



National  
Social  
Security and  
Insurance  
Trust



Annual Report and  
Accounts 2004

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**SUBMISSION LETTER**

Hon. Alpha O. Timbo  
Minister of Labour, Social Security and Industrial Relations  
Ministry of Labour, Social Security and Industrial Relations  
New England Ville  
Freetown

Honourable Minister,

**RE: ANNUAL REPORT OF THE NATIONAL SOCIAL SECURITY AND INSURANCE  
TRUST FOR YEAR 2004**

As required by Section 16(1) of the NASSIT Act No. 5 of 2001, I hereby submit the Annual Report and Accounts of the National Social Security and Insurance Trust for the year 2004.

The 2004 Report summarises:

- a. The Trust's operational report for the Financial Year 2004
- b. The Trust's Financial Accounts for the Financial Year 2004  
(as audited by the external auditors).

Yours faithfully,

**Dr. Joseph A. L. Kamara**  
**CHAIRMAN, BOARD OF TRUSTEES.**

## MESSAGE BY THE CHAIRMAN, BOARD OF TRUSTEES

Dear board members, staff and members of the National Social Security and Insurance Trust (NASSIT). Let me take this opportunity to thank His Excellency the President, Alhaji Dr. Ahmad Tejan Kabbah and his Government for their relentless support to the National Social Security Scheme.

It is now three (3) years since the scheme was established. Substantial progress has been made not only in setting up the offices in the Western Area and the provinces, but also in recruiting and training of staff in order to manage the scheme properly. The establishment of the offices in the Western Area and the provinces has taken the scheme closer to members and has facilitated faster registration of new members and delivery of services. As a result, the Trust has made good progress. Membership has increased from 95,391 in 2003 to 103,438 in 2004.

The Strategic Plan for the period 2005-2007 has been prepared and so also is the Investment Policy Statement and Investment Strategy Paper. The second actuarial report is expected to be completed by July 2005.

In May 2004, there was a cabinet conclusion and approval from the Ministry of Finance that the National Social Security and Insurance Trust (NASSIT) should take over the exercise of payment of Government Pensions. Until this date, the Accountant General's Department of the Ministry of Finance was responsible for payment of Government Pensions. A total of Le 4.6 Billion was received from the Accountant Generals' Department for the period May to December 2004. A total of Le 3.7 Billion was paid in respect of Government Pensions-in-payment for the same period. The cumulative total of Le 900 Million has been unclaimed for the same period above. From all indications, as per our verification exercise, all fictitious and deceased persons will be deleted and all unclaimed persons investigated. This will form savings for the Government in the area of pension payment.

Apart from the above progress and successes, the trust has been facing problems with the registration of its members. We hope, however, to overcome this very tedious and unreliable manual exercise, as soon as a Biometric Registration system has been installed.

There are challenges in the future. First, there are challenges to invest the funds. This is indeed a very tricky area, but we believe that very shortly, members of the scheme will start to see physical evidences that the fund has been managed judiciously. Secondly, our focus is also on the Informal Sector. Research shall be undertaken during 2005 to explore opportunities in this sector, in the areas of membership, type of schemes and contingencies to be considered.

The Board of Trustees, Management and the entire staff of The National Social Security and Insurance Trust (NASSIT) will strive to ensure that all challenges are overcome and turned into opportunities that will energize the Scheme to leap forward.

I am very thankful to our auditors *Pernell Ker Forster* for sparing their valuable time in conducting the audit work and preparing the audit report in time.

Finally, let me take this opportunity to thank the dynamic Minister of Labour Social Security and Industrial Relations, and the Trustees, for their commitment, hard and dedicated work. Similarly I commend the Management and the entire staff for their outstanding performance, members of the scheme (Employers and Employees) and all other stakeholders for supporting our efforts.

**Dr. Joseph A. L. Kamara**  
**CHAIRMAN, BOARD OF TRUSTEES.**

## MESSAGE BY THE DIRECTOR GENERAL

It is usual to say at this point in time; “we have come to the end of yet another year”. This is true, but there is a slight twist for me. This is the end of my tenure as the Director General of NASSIT and as I hand over to Mr. Edmund Koroma, I wish to take this opportunity to thank Sierra Leone for having me and to a very large extent treating me as one of its own.

