ASSETS MANAGE MENT & RECOVERY CORPORATION (AMRC)

Annual Report and Accounts

For the year ended 31st December 2013

AA & CO.
CHARTERED CERTIFIED ACCOUNTANTS
1 INDEPENDENCE DRIVE
P.O BOX 396
BANJUL, THE GAMBIA

Contents

LIBRARY SERVICE N/A

Assets Management & Recovery Corporation (AMRC)
General information

BOARD OF DIRECTORS

Chairman	Mr. Salif Mboge
Member	Mr. Bukari M. Gaye
Ex-Officio PS Min. of Finance	Mr. Mod Secka
Member	Mrs. Elizabeth M. Dambell
Ex-Officio Director National Treasury	Mr. Gabriel Mendy
Managing Director	Mr. Saikou Kujabi

ACTING BOARD SECRETARY — Mr. Lamin Sanneh

REGISTERED OFFICE

78/79 OAU Boulevard
Banjul
The Gambia

SOLICITORS

Taiwo Ade Alagbe
78/79 OAU Boulevard
Banjul
The Gambia

AUDITORS

A.A & CO
Chart. Certified Accountants
1 Independence Drive
Banjul
The Gambia

BANKERS

Trust Bank Limited
3-4 Ecowas Avenue
Banjul
The Gambia

Guaranty Trust Bank (Gambia) Limited
56 Kairaba Avenue
KSMD
The Gambia

Ecobank (Gambia) Limited
42 Kairaba Avenue
P.O.Box 3149, Serrekunda
The Gambia

Assets Management & Recovery Corporation (AMRC)
General information

BANKERS (CONT'D)

Bank PHB (Gambia) Limited
11a Liberation Avenue
P.O.Box 211
Banjul
The Gambia

Director's report
For the year ended 31st December 2013

The directors present their report for and accounts for the year ended 31 December 2013.

Statement of directors' responsibilities

Company Law requires the directors to prepare financial statements in accordance with the Companies Act for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in existence.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1955 (revised). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activities of the corporation is to recover from defunct Gambia Commercial and Development Bank (GCDB) all assets and liabilities not transferred to Meridian BIAO Bank limited (Trust Bank Gambia Limited) and to take over the management and recovery of any assets of the Government of the Gambia which the Department of state for Finance may assign to the Corporation from time to time

According to a cabinet considered memorandum number CP (11(00)125, the Mandate of AMRC was executed until such time that it is no longer deemed useful.

Changes in fixed assets

Significant movements in fixed assets are shown in note 2.

Results for the year

The results for the year to 31 December 2013 are as set out in the attached financial statements.

Directors and their interests

The directors who held office are as described in the previous page. None of the directors who held office have any beneficial interest in the corporation.

Auditors

The Auditors, AA & Co Accountants, will continue in office in accordance with section 155 (2) of the companies Act 2013.

By order of the board

Chairman
Board of Directors

Date......27/11/14..................

Auditors' report

To the Members of Assets Management & Recovery Corporation (AMRC)

We have audited the accounts set out on pages 6 to 15 which have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets.

Respective responsibilities of directors and auditors

The directors of the company are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion on the financial statements presented by the director based on our audit and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Auditing Standards. An audit includes examination, on a test basis, of the evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Corporation's affairs as at 31 December 2013 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 2013.

AA&Co

A.A. & Co.
Chartered Certified Accountants
1 Independence Drive
Banjul, The Gambia

Date 01/12/2014

A.A. & CO.
CHARTERED CERTIFIED ACCOUNTANTS
No 1, INDEPENDENCE DRIVE
BANJUL

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)

