



MINISTRY OF ROADS AND HIGHWAYS
TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA) - PHASE II)

FINANCIAL STATEMENTS

31ST DECEMBER, 2018



BEAUMONT, ANANG & PARTNERS

(Chartered Accountants and Management Consultants)
Abebech House, Addis Ababa, Ethiopia
27 Kolobah Road
P.O. Box 11120
Addis Ababa
Ethiopia

MINISTRY OF ROADS AND HIGHWAYS

**TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH**

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MINISTRY OF ROADS AND HIGHWAYS**TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH****Corporate information**

Project Steering Committee: Chief Director – Ministry of Roads And Highways-Chairman
Rep. of Ministry of Finance
Rep. of Ministry of Roads And Highways
Rep. of Ghana Highway Authority
Rep. of Ghana Ports And Harbours Authority
Rep. of Ministry of Transport
Rep. of Driver and Vehicle Licensing Authority
Rep. of National Road Safety Commission
Rep. of Kwame Nkrumah University of Science & Technology
Rep. of Government Technical Training Centre
Rep. of Department of Urban Roads
Rep. of Department of Feeder Roads
Rep. of Ghana Maritime Authority
Rep. of Volta Lake Transport Company
Rep. of Regional Maritime University
Rep. of Ghana Airports Company Limited
Rep. of Ghana Civil Aviation Authority

Registered office: Ministry of Roads And Highways
Opposite Ghana Highways Authority
Near Pension House
Accra

Auditors: Benning, Anang & Partners
Chartered Accountants and Management Consultants
Abavana House
Abavana Junction
27 Kotobabi Road
Accra

Bankers: National Investment Bank Limited

baap BENNING, ANANG & PARTNERS

(Chartered Accountants & Management Consultants)

Abavana House, Abavana Junction
27 Kotobabi Road, Kotobabi
P. O. Box AN 12266
Accra-North
Ghana

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INDEPENDENT AUDITORS' REPORT TO THE MINISTRY OF ROADS AND HIGHWAYS TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP) (PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of Transport Sector Improvement Project (TSIP), (Project Preparation Advance (PPA)) No. V0460-GH for the year ended 31st December, 2018 set out on pages 6 to 12. These financial statements comprise the statement of financial position at 31st December, 2018 the statement of financing and expenditures and statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the Financial Statements audited by us, which are in agreement with the books of accounts in all material respects and conform with International Financial Reporting Standards (IFRS), give a true and fair view of the financial position of the Transport Sector Improvement Project (TSIP), (Project Preparation Advance (PPA)) No. V0460-GH, as at 31st December, 2018 and of the Financing and Expenditures and the Statement of Cash Flows for the year then ended.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards are further described in the auditors responsibilities for the Audit of the financial statements section of our report. We are independent of the Transport Sector Improvement Project (TSIP), (Project Preparation Advance (PPA)) No. V0460-GH in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in (Ghana), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Project Steering Committee's Responsibility for the Financial Statements

Project Steering Committee of TSIP (PPA) under the Ministry of Roads and Highways is responsible for the preparation and fair presentation of these financial statements in accordance with World Bank financial reporting guidelines and International Financial Reporting Standards and for such internal control as the Project Steering Committee of TSIP determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Project Steering Committee of TSIP (PPA) is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Project Steering Committee of TSIP (PPA) either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

The Project Steering Committee of TSIP (PPA) is responsible for overseeing the Project's financial reporting process.

baap **BENNING, ANANG & PARTNERS**
(Chartered Accountants & Management Consultants)

**INDEPENDENT AUDITORS' REPORT TO THE MINISTRY OF ROADS AND HIGHWAYS
TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH – (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 International Standards on Auditing 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 the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Project Steering Committee.
- Conclude on the appropriateness of the Project Steering Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

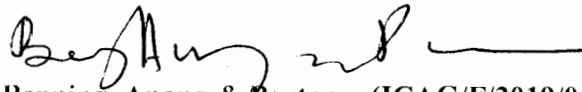
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(Chartered Accountants & Management Consultants)

**INDEPENDENT AUDITORS' REPORT TO THE MINISTRY OF ROADS AND HIGHWAYS
TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH – (continued)**

We communicate with the Project Steering Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Engagement Partner on the audit resulting in this independent auditors' report is

Festus Eugene Adu Mantey (ICAG/P/1038)



Benning, Anang & Partners (ICAG/F/2019/045)
Chartered Accountants
Abavana House, Abavana Junction
Accra
Ghana