With respect to the Annual Report laid before the Board, it will be noticed that, there have been improvements from year to year, and as the organization matures so will the Reports improve. One aspect I must clearly point out with pride is that for the two previous Reports our accounts were never qualified and we are sure this will be a normal trend.

It was the registration of members that gave the biggest headache. We wanted to start with a biometric system, but our efforts were impeded by various circumstances that are too numerous to mention here. Fortunately, however, all necessary processes have been followed and at last this seems a certainty. The temporary measure we adopted was however, not a complete waste, as it will be used to complement the needed work involved in the biometric system.

The Scheme is still in its infancy, the first actuarial review is due in June and that will help us assess whether we are on the right track.

I wish to take this opportunity to thank the President Dr. Alhaji Ahmed Tejan Kabbah for showing enough confidence in me by personally asking the President of Ghana Mr. John A Kuffour to release me to help establish the Scheme in Sierra Leone, the Minister of Labour, Mr. Alpha Timbo, who personally came to Ghana to discuss my recruitment.

The Board of NASSIT who constantly acted as a guide and especially the Chairman who cooperated so much and last but not least the staff that actually deserve the credit for what NASSIT is today.

To my successor Mr. Edmund Koroma, I must say, we were together at the beginning and have been together at the change over. I pray and am sure none of us will live to see the end of this Scheme.

**Eric N. A. Adjei**  
**Director General (2002 – 2004)**

## **BOARD OF TRUSTEES**

<b>Dr. Joseph A. L. Kamara</b>	Chairman
<b>Mr. Eric N.A. Adjei</b>	Director General – January to December, 2004
<b>Mr. Edmund Koroma</b>	Counterpart Director General – October to December, 2004
<b>Mr. Joseph P. Genda</b>	Representing the Ministry of Labour, Social Security and Industrial Relations.
<b>Dr. Samura W.S. Kamara</b>	Representing the Ministry of Finance
<b>Mr. Leonard E. Johnson</b>	Representing Employers Federation
<b>Mr. Kandeh Yilla</b>	Representing Sierra Leone Labour Congress
<b>Mrs. Mariama Kamara</b>	Representing Sierra Leone Labour Congress
<b>Mrs. Haja Ajaratu Mahdi</b>	Representing Central Bank
<b>Mr. Festus E. Minah</b>	Representing Sierra Leone Teachers Union
<b>Col. Saa A. Sinah</b>	Representing the Forces
<b>Mr. Muluku S. Tarawally</b>	Representing the National Union of Civil Servants
<b>Ms. Teresa Vamboi</b>	Representing the Ministry of Social Welfare Gender and Children's Affairs.
<b>Mrs. Gladys Strasser-King</b>	Representing Sierra Leone Insurance Association.

Solicitor/Secretary **Sengu M. Koroma**

Head Office **35A Lightfoot Boston Street**  
**P.O Box 29**  
**Freetown.**

Auditors **PKF**  
**Regent House,**  
**12 Wilberforce Street**  
**Freetown**

Bankers **- Bank of Sierra Leone**  
**- Sierra Leone Commercial Bank Limited**  
**- Rokel Commercial Bank Limited**

