Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On The National Oil Company of Liberia (NOCAL) Financial Statements

For the Fiscal Year Ended June 30, 2019

December 2022

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

Republic of Liberia

TRANSMITTAL LETTER

THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE HONORABLE PRESIDENT PRO- TEMPORE OF THE HOUSE OF SENATE

We have undertaken a financial statements Audit of the National Oil Company of Liberia (NOCOL) Financial Statements for the fiscal year ended June 30, 2019. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Finding conveyed in this report were formally communicated to the authorities of the Ministry of Transport (NOCAL) for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honorable Speaker and Members of the House of Representatives and the Honorable Pro- Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

P. Garswa Jackson, ACCA, CFIP, CFC
Auditor General, R. L.

Monrovia, Liberia
December 2022

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AUDITOR GENERAL'S REPORT ON THE NATIONAL OIL COMPANY OF LIBERIA (NOCAL) FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

Qualified Opinion

We have audited the financial statements of the National Oil Company of Liberia (NOCAL), which comprise the statement of financial position as June 30, 2019, and the 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the National Oil Company of Liberia (NOCAL) as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Management made several adjustments amounting to US$ 197,697 to Other Income account without evidence of supporting documents to substantiate the adjusting entries.

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 National Oil Company of Liberia (NOCAL) in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 qualified opinion.

Emphasis of matter

We draw Management's attention to Note 9 (Other Liabilities) in the financial statements which lists the amounts owed to other institutions of government (including LRA and CBL) and severance payments and benefits owed to past management and employees. It is important that Management prioritizes the settlement of these obligations. Our opinion is not modified in respect of this matter.

Other matter

For the fiscal year 2017/18 final payment of US750, 000.00 was received against a "Settlement Agreement" of US$3,166,710.00 without Board resolution for revenue of US$23, 735,177.94 due to the Government by TGS NOPEC per the GAC audit of fiscal years 2009 through 2011 of National Oil Company of Liberia.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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.

An audit in accordance with ISSAIs 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.

GENERAL AUDITING COMMISSION
OFFICE OF THE AUDITOR GENERAL
REPUBLIC OF LIBERIA

P. Garswa Jackson, ACCA, CFIP, CFC
Auditor General, R. L.

Monrovia, Liberia
December 2022

FINANCIAL STATEMENTS

National Oil Company Of Liberia

Episcopal Church Plaza * 3rd Floor * Corner of Ashmun & Randall Streets * 1000 Monrovia 10 Liberia

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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Corporate Directory

Directors

Hon. Richard Devine- **Chairman**
Hon. Samuel Tweah
Hon. Gesler Murray
Christiana N. Harmon
Christine Hoff-Williams
Dr. Moses C.T Jarbo
Atty. Saifuah-Mai Gray, President/CEO & Secretary/Board of Directors

Principal & Registered Office

3rd Floor, Episcopal Church Plaza

Corner of Ashmun & Randall Streets

1000 Monrovia, 10 Liberia

Auditors

General Auditing Commission (GAC)

Management's Responsibilities and Approval

Management is required to maintain adequate records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are to be engaged to express an independent opinion on the financial statements.

Management acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the management to meet these responsibilities, the Board of Directors has the responsibility to set procedures for internal controls aimed at reducing the risk of error or loss in a cost effective manner. These procedures will include the proper delegation of responsibilities within a clearly defined framework, effective accounting processes and adequate segregation of duties.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risks across the entity. While operating risk cannot be fully eliminated, the entity endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanation given by the management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The management has reviewed the entity's financial activities for the period, and in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Eric Daniels	Saah J. Mayah	Atty. Saifuah-Mai Gray
VP/ Finance	**Financial Comptroller**	**President/CEO**

DATED 31th AUGUST 2019

STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in United States Dollars)

	Note	2019	As at 30 June 2018
Assets			
Non-current assets			
Property,Plant and Equipment	(5)	792,737	862,297
Intangible Assets		48,000	
Total Non-Current Assets		**840,737**	**862,297**
Current assets			
Inventories		31,134	30,048
Trade & Other receivables	(6)	286,046	288,110
Cash and cash equivalent	(7)	1,185,798	2,268,336
Total current assets		**1,502,978**	**2,586,494**
Total assets		**2,343,715**	**3,448,791**
Equity and liabilities			
Retained earnings		(4,774,351)	(3,064,834)
Total equity		**(4,774,351)**	**(3,064,834)**
Liabilities			
Non-current Liabilities			
Accrued Liabilities	(8)	266,305	266,305
Other Liabilities	(9)	5,184,124	5,070,688
Total Non-Current Liabilities		**5,450,429**	**5,336,993**
Current Liabilities			
Trade and other payables	(10)	1,667,637	1,176,632
Total Current liabilities		**1,667,637**	**1,176,632**
Total equity and Liabilities		**2,343,715**	**3,448,791**

