<b>Balance at beginning of period</b>		<b>3,913,657</b>	<b>4,461,981</b>
Prior period adjustments	8	49,908	-
Net income/(loss) for the period		<u>170,026</u>	<u>(548,324)</u>
<b>Balance at end of period</b>		<b><u>4,133,591</u></b>	<b><u>3,913,657</u></b>
<b>Total liabilities and retained earnings</b>		<b><u>4,532,470</u></b>	<b><u>4,390,540</u></b>

The notes on pages 6 to 12 form an integral part of these financial statements.

# Income Statement

For the periods ended June 30, 2006 and December 31, 2005

	Note	2006 US\$	2005 US\$
<b>REVENUES</b>			
<b>Aeronautical revenues</b>			
Aircraft landing fees		349,741	664,826
Aircraft handling fees		418,003	764,824
Passenger service charge		433,848	766,795
Cargo service charge		160,446	181,554
Throughput fees		26,845	-
Aircraft parking fees		2,048	-
Safety and security fees		<u>9,530</u>	<u>31,500</u>
Total aeronautical income		<u>1,400,461</u>	<u>2,377,999</u>
<b>Non-aeronautical revenues</b>			
Premises rental		33,447	101,382
Trolley fees		2,026	7,074
Vehicle parking		556	6,247
Grant and subsidy	2.4 & 9	<u>204,960</u>	<u>475,241</u>
Total non-aeronautical income		<u>240,989</u>	<u>576,623</u>
<b>Total revenue</b>		<b><u>1,641,450</u></b>	<b><u>2,954,622</u></b>
<b>EXPENDITURE</b>			
Salaries, wages and benefits	10	534,666	1,092,645
Materials, supplies and services	11	370,347	794,209
General and administrative expenses	12	222,419	639,742
Repairs and maintenance	13	102,473	270,955
Depreciation expense	14	<u>241,519</u>	<u>705,395</u>
<b>Total expenditure</b>		<b><u>1,471,424</u></b>	<b><u>3,502,946</u></b>
<b>Net income/(loss) for the period</b>		<b><u>170,026</u></b>	<b><u>(548,324)</u></b>

The notes on pages 6 to 12 form an integral part of these financial statements.

## Statement of Cash Flow

For the periods ended June 30, 2006 and December 31, 2005

	Note	2006 US\$	2005 US\$
<b>Cash flow from operating activities:</b>			
Net income/(loss) for the period		170,026	(548,324)
Adjustments:			
Depreciation		241,519	705,395
Decrease/(Increase) in accounts receivable		(135,622)	17,960
Increase/(Decrease) in accounts payable		21,023	5,116
Decrease in deferred revenue		(12,755)	
Increase/(Decrease) in other payables		<u>(45,558)</u>	<u>81,559</u>
<b>Net cash flow provided by operations</b>		<b><u>238,633</u></b>	<b>261,706</b>
<b>Cash flow from investing activities:</b>			
Purchase of fixed assets		(182,080)	(244,181)
Investment in housing project		(15,467)	<u>(68,822)</u>
<b>Net cash flow from investing activities</b>		<b>(197,547)</b>	<b>(313,003)</b>
<b>Cash flow from financing activities:</b>			
Prior year adjustment		49,908	-
<b>Net decrease in cash and bank balances</b>		<b>90,994</b>	<b>(51,297)</b>
Cash and bank balances at January 1, 2006		<u>(24,765)</u>	<u>26,532</u>
<b>Cash and bank lances at June 30, 2006</b>		<b><u>66,229</u></b>	<b><u>(24,765)</u></b>

The notes on pages 6 to 12 form an integral part of these financial statements.

## **1.0 Establishment**

The Roberts International Airport (RIA) is a quasi Public Corporation owned and operated by the Government of the Republic of Liberia.

The Airport was originally built by the United States government as an Air Force base during the Second World War (1939 – 1945) under a defense agreement between the governments of the United States of America and the Republic of Liberia.

The Government of Liberia later entered into and concluded an agreement with Pan American Airways (PANAM) on July 14, 1941. This agreement provided that PANAM converts the facilities into a civil and commercial airport, providing aerial services for the transportation of mail, passengers, baggage and merchandise. A deed of lease confirming this arrangement was made and entered into on April 7, 1942. RIA eventually became an important stopover point in the global operations of PANAM.

PANAM subsequently vacated the premises and facilities in 1984 reverting control and ownership to the Government of Liberia. The government took full control over the management of the Airport from 1985.

RIA is yet to be established under any law or legislative instrument in the form of an Act of the Legislature or Articles of Incorporation. The absence of a well-defined legal status to govern the administration and management of RIA means that the objects and powers of the Airport, its relationship with central Government, formation and composition of the Board of Directors, structure of management team, executive compensation, audits and financial reporting among others are left to the discretion of the national Government and its appointees at the Airport.