## MANAGEMENT TEAM - 2004

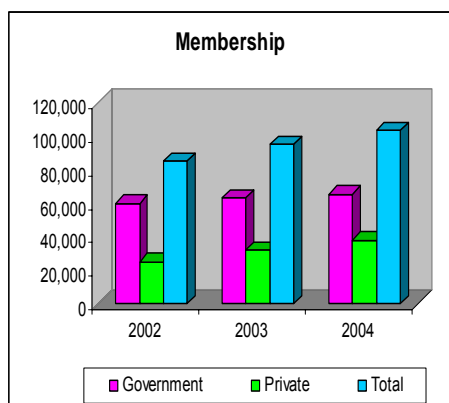
1. Mr. Eric N. A. Adjei - Director General – January – December, 2004
2. Mr. Edmund Koroma - Counterpart Director General – October – December, 2004
3. Mr. Gibril Saccoh - Deputy Director General (Membership, Finance & Technical)
4. Mr Sahr J.B. Ngayenga - Deputy Director General (Administration, Human Resource, Public Affairs and Training)
5. Mr Ibrahim Bah - Director of Finance
6. Mr. S Gbawuru-Mansaray - Technical Director
7. Mr. Sengu M. Koroma - Director, Legal Affairs and the Secretariat
8. Ms. Georgiana Thompson - Director, Public Affairs & Training
9. Mr. Mohamed Gondoe - Director of Operations
10. Ms. Mahawah Silla - Head, Internal Audit
11. Mr. Joseph Mans Jr. - Head, Admin. & Human Resources
12. Mr. Davidson Peters John - Head, Accounts
13. Mr. Amara Kargbo - Head, I.T. and Records
14. Mr Mahmoud Idriss - Head, Investments
15. Mr Andrew M. Allieu - Head, Research and Planning
16. Mr. Amadu F. Dainkeh - Area Manager, West
17. Mr Peter Kennah - Area Manager, South
18. Mr. Idriss Turay - Area Manager, North
19. Mr Sadique Fofanah - Area Manager, East

## SUMMARY OF OPERATIONS

During the review period, the core operations of the Trust were registration and record keeping on members, contributions collection, processing and payments of benefits and Fund management.

### Membership

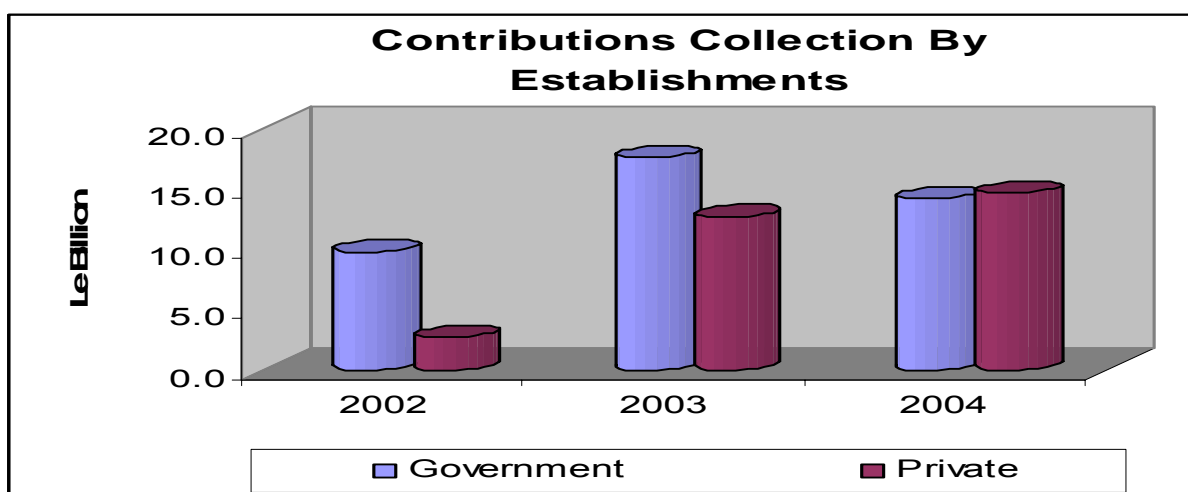
As at end December 2004, a total of 1,644 establishments (including government and private institutions) were registered. This represents an increase of 37% over registrations in 2003. The increased registrations were recorded mainly from the private sector.



As at end 2004, a total of 103,438 employees were covered under the scheme. This was made up of 65,401 (63%) from Government Establishments and 38,037 (37%) from Private Establishments. A total of 8,047 new registrations were recorded in 2004 indicating an increase in membership of 8.4 percent over 2003.