BALANCE SHEET AS AT 31 DECEMBER 2013

	NOTES	D	D	2012 D
FIXED ASSETS:				
NON CURRENT ASSETS	2		5,638,702	4,394,309
INVESTMENT	3		7,985,150	250,000
			13,623,852	**4,644,309**
CURRENT ASSETS:				
RECEIVABLES	5a	64,515,003		68,628,135
CASH & BANK	6	(31,126,759)		(33,864,915)
		33,388,244		**34,763,221**
CURRENT LIABILIITES:				
PAYABLES(within twelve months)	7	787,539		1,149,031
PAYABLES(After twelve months)		10,586,920		-
		11,374,459		**1,149,031**
NET CURRENT ASSET			**22,013,786**	**33,614,189**
			35,637,638	**38,258,499**
FINANCED BY:				
EQUITY	8		35,637,638	38,258,499
			35,637,638	**38,258,499**

DIRECTOR: Bouta

DATE: 27/11/14

DIRECTOR: Smungalor

DATE: 27/11/14

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	D	D	2012 D
TURNOVER	10 (i)		-	-
COMMERCIAL LOAN RECOVERIES	10 (ii)		474,001	718,120
			474,001	**718,120**
ADMINISTRATION EXPENSES	14	4,411,099		4,118,047
STAFF COST	12	4,821,718		5,626,674
REPAIRS AND MAINTENANCE	13	896,454		694,529
OTHER ADMINISTRATION EXPENSES		2,592,088		2,426,542
DEPRECIATION	2,4	1,344,809		1,435,573
			(14,066,169)	**(14,301,365)**
			(13,592,167)	**(13,583,244)**
OTHER INCOME	10 (iii)	1,026,447		665,293
SPECIAL ACCOUNTS	10 (iv)	12,380,858		8,333,661
			13,407,305	**8,998,954**
NET PROFIT/(LOSS) BEFORE TAXATION			**(184,862)**	**(4,584,289)**
TAXATION	11		-	-
			(184,862)	(4,584,289)
RESERVES B/F			38,258,501	43,132,591
PRIOR YEAR ADJUSTMENT			(2,436,000)	(289,800)
NET PROFIT C/F			**35,637,639**	**38,258,501**

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	D	2012 D
NET CASH FROM OPERATING ACTIVITIES	15	13,062,508	(1,483,279)
(Including Finance Charge)			
RETURN ON INVESTMENT AND SERVICING OF FINANCE			
FINANCE CHARGES		-	-
TAXATION PAID		-	-
INVESTING ACTIVITIES			
ACQUISITION OF NON CURRENT ASSETS		(2,589,202)	(149,300)
INVESTMENTS		(7,735,150)	86,000
FINANCING ACTIVITIES			
LONG TERM LOANS		-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	16	**2,738,156**	**(1,546,579)**

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1 **Accounting Policies**

The accounts have been prepared on an accruals basis and using historic costs.

2 **Non current Assets**

	LAND & BUILDING	MOTOR VEHICLE	FARAFENNI GUEST HOUSE	COMPUTERS & EQUIPMENT	TOTAL
Cost or Valuation:	D	D	D	D	D
At 1/1/2013	4,977,054	3,673,291	2,413,496	2,949,976	**14,013,817**
Additions	-	2,015,302	-	573,900	**2,589,202**
Disposal	-	(900,000)	-		**(900,000)**
At 31/12/2013	**4,977,054**	**4,788,593**	**2,413,496**	**3,523,876**	**15,703,019**
Depreciation					
At 1/1/2013	3,181,383	3,366,967	761,033	2,310,125	**9,619,508**
Depreciation for year	248,853	641,821	120,675	333,461	**1,344,809**
Disposal	-	(900,000)	-	-	**(900,000)**
At 31/12/2013	**3,430,235**	**3,108,788**	**881,708**	**2,643,586**	**10,064,317**
Net Book Value					
At 1/1/2013	**1,795,671**	**306,324**	**1,652,463**	**639,851**	**4,394,309**
At 31/12/2013	**1,546,819**	**1,679,805**	**1,531,788**	**880,290**	**5,638,702**

3 **Investment**

Investment relates to plots of land bought by the Corporation with intention to sell.