The Board of Directors (BOD) recently completed drafts of Legislative Act and Articles of Incorporation along with Pros and Cons. The BOD selected the Article of Incorporation option over the Legislative Act option for flexibility and ease of encouraging private sector participation. The Chairman of the BOD submitted the proposals to the President for consideration.

## **2.0 Summary of significant accounting and reporting policies**

### **2.1 Bases of accounting and reporting**

These financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention and where necessary in keeping with other reporting guidelines.

## **2.2 Capital Structure**

There is no information on the authorized capital due to the lack of a properly defined legal status of the RIA. The capital structure of RIA is currently the Net Assets (Net Worth = total assets less total liabilities) adjusted for net profit or loss each year. This is currently represented as the Retained Earnings.

## **2.3 Currency**

These financial statements are expressed in United States Dollars. Transactions dominated in currencies other than the United States Dollars are translated into United States Dollars based on the rate of exchange prevailing on the date of each transaction. Assets and liabilities denominated in other currencies are translated into United States Dollars at the period end rates.

## **2.4 Income determination**

Income is derived from aeronautical and non- aeronautical services. Income from aeronautical services include aircraft landing and handling fees; airport and cargo service charges; through put fees; and aircraft parking, and safety and security fees. Non-aeronautical income consists of premises rental, and trolley and parking lot fees. RIA periodically receives grants and subsidy from the Government of Liberia and the Roberts Flight Information Region (FIR), a regional body of MANO River Union States (Guinea, Liberia and Sierra Leone). Also, the Firestone Rubber Plantation Company supplies RIA with 150 KW of electric power at no cost to RIA. The value of the electricity is computed and recognized as income under subsidy and grant. This amount is however recognized as an electricity expense. The monthly computation is: (150 KW x 24 hours x 30 days x \$0.27).

## **2.5 Valuation of properties**

It was reported in a previous audit report that the value of the land in the books of RIA stated at \$1,040,000 is for 2,600 acres. However, a survey conducted in 2005 by the Bureau of Lands and Surveys of the Ministry of Lands, Mines & Energy revealed that the actual land acreage demarcated for RIA is 5,010.77. The land sale deed is yet to be signed by the President of Liberia and the actual value for the land may be different from what is currently stated in the books.

The management of RIA has realized the need to conduct a valuation of land, buildings and other fixed assets to determine their true values. Management recently completed cataloging and marking identification numbers on fixed assets. However, management is yet to match each fixed assets items on the fixed assets register and catalog with the physical items. RIA has recently requested the European Union for assistance in this regard as part of their pending sponsored audit service.



## 2.6 Depreciation and Amortization

Fixed assets are reported at cost or valuation less accumulated depreciation or amortization. The straight line method of depreciation is being used to write off the full cost of assets over their useful lives.

The principal annual depreciation and amortization rates in these financial statements are:

<b><u>Category</u></b>	<b><u>Rate (%)</u></b>
Motor vehicles	33.33
Household furniture and fixtures	20.00
Office furniture and fixtures	10.00
Airport, Office & Household equipment	16.67
Buildings & installations	2.50

## 2.7 Contingencies

There were no pending litigation and other contingent matters that may have any material effect on these financial statements during the period then ended.

## 2.8 Subsequent Events

There were no significant matters occurring after the balance sheet date of June 30, 2006 that may have a material effect on these financial statements.

	<b>2006</b>	<b>2005</b>
	<b>US\$</b>	<b>US\$</b>
<b>3.0 Cash and bank balances</b>		
Petty cash	2,550	1,442
Cash on hand	-	12,003
Balances with LBDI	10,707	2,503
Balances with Ecobank	<u>52,972</u>	<u>-</u>
	<u>66,229</u>	<u>15,948</u>
<b>4.0 Accounts Receivable</b>		
Accounts Receivable – aeronautical	355,976	296,719
Provision for doubtful debts – aeronautical	<u>82,356</u>	<u>142,052</u>
	<u>273,620</u>	<u>154,667</u>
Accounts receivable – non aeronautical	126,095	124,004
Provision for doubtful debts – non aeronautical	<u>45,848</u>	<u>60,878</u>
	<u>80,247</u>	<u>63,126</u>
Accounts receivable, net	<u>353,867</u>	<u>217,793</u>
<b>5.0 Other current assets</b>		
Construction work in progress:		
Airport building	3,202	-
Staff housing	68,070	64,096
Water wells	-	2,231
Fencing	<u>10,622</u>	<u>-</u>
	81,894	66,327
Staff advances (SCH 5)	<u>911</u>	<u>1,364</u>
	<u>82,805</u>	<u>67,691</u>