### Contribution Collection

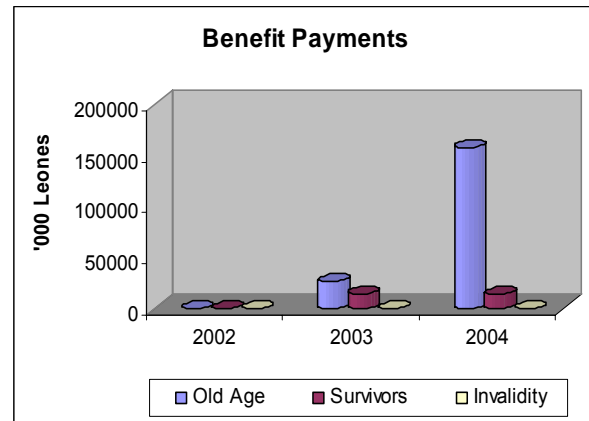
In 2004, a total of Le 28.89 Billion was collected as contributions compared to Le 30.32 Billion in 2003. Total contributions in 2004 comprised Le14.22 Billion from contributors in government and Le14.67 Billion from contributors in Private and sub-vented institutions. Higher contribution collections in 2003 were due to contribution arrears from 2002 received in 2003.



## Benefits

The Trust administers three benefits provided for by the National Social Security and Insurance Trust Act of 2001; old age, invalidity and survivors. Benefit payments are mainly in the form of grants (*one off payments*), since insured members did not meet the qualifying conditions for pensions as defined in the Act.

During the year under review, a total of Le 311.27 Million was disbursed in respect of benefit claims compared to Le 54.47 Million in 2003. Retirement benefits accounted for Le 157.97 Million and survivors' benefits, Le 14.27 Million. Since the commencement of the Scheme, no disbursements have been made in respect of invalidity claims.



## FINANCIAL PERFORMANCE

Total income in 2004 amounted to about Le 45.37 Billion compared to Le 34.45 Billion in 2003. Investment income increased by approximately 175 percent to Le 11.33 Billion in 2004 from Le 4.12 Billion in 2003.

Total expenditures during the period amounted to Le 10.96 Billion. Of this, Le 311.27 Million were benefit payments and Le 3.97 Billion for personnel related expenditures. Other administrative expenses amounted to Le 2.87 Billion. Personnel expenditure increased by 116 percent in 2004 due to an increase in staff strength to cope with emerging work loads.

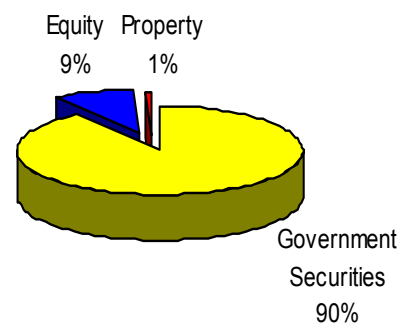
The surplus of income over expenditure for the period under review is Le 34.4 billion. Hence, the net worth of the Trust increased by 81 percent from Le42.3 Billion at end December 2003 to Le76.7 billion by end December 2004. The increase in net worth has been reflected by a corresponding increase in Investment. The Fund holdings of Government Securities increased by 64 percent during the period, while portfolio holdings included long term Investments in the form of land acquisitions and equity.

## INVESTMENT PERFORMANCE

The Trust's investments aim at maximising the real value of the Trust's assets and providing current income, consistent with the capital preservation and appreciation requirement. The Trust also maintains requisite liquidity to make benefit payments when they fall due on a timely basis. In the medium term, the investment objectives will also contribute in a strategic manner to the economic development of the country, while minimising the associated costs and risks.

Total assets at the beginning of the period stood at Le 40.74 Billion, reaching Le 73.92 Billion at end of 2004. Throughout the period, most of the fund reserves are held in short-term Government securities. Private equity holdings in the period amounted to Le 6.59 Billion at end December 2004. Property holdings, in the form of lands, stood at Le 597.17 Million.

Asset Allocation



Asset class	2002		2003		2004	
	Amount (Le)	Share (%)	Amount (Le)	Share (%)	Amount (Le)	Share (%)
Equity	-	0.00	-	0.00	6,590,36,300.0	9
Govt. Securities & Call Accounts	14,420,153,688	100	40,745,879,913	100	65,740,897,733	90
Property	-	0.00	-	0.00	597,173,000.00	1
<b>Total</b>	<b>14,420,153,688</b>	<b>100</b>	<b>40,745,879,913</b>	<b>100</b>	<b>73,918,434,000.00</b>	<b>100</b>

### Investment Income

Cash inflows in 2004 were mainly invested in fixed income money market assets, which have high yield and low risks. Total investment income for the period amounted to Le 11.3 Billion. Of this, Le 8.86 Billion and Le 2.43 Billion

were from Treasury Bills and Treasury Bearer Bonds respectively. The higher outturn in investment income was partly due to higher than projected interest rates on Government securities, and a reallocation of assets from Treasury Bearer Bonds to Treasury Bills.