4 **Depreciation**

Depreciation has been provided for a period of 12 months at the following rates:

Motor Vehicles	33%
Buildings	5%
Computer & Equipment	20%
Furniture	20%

5a **Receivables**

			2012
		D	D
Trade receivables		49,231,124	50,260,696
staff loans Personal	5b	1,291,423	1,269,705
staff vehicle loan		277,000	377,500
Staff building loan		1,232,029	1,068,312
Ex staff debtors		1,123,284	1,274,674
Special Account- debtors		-	2,750,000
Prepayments		37,994	373,462
Other debtors	5c	1,122,149	1,053,787
Amount owed by invest Gambia		10,200,000	10,200,000
		64,515,003	**68,628,135**

5b Trade receivables

		2012
	D	D
Sale of Properties	5,556,066	2,940,666
Cement Debtors	4,716,910	5,133,110
Debtors-rice 1st consignment	4,890,475	6,991,975
Debtor Rice A	15,068,310	15,489,600
Debtor Rice B	18,999,362	19,705,345
	49,231,124	**50,260,696**

5c Other receivables

	D	D
1x6 package	247,153	143,794
Debt Factoring	833,000	833,000
Debtors-Fixed Asset disposal	15,000	50,000
Debtors tobaski ram sales	26,996	26,996
	1,122,149	**1,053,789**

6 Cash and Bank Balances

	D	D
AGIB Bank	(30,633,756)	(30,633,116)
ECO Bank	2,122,625	27,830
Guaranty Trust Bank	998,113	299,129
ICB Bank	120,693	6,453
BSIC	9,521	34,697
PHB Bank	(4,650,876)	(3,886,986)
SKY Bank	33,100	1,810
TBL Banjul	660,851	90,537
TBL Farafenni	136,683	150,642
Zenith Bank	68,717	41,979
Cash Imprest	7,570	2,111
	(31,126,759)	**(33,864,915)**

7 Payables

	D	D
Accruals	787,539	1,149,031
	787,539	**1,149,031**

7 a) Contingent liability

The Corporation is a defendant in a case filed in 2011 in Banjul high court by Arab Gambian Islamic Bank (AGIB) alleging default in settling an overdue loan of D30.6m. The Bank is claiming D4.5 administrative fee and D1.5 for legal charges. AMRC deny this allegation and the litigation is ongoing. Negotiations are also at an advanced stage at board levels of the two organisations to resolve the matter out of court. The management of AMRC is of strong opinion that it is not probable that a transfer of economic benefits will be required to settle the obligation and therefore no provision is made in the financial statement.

8 Movement in Equity

	D	D
Balance b/f	38,258,500	43,132,589
Prior year adjustment (see note 9)	(2,436,000)	(289,800)
Profit/(Loss) for the Year	(184,862)	(4,584,290)
	35,637,638	**38,258,500**

9 Prior Year Adjustments

	D	D
Derecognition of prior year unearned income	(2,436,000)	-
Debtors Balances - overpaid	-	(303,200)
Unreconciled Accounting Difference	-	13,400
	(2,436,000)	**(289,800)**

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013

10 i) **Turnover**

		D	2012 D
Proceed on Sale of rice commodities		-	-
		-	-

ii) **Loan & Interest Income**

		D	D
Commercial Loan	19	444,001	575,468
Interest on judgement		-	142,652
Development	19	30,000	-
		474,001	**718,120**

iii) **Other Income**

	D	D
Farafenni Guest House	601,794	524,230
Bank Interest	83,240	4,623
Ram Sales 2004	-	1,000
Sundry Income	54,704	28,700
Truck Income	-	6,000
Gain on Disposal of Asset	140,000	-
Interest on Staff Loan	85,065	100,739
Interest on Fixed Deposit	61,644	
	1,026,447	**665,293**

iv) **Special Accounts**

	D	D
Rent	645,788	671,711
Sale of property	4,740,570	1,762,600
Managed fund	200,000	-
Interest on divested shares	-	1,191,400
G.C.U	324,500	2,213,950
Development	-	4,000
Sale of Land Lamin Daranka	5,150,000	2,490,000
Sale of land at Lamin Nema kunku	1,320,000	-
	12,380,858	**8,333,661**
TOTAL INCOME	**13,881,307**	**9,717,074**

11 **Taxation**

AMRC is exempt from company tax .