The notes on pages 8 to 22 are an integral part of these financial statements

Statement of Profit and Loss and other Comprehensive Income
(All amounts are expressed in United States Dollars)

	Note	For the Year Ended June 2019	2018
Revenue	(11)	8,738	3,497,594
Cost of sales		-	-
Gross profit		**8,738**	3,497,594
Other Income	(12)	197,693	284,234
Operational expenses	(13)	(1,810,949)	(4,794,838)
Operating profit/ loss		**(1,604,517)**	**(1,013,010)**
Other Expenses	(14)	(105,000)	(284,234)
Profit/Loss before tax		**(1,709,517)**	**(1,297,244)**
Income tax expense		-	-
Profit/Loss after tax		**(1,709,517)**	**(1,297,244)**
Other comprehensive income		-	-
Gain on Disposal of Assets		-	55,083
Profit/Loss for the year		**(1,709,517)**	**(1,242,161)**

The notes on pages 8 to 22 are an integral part of these financial statements

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STATEMENT OF CASH FLOWS

(All amounts are expressed in United States Dollars)

	For the Year Ended 30 June	
	2019	2018
Cash flows from operating activities		
Net profit/Loss	(1,709,517)	(1,242,161)
Depreciation Expense	81,524	36,913
Inventories	(1,086)	34,653
Accounts Receivables	2,063	1,402,933
Prepaid Expenses	-	4,229
Accounts Payables	(45,590)	57,884
Accrued Expense Payable	650,031	1,390,941
Net cash from operating activities	**(1,022,574)**	**1,685,392**
Cash flows from investing activities		
Purchase of property, plant & equipment	(11,964)	(183,355)
Purchase of Intangible Assets	(48,000)	-
Net cash used in investing activities	**(59,964)**	**(183,355)**
Cash flows from financing activities	-	-
Net cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivale	**(1,082,538)**	**1,502,037**
Cash and cash equivalents at beginning of the yea	**2,268,336**	**766,299**
Cash and cash equivalents at end of the Year	**1,185,798**	**2,268,336**

The notes on pages 8 to 22 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

(All amounts are stated in United States Dollars)

	Share capital	Share premium	Retained earnings	Total	Total equity
Balance at 1 July 2017	-	-	(2,564,700)	(2,564,700)	(2,564,700)
Loss for the period	-	-	(1,242,161)	(1,242,161)	(1,242,161)
Total comprehensive income	-	-	(3,806,861)	(3,806,861)	(3,806,861)
Dividends paid	-	-	-	-	-
Effect/Correction of prior period	-	-	742,027	742,027	742,027
Balance at June 30, 2018	-	-	**(3,064,834)**	**(3,064,834)**	**(3,064,834)**
Balance at 1 July 2018	-	-	(3,064,834)	(3,064,834)	(3,064,834)
Loss for the period	-	-	**(1,709,517)**	**(1,709,517)**	**(1,709,517)**
Total comprehensive income	-	-	(4,774,351)	(4,774,351)	(4,774,351)
Dividends paid	-	-	-	-	-
Effect/Correction of prior period	-	-	-	-	-
Balance at June 30, 2019	-	-	**(4,774,351)**	**(4,774,351)**	**(4,774,351)**

The notes on pages 8 to 22 are an integral part of these financial statement

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1. General Information

The National Oil Company of Liberia (NOCAL) was established in April 2000, by Liberia's National Legislature for the purpose of holding all of the rights, titles and interests of the Republic of Liberia in the deposits and reserves of liquid and gaseous hydrocarbons within the territorial limits of the Republic of Liberia, whether potential, proven, or actual, with the aim of facilitating the development of the oil and gas industry in the Republic of Liberia. In 2014, the NOCAL Act was amended and restated; the Act anticipates streamlining of the responsibilities of NOCAL with that of the Liberia Petroleum Regulatory Authority (LPRA).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

2.1. Basis of Preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. The Financial Statements have been prepared on a historical cost convention.

2.2. Foreign currency translation

2.2.1. Presentation currency

NOCAL presents its Financial Statements in United States Dollars (USD). The majority of NOCAL's revenues and expenses are denominated in USD, and USD is the functional currency for most of the International Oil Companies and agents dealing with NOCAL.

2.2.2. Transactions and balances

Non- functional currency transactions are recognized in functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transaction are recognized in the income statement.