#### Investment Income *(Thousand Leones)*

Sources	2003	2004
<b>Short-tem Fixed Income</b>		
Treasury bills	3,282,638	8,860,096
Treasury Bearer Bonds	837,726	2,433,798
Call Accounts	431	34,396
<b>Equity</b>		
Dividends & Capital gains	-	-
<b>Property</b>		
Rent and Appreciation	-	-
<b>TOTAL</b>	<b>4,102,795</b>	<b>11,328,200</b>

#### Return on Investment

The average return on the overall portfolio was 22.77 percent in 2004 compared to 16.5 percent in 2003. The rate of real return was 7.64 percent in 2004 compared to 3.94 percent in 2003.

## HUMAN RESOURCES

Total staff strength at end of year was 155 compared to 87 at end 2003. The increase in staff strength in 2004 is proportionate to the increasing responsibilities of the Trust as it continues to increase membership and the rising number of pensioners.

#### Staff Distribution by Level and Sex

	Total	Male		Female	
		No	%	No	%
Senior Management	21	19	90.5	2	9.5
Middle Management	6	4	66.7	2	33.3
Senior Support Staff	67	53	79.1	14	20.9
Intermediate Support Staff	32	14	43.7	18	56.3
Junior Support Staff	29	29	100	0.0	0.0
	<b>155</b>		<b>76.8%</b>		<b>23.2%</b>

### Restructuring

In August 2004, the Board of Trustees implemented a restructuring of the Management and staff structure. The aim was to create an organisational structure that will allow growth, streamline the command structure and ultimately enhance productivity. The new organisational structure resulted in the creation of two new Divisions and several ranks for the various categories of management and staff.



In October 2004, the Government appointed a Counterpart Director General who took over from the substantive Director General from January 2005.

### Training

The Trust continued to work towards achieving a high performing workforce through training. During the review period, a total of 57 members of staff benefited from training and staff development for programmes for capacity building. Of these, 7 benefited from short formal external courses,



32 from internal and in-house training and 18 from study tours and conferences.

### AWARENESS CAMPAIGN

In a bid to increase public awareness and understanding of the Trust's mandate and activities, a series of awareness-raising campaigns were undertaken. The Trust utilised the print and electronic media to carry out public

information and education programmes aimed at enhancing understanding of the critical aspects of the Scheme. The activities include television discussion programmes, weekly radio programmes and face-to-face sensitisation in about 350 institutions, symposium, and promotional reading materials.

### GOVERNMENT PENSIONS

In May 2004, the Trust took over the administration of Sierra Leone Government civil service pensions. The pensions are financed from general taxation.



During the period, the Trust received a total of Le 4.6 Billion from Government for pensions-in-payment.

An amount of Le 3.7 Billion was paid as benefits with the residual unclaimed. The Trust was paid an administrative fee of Le 518 Million for this activity.

### **CHALLENGES FACING THE TRUST**

Despite the achievements so far, the operations of the Trust are being constrained by a number of factors. These include: delayed and non-payment of contributions, non-access to the informal sector and limited investment opportunities described below.

▪ ***Delays and non-payment of contributions***

Some employers, including the Government, continue to accrue contribution arrears. Contribution arrears deny the Trust the opportunity to invest these resources in good time. Efforts are being made to collect these arrears. With the expected issuance of contribution schedules to members, it is hoped that members will add their voices to ensure their employers turn in contributions in good time. A members' conference is also planned for 2005.

▪ ***Informal Sector Access***

The law establishing the Trust makes provision for workers in formal employment where an employer-employee relationship could be identified. However, 80 percent of the working population is in the informal sector. Thus, the Trust is faced with the challenge of designing a suitable Scheme to provide social security protection to workers in this section of society where vulnerability is very high. Work is underway for the establishment of a Scheme targeting the informal sector.