12 **Staff Costs**

	D	D
Salaries	3,508,698	3,568,333
Savings refund	-	46,927
Social Security	452,866	495,536
Staff Income tax	-	19,401
Staff Bonus	-	-
Staff Training & Development	820,604	1,441,989
Staff Uniform	39,550	54,488
	4,821,718	**5,626,674**

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2013

13 Repairs & Maintenance		2012
	D	D
Building	351,670	22,930
Equipment	221,345	174,096
Vehicle	323,439	497,503
	896,454	**694,529**

14 Administrative cost		
	D	D
Advertising & Promotion	99,407	182,478
Bank service	1,123,339	767,306
Cleaning Material & Detergents	43,260	30,130
Donations & Subscriptions	433,450	460,957
Entertainment	139,794	104,862
Gratuity	26,486	19,458
Honorarium	45,300	30,500
Injury Compensation	10,077	-
Insurance expense	157,497	95,572
Law book	20,840	-
Medical expense	208,627	185,197
Postage & Delivery	894	2,524
Property Enhancement	847,651	1,071,200
Stationery & printing	160,925	149,710
Telephone & Fax expense	497,819	524,443
Utilities	595,733	493,710
	4,411,099	**4,118,047**

15 Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities		
	D	D
Operating Profit	(184,862)	(4,584,290)
Depreciation Charges	1,344,809	1,435,573
Prior Year Adjustment	(2,436,000)	(289,800)
(Increase)/Decrease in Debtors	4,113,132	1,422,234
Increase/(Decrease) in Creditors	10,225,427	533,003
Net Cash Inflow From Operating Activities	**13,062,508**	**(1,483,280)**

16 Analysis of Changes in Cash and Cash Equivalents During the Year		
	D	D
Balance at 31 January	(33,864,912)	(32,318,333)
Net Cash Inflow	2,738,156	(1,546,579)
Balance at 31 December	**(31,126,759)**	**(33,864,912)**

17 MANAGEMENT INFORMATION SCHEDULE I

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

				2012
	NOTES	D	D	D
TURNOVER	5		**13,881,307**	**9,717,074**
OPERATING EXPENDITURE				
ADMINISTRATION EXPENSES:				
STAFF COST	12	4,821,718		5,626,674
OTHER ADMINISTRATIVE COST	14	4,411,099		4,118,047
REPAIRS & MAINTENANCE	13	896,454		694,529
NEMA KUNKU LAND EXPENSES		220,000		-
AUDIT FEE		165,177		150,161
CONSULTANCY FEE	18	-		125,000
DIRECTORS FEE		336,000		114,000
FUEL		990,625		956,300
SUNDRY EXPENSE		69,835		60,285
TRANSPORT & TRAVEL		192,274		149,916
CONTIGENCY FEE		82,280		-
GOVERNMENT STAMP DUTY		139,750		568,103
STAFF M.V LOANS - AMRC SHARE		-		150,000
FARAFENNI GUEST HOUSE FEE		232,816		82,879
LEGAL FEE EXPENSE		120,282		26,850
RENT & RATES		43,049		43,049
DEPRECIATION	2	**1,344,809**		**1,719,200**
			14,066,169	**14,584,992**
NET INCOME			**(184,862)**	**(4,867,917)**

MANAGEMENT INFORMATION SCHEDULE II

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

18 **Consultancy Fees**

The consultancy fee is in regards to the consultancy service provided by Sahel Invest to AMRC for a Brikama Estate project. The contingency fee is another consultancy job being carried out by Deloitte with regards accounting policy manual. The Government stamp duty is the 5% charges levied on proceeds pertaining to sale of properties.