2.3. Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset when:

- ✓ It is probable that future economic benefits associated with the item will flow to the entity and
- ✓ The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The residual value and the useful life of each asset are reviewed, and adjusted if appropriate, at the end of each financial reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income in the income statement.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line to allocate the cost to their residual values over their useful lives. The following useful lives are applied:

Vehicle	3yrs
Furniture and fixture	2.5yrs
Office equipment	2.5yrs
Other equipment	2.5yrs
Computers	2.5yrs

2.4. Financial Assets

2.4.1. Classification

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the assets were acquired. The company classifies its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The company's loans and receivables comprise 'trade and other receivables' and Staff Loan in the statement of financial position.

2.4.2. Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which NOCAL commits to purchase or sell the asset. Loans and receivables are carried at amortized cost using the effective interest method.

2.4.3. Impairment of Financial Assets

The amount of loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not 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 loss is recognized in the income statement.

2.5. Inventories

Inventories are measured at lower of cost and net realizable value. Inventories are measured at lower of cost and net realizable value on the first-in-first-out basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.6. Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The allowance recognized is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount is reduced through the use of allowance account, and the amount of the loss is recognized in the income statement within operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

2.7. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the entity's accounting policy for borrowing costs. **Consistent with IAS-7**, the entity has transitioned from the Direct Method of the preparation of the Statement of Cash flows to the Indirect Method of the Statement of Cash Flows. Such transition has no effect on prior year cash balances.

2.8. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

2.9. Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2.10. Provisions

Provisions for restructuring costs and legal claims are recognized when: NOCAL has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. For the period under review, there was no provision made.

2.11. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

NOCAL recognizes revenues when invoices are issued to International Oil Companies on Petroleum Sharing Contracts obligation and when TGS NOPEC makes sales of seismic data and issues invoices to International Oil Companies. NOCAL's share of revenue is based on the sharing ratios in the 2D and 3D data management agreements with TGS-NOPEC (Tomlinson Geophysical Service & Norwegian Petroleum Exploration Consultants)

NOCAL has adopted the International Financial Reporting Standards **(IFRS-15)**, Revenue from Contracts with Customers, as amended. The standard establishes a single revenue recognition model for all contracts with customers, eliminates industry and transaction specific requirements, and expands disclosure requirements. The standard was adopted using the Modified Retrospective method, under which prior year results are not restated, but supplemental information on the impact of the new standard must be provided for if material. The standard is not expected to have a material impact on the Corporation's financial statements. The cumulative effect of adoption of the new standard is de Minimis.

2.12. Interest income

Interest income is recognized using the effective interest method. These interests are generated from fixed time deposits and savings account.

2.13. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also

- ✓ Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

- ✓ Tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the assets belong is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is from the acquisition date, allocated to each of the cash generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized for cash –generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the units in the following order:

- ✓ First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- ✓ Then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3. Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk), credit risk and liquidity risk.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Risk management is carried out by under policies approved by the board of directors. Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instrument, and investment of excess liquidity.

3.1. Market risk

3.1.1. Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. The entity's interest rate risk arises from placements with various local banks.

3.1.2. Price risk

The National Oil Company of Liberia is exposed to commodity price risk, specifically, oil and gas. As a frontier country, decline in the price of oil directly impacts the company's ability to generate revenues from seismic data sales.

3.2. Credit risk

Credit risk consists mainly of cash deposit, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one party. Trade receivables comprise a widespread customer base.

Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are

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set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored

3.3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying business, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines. The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

4. Intangible Assets

IAS 38 requires an entity to recognize an intangible asset, whether purchased or self-created (at cost) if, and only if: it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. This requirement applies whether an intangible asset is acquired externally or generated internally. IAS 38 includes additional recognition criteria for internally generated intangible assets.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset. The probability recognition criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination. If recognition criteria is not met; If an intangible item does not meet both the definition of and the criteria for recognition as an intangible asset, IAS 38 requires the expenditure on this item to be recognized as an expense when it is incurred.

Measurement subsequent to acquisition; IAS 38 allows an entity to choose either the cost model or the revaluation model for each class of intangible asset.

Using the cost model; after initial recognition, intangible assets should be carried at cost less accumulated amortization and impairment losses. At the end of fiscal year June 30, 2019 NOCAL adopted the cost model of recognizing intangible asset when NOCAL purchased its New Accounting and HR Software (Smart System). This software will be assessed for annual impairments and amortized subsequently.