▪ ***Limited Investment Opportunities***

In the absence of an established capital market, the Trust faces significant limitations in the selection of investment areas that meet the Trust's investment risk profile. However, there are planned joint ventures for real estate development projects as well as a medical centre.

## LOOKING TO THE YEAR AHEAD (2005)

### OUR MISSION

To administer a Social Security Scheme that provides financial Security to all employees in Sierra Leone in the form of old age benefits, invalidity benefits, and survivors' benefits, based on social insurance principles.

### OUR VISION

The National Social Security and Insurance Trust will be the centre of excellence providing quality Social Security Protection through promoting a culture of high quality performance among its staff.

### OUR CORE VALUES

#### **Excellence**

We aim to provide excellent services to our members and customers by:

- Striving to identify and understand their needs
- Recognising them as the reason for our existence
- Encouraging feedback from them as an opportunity to improve

#### **Teamwork**

Our staff members think and function as a team as:

- We recognise the strength in teamwork
- We believe in internal democracy (*matching rights with responsibilities*)
- We support personal endeavours for organisational achievements

#### **Accountability**

We demonstrate accountability to all our stakeholders through:

- Transparent decision-making
- Setting of achievable objectives
- Reporting of results and continuous improvements of processes and programmes

#### **Respect**

Our staffs treat each other, our members and other stakeholders with dignity and civility since:

- We believe that the aged and disabled contributed to society's development and can still participate in society
- Combating poverty and promoting financial security and independence in retirement maintains self dignity

## KEY PERFORMANCE TARGETS FOR 2005

Consistent with its Strategic Plan (2005 – 2007), the Trust has set itself the following key performance targets for the year 2005.

<ul style="list-style-type: none"> <li>▪ <b>EXPANSION OF COVERAGE</b></li> </ul>	
<ul style="list-style-type: none"> <li>○ Formal Sector (Coverage ratio)</li> <li>○ Issuance of SS Cards to new members registration forms</li> </ul>	<p>45.5% (2.5% increase) 30 days upon receipt of completed</p>
<ul style="list-style-type: none"> <li>▪ <b>PROMPT PROCESSING AND PAYMENT OF BENEFITS</b></li> </ul>	
<ul style="list-style-type: none"> <li>○ Average claim handling time of benefits</li> <li>○ Old age</li> <li>○ Invalidity</li> <li>○ Survivors'</li> </ul>	<p>20 days 60 days 25 days</p>
<ul style="list-style-type: none"> <li>▪ <b>COMPLIANCE RATE</b></li> </ul>	
<ul style="list-style-type: none"> <li>○ Government</li> <li>○ Private Sector</li> </ul>	<p>85% 60%</p>
<ul style="list-style-type: none"> <li>▪ <b>Prompt Issuance of Members' Statement</b></li> </ul>	
<ul style="list-style-type: none"> <li>○ No of Days taken to issue annual statements</li> </ul>	<p>45 days</p>
<ul style="list-style-type: none"> <li>▪ <b>INVESTMENTS PERFORMANCE</b></li> </ul>	
<ul style="list-style-type: none"> <li>▪ Average rate of return Investments</li> <li>▪ Short-term Inv</li> <li>▪ Long-term Inv</li> <li>Real rate of return</li> </ul>	<p>16 % 4% -3% 20%</p>

## REPORT OF THE BOARD OF TRUSTEES

The Trustees are pleased to present this report as part of the financial statements for the Financial Year 2004.

### Statement of the Trustees' Responsibilities

The Board of Trustees is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Trust and of the Income and Expenditure of the Trust for the year. In preparing those financial statements, the Board of Trustees are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgments and estimates that are reasonable and prudent;
3. State whether applicable accounting standards have been followed, subject to any material departures and explained in the financial statements.

The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Companies Act and the National Social Security and Insurance Trust Act. They are responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the preparation of the financial statements, the Trustees confirm that suitable accounting policies have been applied consistently and reasonably and prudent judgments and estimates made.

### Contributions and Membership

During the financial year ended 31<sup>st</sup> December 2004, the contributing membership stood at 103,438 employees. Of these, 65,401 are Government employees and 38,037 private sector employees. The number of institutions registered with the scheme for the period under review is 1,644.