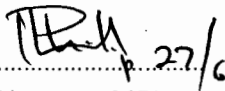
June 27, 2019

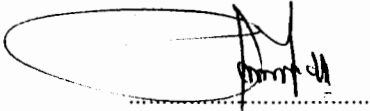
MINISTRY OF ROADS AND HIGHWAYS
 TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
 (PROJECT PREPARATION ADVANCE (PPA) NO. V0460-GH)

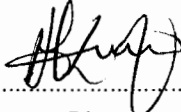
STATEMENT OF FINANCING AND EXPENDITURES
 FOR THE YEAR ENDED 31ST DECEMBER, 2018

	Note	Balance b/f US\$	Transaction for the year US\$	Cumulative to date US\$
Bank balances at 1-1-2018		-	293,985	-
Direct payments		223,806	895,223	1,119,029
Special Account Deposit		958,133	561,460	1,519,593
TOTAL		<u>1,181,939</u>	<u>1,750,668</u>	<u>2,638,622</u>
EXPENDITURES				
Goods	3	-	100,955	100,955
Training	4	424,815	453,090	877,905
Consultancy	5	447,612	1,169,932	1,617,544
Operating costs	6	15,527	26,543	42,070
		887,954	1,750,520	2,638,474
Bank balances at 31-12-18		293,985	148	148
TOTAL		<u>1,181,939</u>	<u>1,750,668</u>	<u>2,638,622</u>

The financial statements were approved by the Project Steering Committee Members on June 27, 2019 and signed on its behalf by:


 Chief Director - MRH


 Project Accountant


 Finance Director - MRH

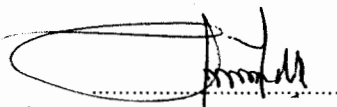
MINISTRY OF ROADS AND HIGHWAYS
TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA) NO. V0460-GH)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018

CURRENT ASSETS	Note	2018 US\$	2017 US\$
Bank balances	7	148	293,985
Accumulated non-capital expenditure	8	<u>1,750,520</u>	<u>887,954</u>
		<u>1,750,668</u>	<u>1,181,939</u>
 FINANCED BY:			
International Development Association (IDA) Credit	9	<u>1,750,668</u>	<u>1,181,939</u>

The financial statements were approved by the Project Steering Committee Members on June 27.....2019 and signed on its behalf by:


.....
Chief Director - MRH


.....
Project Accountant


.....
Finance Director - MRH

MINISTRY OF ROADS AND HIGHWAYS
 TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
 (PROJECT PREPARATION ADVANCE (PPA) NO. V0460-GH)

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31ST DECEMBER, 2018

	2018	2017
	US\$	US\$
FINANCING		
Direct payments	895,223	223,806
Special Accounts Deposit	<u>855,445</u>	<u>958,133</u>
TOTAL FUNDS AVAILABLE	<u>1,750,668</u>	<u>1,181,939</u>
PROJECT EXPENDITURE		
Goods	100,955	-
Training	453,090	424,815
Consultancy and training	1,169,933	447,612
Operating cost	<u>26,542</u>	<u>15,527</u>
	<u>1,750,520</u>	<u>887,954</u>
Net cash inflow	<u>148</u>	<u>293,985</u>
Analysis of changes in cash and cash expenditure during the year		
Opening cash and bank balance	293,985	-
Net cash inflow	<u>294,113</u>	<u>293,985</u>
Closing cash and bank balance	<u>148</u>	<u>293,985</u>
Represented by:		
Cash and bank balances	-	-
Designated account	<u>148</u>	<u>293,985</u>
	<u>148</u>	<u>293,985</u>

MINISTRY OF ROADS AND HIGHWAYS

**TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st December, 2018**

1. (a) Project Information

Name of Project

Transport Sector Improvement Project (TSIP)
(Project Preparation Advance (PPA))

Executing Agency : Ministry of Roads and Highways and Ministry of Transport

Implementing Agencies: Ministry of Transport (MOT), Department of Urban Road (DUR), Department of Feeder Road (DFR), Ghana Highway Authority (GHA), Driver and Vehicle Licensing Authority (DVLA), National Road Safety Commission (NRSC)

Source of Finance : (i) International Development Association

Project Preparation Advance **US\$2,850,000**

Financing Instrument : IDA Credit Number VO460-GH

Financing Agreement Date (Initial) : 16th November, 2016

Initial Project Completion Date : December 2017

Project Extension Date (Final): December 2018

(b) Objective

To facilitate the preparation of a proposed project designed to reduce travel time on selected parts of the classified road network and promote safe road transport.

(c) Description of the Activities.