4.1 Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the period Ended 30 June 2019, Management did not make estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Property, plant and equipment

	Land	Vehicles	Furniture & Fixture	Computer	Office Equipment	Other Equipment	Total
Balance At 30 June 2018							
Cost	713,625	1,035,332	68,075	95,892	147,092	444,159	2,504,175
Accumulated depreciation	-	(891,943)	(68,075)	(95,892)	(142,709)	(443,259)	(1,641,878)
Net book value	**713,625**	**143,389**	-	-	**4,383**	**900**	**862,297**
1-Jul-2018							
Opening net book amount	**713,625**	**143,389**	-	-	**4,383**	**900**	**862,297**
Additions	-	-	-	1,400	3,835	6,729	11,964
Disposals	-	-	-	-	-	-	-
Depreciation charge	-	**(64,277)**		**(1,400)**	**(8,218)**	**(7,628)**	(81,524)
Closing net book amount	**713,625**	**79,111**	-	-	-	**1**	**792,737**
At 30 June 2019							
Cost	**713,625**	**1,035,332**	**68,075**	**97,292**	**150,927**	**450,888**	**2,516,139**
Accumulated depreciation	-	**(956,220)**	**(68,075)**	**(97,292)**	**(150,927)**	**(450,887)**	**(1,723,402)**
Net book value	**713,625**	**79,111**	**(0)**	-	-	**1**	**792,737**

A.P.

6. Trade & Other receivables

	2019	2018
Accounts Receivable		
Accounts Receivable	1,916,862	-
Allowance for Doubtful Acct	(1,635,716)	-
Staff loan	4,900	3,876
Simba Energy	-	284,234
Total	286,046	288,110

7. Cash and cash equivalents

	2019	2018
Lbdi	275	280
Ecobank(Operation)	1,003,535	50,010
Ecobank(Hydrocarbon)		5
Ecobank(Savings)	10	693
Ecobank(LD)	430	1,267
International Bank	-	2,090,781
International Bank (Escrow)	-	90,834
G. N Bank(Savings)/First International Bank	-	96
International Bank(Savings)	-	1,573
Guaranty Trust Bank (GT)	90,618	-
Central Bank(Escrow)	90,302	32,254
Corporate Credit Card	349	-
Cash on hand	278	544
Total	1,185,798	2,268,336

8. Accrued Liabilities	2019	2018
Foreign Scholarship	266,305	266,305
Total	266,305	266,305

9. Other Liabilities		
Withholding Tax Payable	821,485	708,048
Severance Payment	597,070	597,070
Remittance to GOL & other Institutions	2,368,070	2,368,070
GOL Loan	1,300,000	1,300,000
Interest on GOL Loan	97,500	97,500
Total	5,184,124	5,070,688

10. Trade and other payables

	2019	2018
Trade payable	44,079	89,668
Net salary payable	98,390	98,390
NSS Tax Payable	20,551	6,027
GOL Salary Cut Payable	27,897	-
Rent Payable	60,000	60,000
Unearned Revenue	1,416,721	922,547
Total	1,667,637	1,176,632

11. Revenue

	2019	2018
TGS/ Data Agreements	8,738	3,021,862
Local Deposit/ Other Income	-	733
Simba Energy-Annual Licence	0	100,000
Simba Energy-Hydrocarbon Dev. Funds	0	100,000
Chevron-Social Welfare Cont-LB-14	0	150,000
Chevron-Annual Training-LB-14	0	125,000
Total	8,738	3,497,594

12. Other Income

Simba Energy-Renewable Energy Funds	-	25,000
Simba Energy-Surface Rental	-	59,234
Chevron-Rural Energy Funds-LB-14	-	100,000
Local Deposit/ Other Income	197,693	-
Chevron-UL-LB-14	-	100,000
Total	197,693	284,234

13. Operating Expenses

	2019	2018
General & Administrative Expenses	287,336	519,282
Depreciation Expense	81,524	36,913
Foreign Travel & Per Diems	93,459	110,180
Training & Scholarships	13,659	687,711
Provision for Doubtful Account	-	1,635,716
Board & Other Fees	65,250	4,500
Salaries & Wages	859,096	715,438
IT/Technical Expense	4,455	-
Legal Fees	2,250	500
Public Relations	9,048	6,600
Social Intervention	-	274,660
Consultancy	13,960	106,311
Personnell Contingency	366,486	560,263
Donation & Contribution	14,425	136,764
Total	**1,810,949**	**4,794,838**

14. Other Expenses/ Transfer Payments

University of Liberia	-	100,000.00
Surface rental	-	59,234.00
Renewable Energy Fund	-	125,000.00
Transfer to LPRA	105,000	-
Total	**105,000**	**284,234.00**