### Benefits

A total of Le 311.27 Million was disbursed in respect of benefit claims. Retirement benefits accounted for Le 157.97 Million and survivors' benefits, Le 14.27 Million.

### Income Surplus

The income surplus for the year ended 31<sup>st</sup> December 2004 amounted to Le 34.36 billion.

## Investment

Income received from investment for the year amounted to Le 11.3 Billion.

In 2004, Government Securities accounted for 90 percent of our portfolio as shown below. The portfolio also includes lands and equity.

	<b>Value</b> Le 000	<b>Holding</b> (%)
Government Securities and Call Accounts	66,730,897	90
Equity	6,590,364	9
Property	597,173	1

By order of the Board:

Chairman

Trustee

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST  
REPORT OF THE AUDITORS, PKF  
To the Board of Trustees of the National Social Security And Insurance Trust**

We have audited the financial statements of the National Social Security and Insurance Trust on pages 19 to 27 which have been prepared in accordance with the accounting policies set out on page 22.

**Respective responsibilities of Directors and Auditors**

The Trustees of the Board are responsible for the preparation of the financial statements on the Social Security Pensions Scheme. It is our responsibility to form an independent opinion, based on our audit, on those statements, and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. An audit includes an examination on a test basis, of 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust'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 whether the financial statements are in agreement with the books of account kept by the Trust and to give reasonable assurance that the financial statements are free from material misstatement, 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 correct view of the state of the Trust as at 31 December 2004 and of the disposition at that date of its assets and liabilities and have been properly prepared in accordance with the Sierra Leone Companies Act Cap.249 and The National Social Security and Insurance Act 2001.

**Freetown**

**2005**

**PKF  
Chartered Accountants**

## Income and Expenditure Account

For the year ended 31 December 2004

		2004	2003
	Notes	Le 000	Le 000
<b>Income</b>			
Contributions received	2	28,891,026	30,327,352
Investment income	3	11,328,204	4,120,796
Sierra Leone Government Pension in Payment		4,618,344	-
Sierra Leone Government Administrative Cost		518,667	-
Other income	4	9,148	3,995
		<b>45,365,389</b>	<b>34,452,143</b>
<b>Expenditure</b>			
Benefits paid	5	311,274	54,469
Sierra Leone Government in Payment		3,764,848	-
General and Administrative expenses	6	6,925,857	3,249,975
		<b>11,001,979</b>	<b>3,304,444</b>
<b>Surplus transferred to Accumulated Fund</b>		<b>34,363,410</b>	<b>31,147,699</b>

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Balance Sheet**  
**As at 31 December 2004**

	Notes	2004 Le000	2003 Le 000
<b>Long Term Investment</b>	18	7,187,537	-
<b>Fixed Assets</b>			
Tangible assets	7	1,977,856	1,048,089
<b>Current Assets</b>			
Short term investments	8	66,730,897	40,745,880
Stocks	9	5,421	1,868
Assets transit account		401,349	360,881
Debtors and prepayments	10	4,920,876	2,363,964
Cash at Bank and in hand	16	766,093	2,564,300
		<b>72,824,636</b>	<b>46,036,893</b>
<b>Creditors: amounts falling due within one year</b>	11	(5,363,388)	(2,732,016)
<b>Net current assets</b>		67,461,248	43,304,877
<b>Total assets less current liabilities</b>		76,626,641	44,352,966
<b>Creditors: amounts falling due after more than one year</b>	12	-	(2,089,735)
<b>Net assets</b>		<b>76,626,641</b>	<b>42,263,231</b>
<b>Represented by</b>			
Accumulated Fund	17	76,626,641	42,263,231

Approved on behalf of the Board of Trustees

2005

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Cash Flow Statement**  
**For the year ended 31 December 2004**