#### **6.0 Fixed Assets**

Category	Cost 6/30/06	Depreciation 6/30/06	Net Book Value 6/30/06	Net Book Value 12/31/05
Land	1,089,277	-	1,089,277	1,089,277
Buildings & installations	2,260,205	294,896	1,965,309	1,988,165
Motor vehicles	443,015	263,716	179,299	178,306
Airport, Office & Household equipment	4,291,915	3,588,115	703,800	766,331
Office furniture and fixtures	101,313	37,856	63,457	54,534
Household furniture and fixtures	50,475	22,049	28,426	12,495
Total	8,236,200	4,206,632	4,029,568	4,089,108

	<b>2006</b>	<b>2005</b>
	<b>US\$</b>	<b>US\$</b>
<b>7.0 Other Payable</b>		
Insurance premium payable	-	519
Approach fees payable (MOT)	625	6,150
Safety & security fees payable (LCAA)	7,450	31,500
Salaries & wages payable	7,498	6,507
FIR payable	20,129	20,129
Social security payable	27,281	42,174
Nat'l Reconstruction Tax payable	31,642	31,642
Income taxes payable	<u>110,787</u>	<u>112,349</u>
	<u>205,412</u>	<u>250,970</u>
<b>8.0 Prior year adjustments</b>		
Accrued Credit Union Payable	(11,367)	-
Correction of deferred revenue	(13,451)	-
Correction of doubtful debts provision	<u>74,726</u>	-
	<u>49,908</u>	
<b>9.0 Grant and subsidy</b>		
Government of Liberia	-	77,000
Regional Flight Information Region (FIR)	30,000	35,000
Firestone - Power Supply	<u>174,960</u>	<u>349,920</u>
	<u>204,960</u>	<u>461,920</u>

	<b>2006</b>	<b>2005</b>
	<b>US\$</b>	<b>US\$</b>
<b>10.0 Salaries, wages and benefits</b>		
Salaries and wages	295,270	623,861
Casual labor	6,266	57,180
Allowances	63,855	181,525
Bonuses	12,344	24,996
Leave pay	9,581	1,918
Contract employees	35,527	19,552
Medical expenses	2,374	21,827
Death benefit	2,522	3,422
Pension benefit	43,600	68,190
Uniform	6,264	13,512
Training	7,091	11,989
Life insurance	2,521	19,027
Medical insurance	47,061	41,089
Social security	390	4,557
	<b><u>534,666</u></b>	<b><u>1,092,645</u></b>

#### **11.0 Materials, supplies and services**

Electricity – Other	31,501	-
Firestone – Power supply	174,960	349,920
Fuel, gas and lubricants	122,860	389,695
Water	177	448
Tools and expendable supplies	16,719	1,533
Janitorial supplies	289	898
Security operations	764	28,175
Terminal supplies	1,702	4,485
Landscaping	18,849	12,327
VIP supplies	2,526	6,728
	<b><u>370,347</u></b>	<b><u>794,209</u></b>

	<b>2006</b>	<b>2005</b>
	<b>US\$</b>	<b>US\$</b>
<b>12.0 General and administrative expenses</b>		
Consulting fees	37,178	154,018
Legal fees	-	10,391
Audit fees	-	10,800
Stationery and supplies	18,866	71,055
Newspapers and publications	2,116	5,382
Printing and binding	6,610	12,050
License and registration	852	5,634
Entertainment	9,377	38,733
Foreign travel	27,612	36,025
Local travel	12,480	63,737
Public relations	5,249	29,883
Donations and contributions	9,639	33,675
Board Fees	34,200	77,092
Vehicle rental	10,171	26,910
Vehicle insurance	-	645
Internet	9,095	4,100
Telephone & fax	25,444	54,613
Freight charges	11,322	-
FX clearing	1,000	258
Bank charges	1,208	4,741
	<b><u>222,419</u></b>	<b><u>639,742</u></b>
<b>13.0 Repairs and maintenance expenses</b>		
Buildings	35,344	69,017
Motor Vehicles	41,174	70,802
Equipment	22,415	32,428
Lighting system	430	301
Furniture and fixtures	934	1,055
Road, ramp and runway	2,176	97,352
	<b><u>102,473</u></b>	<b><u>270,955</u></b>
<b>14.0 Depreciation expenses</b>		
Motor vehicles	66,007	115,740
Buildings & installations	28,186	56,371
Airport, Office & Household equipment	139,920	520,639
Household furniture and fixtures	2,574	5,329
Office furniture and fixtures	4,832	7,316
	<b><u>241,519</u></b>	<b><u>705,395</u></b>