19 **Off Balance Sheet Debtors**

The three main debt recovery components of the corporation (A.M.R.C) are the commercial loans, development loans and managed fund and are all maintained off-balance sheet due to uncertainty over the valuation of these debts. When recoveries are made the sum is recognised in the income statement as part of the receipts for that period. However, the board of directors can use their discretion to waive debts. A summary detail of debt outstanding since 1994, waivers granted and the amounts recovered during the period are outlined below:

	Commercial Loans D	Development Loans D	Managed Fund D	Total D
Loan taken over from GCDB	212,313,480	37,442,831	85,768,657	335,524,968
Waivers granted to 31st March 1994	(1,195,231)	-	-	(1,195,231)
Received in the year ended 31st March 1994	(13,895,873)	(431,651)	(4,539,000)	(18,866,524)
Loans outstanding at 31st march 1994	197,222,376	37,011,180	81,229,657	315,463,213
Waiver granted to 31st march 1995	(1,889,831)	-	-	(1,889,831)
Received in the year ended 31st March 1995	(23,403,586)	(2,256,865)	(1,307,245)	(26,967,696)
Loans outstanding at 31st March 1995	171,928,959	34,754,315	79,922,412	286,605,686
Received in the year ended 31st March 1996	(63,300,360)	(6,111)	(791,374)	(64,097,845)
Loans outstanding at 31st March 1996	108,628,599	34,748,204	79,131,038	222,507,841
Received in the year ended 31st March 1997	(9,512,238)	(650,000)	(500,300)	(10,662,538)
Loans outstanding as at 31st March 1997	99,116,361	34,098,204	78,630,738	211,845,303
Received in the year ended 31st March 1998	(5,464,274)	-	(500,000)	(5,964,274)
Loans outstanding as at 31st March 1998	93,652,087	34,098,204	78,130,738	205,881,029
Included in a suspense account	-	-	(40,532,563)	(40,532,563)
Received in the year ended 31st December 1998	(3,316,774)	-	(3,118,216)	(6,434,990)
Loans outstanding as at 31st December 1998	90,335,313	34,098,204	34,479,959	158,913,476
Received in the year ended 31st December 1999	(2,994,531)	(54,000)	(1,605,669)	(4,654,200)
Loans outstanding as at 31st December 1999	87,340,782	34,044,204	32,874,290	154,259,276
Received in the year ended 31st December 2000	(779,971)	-	(92,500)	(872,471)
Loans outstanding as at 31st December 2000	86,560,811	34,044,204	32,781,790	153,386,805
Received in the year ended 31st December 2001	(292,151)	-	-	(292,151)
Loans outstanding as at 31st December 2001	86,268,660	34,044,204	32,781,790	153,094,654
Received in the year ended 31st December 2002	(2,533,385)	(2,800,000)	(5,000)	(5,338,385)
Loans outstanding as at 31st December 2002	83,735,275	31,244,204	32,776,790	147,756,269
Received in the year ended 31st December 2003	(8,501,779)	(30,665)	(33,400)	(8,565,844)
Loans outstanding as at 31st December 2003	75,233,496	31,213,539	32,743,390	139,190,425
Received in the year ended 31st December 2004	(2,460,794)	-	(4,000)	(2,464,794)
Loans outstanding as at 31st December 2004	72,772,702	31,213,539	32,739,390	136,725,631
Received in the year ended 31st December 2005	(8,461,320)	(500,000)	(106,700)	(9,068,020)
Loans outstanding as at 31st December 2005	64,311,382	30,713,539	32,632,690	127,657,611