The Activities for which the Advance is provided consist of the following:

- i. Carrying out an assessment on and preparing bid documents to introduce output and performance based results contracting on a select number of priority trunk and feeder roads.
- ii. Preparing designs and bid documents for selected urban roads in poor areas of Tamale and Bolgatanga.
- iii. Conducting a feasibility study to utilise private garages for vehicle inspections.
- iv. Conducting an assessment study on and preparing bid documents for integration of software systems of the DVLA.
- v. Carrying out an assessment on the capacity of NRSC to manage road safety.
- vi. Preparing designs and bid documents for the expansion of the pedestrian crossings at selected schools.
- vii. Undertaking a socio-economic baseline study for selected rural areas where roads will be improved.
- viii. Undertaking an agricultural value chain analysis in selected rural areas.
- ix. Financing of Operating Cost.

MINISTRY OF ROADS AND HIGHWAYS**TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GH****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st December, 2018 – (continued)****2. Significant Accounting Policies**

The following are the significant accounting policies adopted in the preparation of these financial statements.

(a) Basis of preparation**(i) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(ii) Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets and financial liabilities at fair value.

(iii) Use of estimate and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Presentation of financial statements**(i) Functional and presentation currencies**

The financial statements are presented in United States Dollars (US\$) which is the reporting currency for the financial statements.

(ii) Transactions and balances

Transactions denominated in currencies other than United States (US) Dollars are translated into US dollars and recorded at the rate of exchange ruling at the date of transactions. Balances denominated in currencies other than US Dollars are translated into US Dollars at the Balance Sheet date at the rate of exchange on that date. Any gains or losses are dealt with in the statement of Receipts and Payments.

MINISTRY OF ROADS AND HIGHWAYS**TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
(PROJECT PREPARATION ADVANCE (PPA)) NO. V0460-GII****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31st December, 2018 – (continued)****(c) Property, plant and equipment****(i) Recognition and measurement**

Property, plant and equipment represents the expenditure incurred mainly in acquiring office equipment and motor vehicles for use by the Ministry of Roads and Highways and Ministry of Transport.

This is measured at the actual contracted cost of purchase. Cost includes expenditures that are directly attributable to bringing the asset to the location and working condition necessary for it to be capable of operating in the manner intended by management.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that the future economic benefits associated with the item will flow to the Project and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of sources and uses of funds during the financial period in which they are incurred.

(iii) Depreciation

No depreciation is charged in the financial statements.

(d) Recurrent project expenditure

The administrative expenditure incurred by Ministry of Roads and Highways and Ministry of Transport are classified as recurrent project expenditure. Recurrent project expenditure excludes consultancy, training and operating cost.

(e) Income

Income is recognized on cash basis and credited directly to the respective donors account.

MINISTRY OF ROADS AND HIGHWAYS
 TRANSPORT SECTOR IMPROVEMENT PROJECT (TSIP)
 (PROJECT PREPARATION ADVANCE (PPA) NO. V0460-GH)

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31ST DECEMBER, 2018 - (continued)

	2018 US\$	2017 US\$	
3 Goods	<u>100,955</u>	<u>-</u>	
This is supply of various office equipment			
4 Training/Capacity Building	<u>453,090</u>	<u>424,815</u>	
This is relates to individual officers training outside the country and National Road Commision (NRSC).			
5 Consultancy	<u>1,169,933</u>	<u>447,612</u>	
This relates to various consultancy assessment towards the project.			
6 Operating cost	<u>26,543</u>	<u>15,527</u>	
This includes cost of site visit, workshop/conference expenses and other incidental expenses such as station allowance and rental of vehicles to sites.			
7 Bank balances			
IDA-US\$ Designated Account	<u>148</u>	<u>293,985</u>	
8 Accumulated non-capital expenditure	Balance b/f US\$	Tranasaction for the year US\$	Cumulative to date US\$
This represents payments for non-capital items the creditors eligibe expenditures and consists of:			
Goods	-	100,955	100,955
Training/Capicity Building	424,815	453,090	877,905
Consultancy	447,612	1,169,932	1,617,544
Operating cost	<u>15,527</u>	<u>26,543</u>	<u>42,070</u>
	<u>887,954</u>	<u>1,750,520</u>	<u>2,638,474</u>
9 International Development Association (IDA)	2018 US\$	2017 US\$	
The International Development Association contribution to TSIP is shown in the financial statemensts as follows:			
Balance at 1st January	293,985	-	
Disbursed during the year	<u>1,456,683</u>	<u>1,181,939</u>	
Balance at 31st December	<u>1,750,668</u>	<u>1,181,939</u>	