MANAGEMENT INFORMATION SCHEDULE II

ASSETS MANAGEMENT AND RECOVERY CORPORATION (A.M.R.C)
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

Off Balance Sheet Debtors (Continued)	Commercial Loans D	Development Loans D	Managed Fund D	Total D
Received in the year ended 31st December 2006	(2,078,223)	(56,000)	(380,000)	(2,514,223)
Loans outstanding at 31st December 2006	62,233,159	30,657,539	32,252,690	125,143,388
Received in the year ended 31st December 2007	(3,165,717)	(117,750)	-	(3,283,467)
Loans outstanding at 31st December 2007	59,067,442	30,539,789	32,252,690	121,859,921
Received in the year ended 31st December 2008	(11,244,916)	(2,500)	-	(11,247,416)
Loans outstanding at 31st December 2008	47,822,526	30,537,289	32,252,690	110,612,505
Received in the year ended 31st December 2009	(5,521,510)	(400)	-	(5,521,910)
Loans outstanding as at 31st December 2009	42,301,016	30,536,889	32,252,690	105,090,595
Received in the year ended 31st December 2010	(8,757,687)	-	-	(8,757,687)
Loans outstanding as at 31st December 2010	33,543,329	30,536,889	32,252,690	96,332,908
Received in the year ended 31st December 2011	(1,461,400)	-	(700,000)	(2,161,400)
Loans outstanding as at 31st December 2011	**32,081,929**	**30,536,889**	**31,552,690**	**94,171,508**
Received in the year ended 31st December 2012	(575,468)	-	-	(575,468)
Loans outstanding as at 31st December 2012	**31,506,461**	**30,536,889**	**31,552,690**	**93,596,040**
Received in the year ended 31st December 2013	(444,001)	(30,000)	(200,000)	(674,001)
Loans outstanding as at 31st December 2013	**31,062,460**	**30,506,889**	**31,352,690**	**92,922,039**

AMRC
Performance Improvement
Observation Document
For the year ending 31st December 2013

This report contains 5 pages

Strictly Private and Confidential

The Managing Director
AMRC
78/79 OAU Boulevard
Banjul

September 18, 2014.

Dear Sir,

<u>Audit of the financial statements for the year ended 31st December 2013</u>

We have recently concluded our audit of the above financial statements and attach our performance improvement observation document on various matters noted by us during the course of our work.

Our examination of the accounting records are carried on a test basis and should not be relied upon to disclose error and irregularities, which are not material in relation to the financial statements. It must be emphasized that weakness in the system of accounting and internal controls may facilitate defalcations which our normal audit checks will not necessarily detect.

We would like to record our thanks to you for the cooperation and assistance during our audit. Should you require any further information, please do not hesitate to contact us

Yours faithfully,

A.A. & CO.
CHARTERED CERTIFIED ACCOUNTANTS
No 1, INDEPENDENCE DRIVE

AA & Co

1. RECOVERY OF RECEIVABLES

OBSERVATION

The receivables amount outstanding stood at D64.5 million as at 31/12/2013. Although a slight improvement is registered this year compared to the previous year, this still remain a serious threat to the Corporation's liquidity position. There are no significant collaterals/securities provided by the debtors on which the Corporation can fall back on thus making recovery of these receivables more difficult. The Corporation however, has succeeded in recovering D3.85m in 2014 through a special committee set by PAC/PEC.

We also observed that the credit risk exposure of the Corporation is further exacerbated by lack of effective risk monitoring and management mechanisms.

IMPLICATION

Low recovery rate of receivables exposes the Corporation to very high risk of liquidity problems.

In the absence of an effective and efficient debt control system, including adequate credit control system, the corporation runs the risk of incurring huge amount financial of losses.

RECOMMENDATION

We recommend the following:

Management should improve the efficiency and effectiveness of the debt control system including the credit control as part of measures to assess and evaluate adequately the credit worthiness of the customers and also in setting credit limits, if applicable.

1. A clear credit management process or procedure should be designed and implemented to mitigate the credit risk exposure.

2. Regular review of receivables portfolio should be conducted to help identify and devise effective recovery means.

3. The Corporation should seek to strengthen relations with PAC/PEC with the view to enhancing recovery.

MANAGEMENT RESPONSE

The Corporation noted the comments and recommendations herein and will continue to exercise and explore all legal instruments within its remit to ensure the full and successfully recovery of these loans in earnest.

2. BANK RECONCILIATION

OBSERVATION

We noted reconciling items amounting to D6.04 million appearing on the Corporation's AGIB bank account reconciliation statement identified as error throughout the year under review. These errors have neither been rectified nor reversed from the account as at reporting date.

IMPLICATIONS

Allowing an error of this nature to remain uncorrected for such a long period of time reflects weakness in the Corporation's internal control.

RECOMMENDATION

We recommend that management investigate cause of error and rectify the problem.

MANAGEMENT RESPONSE

The This error reflected on the Corporation's AGIB Bank reconciliation account was as a result of AGIB Bank charging delayed payment charges of D4.5M, legal and Administrative cost of D1.5M to the AMRC account. These charges are as a result of litigation between AGIB v AMRC in connection with an outstanding bank loan of D30,633,756.30 (Thirty Million Six Hundred And Thirty-Three Thousand Seven Hundred And Fifty-Six Dalasi 30/100). However, negotiations are on the way between the A.M.R.C (Management and Board) and AGIB Bank (Management and Board) for the amicable settlement of this long outstanding debt. Management is hopeful that a win-win situation will be reached between the two parties.

3. LIQUIDITY OF THE CORPORATION

OBSERVATION

The Corporation's high bank overdraft position with commercial banks D31m (2012: D34m) coupled with low recovery rate of receivables exposes it to serious liquidity problem.

IMPLICATIONS

Long overdue receivables signal impairment and therefore possible financial loss. Also, high overdraft position with the banks could result to high interest charges and financing costs. This could further affect the ability of the Corporation in implementing its operating activities and in the long term, the viability of the corporation.

RECOMMENDATION

We recommend the corporation should embark on an aggressive debt collection process to ensure they recover their outstanding debts and liquidate the bank liabilities.

MANAGEMENT RESPONSES

The corporation noted the recommendation of the auditors and will continue to explore all avenues to ensure these overdrawn balances are over turn in earnest. Management and staff are working tirelessly to improve the financial status of the Corporation for its long term viability.

4. SUCCESSION PLANNING

OBSERVATIONS

We observed during the year under review that the Corporation's senior finance manager position has been vacant since July 2013. The Finance Director who is the most senior executive in the finance department has also not been around since September 2013 thus, ultimately leaving end of year management accounts preparation in the hands of junior finance personnel.

Although the junior officers exhibited satisfactory level of competence in preparing the accounts, there were still problems that could have been mitigated had the Corporation embarked on succession planning. For example, purchase of pieces of land on credit worth D10.6m was not captured as liability in the Corporation's account, pieces of land bought for investment purpose were not captured as such in the financial statement. These omissions were rectified during audit

IMPLICATIONS

Having such a vacuum in the Corporation's finance department for this long is an indication of deficiency in management process.

Furthermore, errors to account and other financial irregularities could be made and go undetected due to insufficient supervision or lack thereof.

RECOMMENDATION

Management of the Corporation should ensure that key positions within departments are not left vacant for a significant period of time. If it is known that member(s) of staff would not be available at a given time, this should be planned ahead and suitably qualified and experienced replacement(s) identified. Where possible, replacement could be made on temporal basis in anticipating return of staff.

MANAGEMENT RESPONSES

The Finance and Administrative Department is adequately staffed and supervised. Management knowingly fully the gap within the department has since then put the accountant under the supervision of the former accountant who has a vast knowledge and a departmental memory. This is why Management did not identify any replacement for it since the latter has been taking care of all the audit exercises with professionalism. The Corporation however, is fully aware of the strength and the capacity of the human needs of this department, thus it has trained and continues to train all the personnel of the Department to ensure they become fully qualified.