	Notes	2004 Le000	2003 Le 000
<b>Operating activities</b>			
Cash receipts from customers	13	42,764,456	32,286,308
Cash paid to suppliers and employees	14	(7,821,673)	(3,364,242)
Cash Paid to Government of SL		(2,089,735)	
<b>Cash generated from operations</b>		<b>32,853,048</b>	<b>28,922,066</b>
Income tax paid		-	-
<b>Cash flows from operating activities</b>		<b>32,853,048</b>	<b>28,922,066</b>
<b>Investing activities</b>			
Acquisition of plant and equipment	7	(1,478,701)	(438,090)
Acquisition of investments	8	(25,985,017)	(26,325,726)
Acquisition of Land		(597,173)	-
Sierra Block Project		(6,590,364)	-
<b>Cash flows from investing activities</b>		<b>(34,651,255)</b>	<b>(26,763,816)</b>
<b>Net increase in cash and cash equivalents</b>	15	<b>(1,798,207)</b>	<b>2,158,250</b>

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004**

1 Accounting Policies

The principal accounting policies adopted by the Trust in the preparation of the financial statements are as follows:

(a) Basis of Accounting

The Financial Statements are prepared in accordance with the historical cost convention and standard pension accounting practice.

(b) Contribution

Contributions are accounted for on cash basis. An accrual basis of accounting is not considered appropriate because it would result in substantial debtors accounts which may not be recovered .

The contribution rates are stipulated in the Social Security Act of 2001 and are as follows:

Employee's contribution	-	5% of Earnings
Employer's contribution	-	10% of Earnings

(c) Investment Income

Investment securities are basically debt securities which management intends to hold until maturity and are stated at nominal value. Interest earned on investment securities are reported as interest income as they fall due

(d) Actuarial position

The financial statements summarise the transactions and net assets of the scheme. They do not take account of the liabilities to pay pensions and other benefits in the future.

(e) Fixed Assets and Depreciation

Equipment, motor vehicles, furniture and fixtures and computer/software are stated at cost less subsequent depreciations.

Depreciation is calculated to write off the cost or valuation of the assets in equal annual instalments on the following basis:

Equipment	33 $\frac{1}{3}$ %
Motor vehicles	20%
Furniture and Fixtures	20%
Computer hardware and software	33 $\frac{1}{3}$ %

(f) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure incurred in bringing the goods to their present location.

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004**

	<b>2004</b>	<b>2003</b>
	<b>Le 000</b>	<b>Le 000</b>
2 Contributions		
Sierra Leone Government Employees	14,217,003	17,626,818
Others	14,674,023	12,700,534
	<b>28,891,026</b>	<b>30,327,352</b>
3 Investment Income		
Investment income represented interest received from investments	<b>11,328,204</b>	<b>4,120,796</b>
4 Other Income		
Miscellaneous income other Grants	1,275	1,501
Others	7,873	2,494
	<b>9,148</b>	<b>3,995</b>

Other Grants represent the value of a computer and accessories donated by the UNDP towards the setting up of The Trust and the value of a laptop computer donated by Tiwai Memory Masters, a computer software company registered in Sierra Leone.

- 5 Benefits paid  
During the year ended 31 December 2004, benefits amounting to Le 311,274,000 were paid as follows.

	<b>Le'000</b>	
Contributions Returned	139,035	
Voluntary Retirement	4,669	
Retirement Grant	153,299	
Survivors' Grant	14,271	
	<b>311,274</b>	
6 General and Administrative expenses		
Directors fees and allowances	188,098	63,887
Depreciation	548,953	356,951
Staff costs	3,996,847	1,838,190
Provision for Audit fees	33,000	28,000
General expenses	2,158,959	962,947
	<b>6,925,857</b>	<b>3,249,975</b>

7 Fixed Assets	Equipment Le 000	Furniture and Fixtures Le 000	Motor Vehicles Le 000	Computer/ Software Le 000	Total Le 000
<b>Cost</b>					
Beginning of year	343,207	341,379	331,363	556,252	1,572,201
Purchases during the year	280,008	94,550	619,431	484,712	1,478,701
<b>End of year</b>	<b>623,215</b>	<b>435,929</b>	<b>950,794</b>	<b>1,040,964</b>	<b>3,050,902</b>
<b>Depreciation</b>					
Beginning of year	115,851	79,162	69,507	259,592	524,112
Charge for the year	139,656	78,709	115,899	214,670	548,934
<b>End of year</b>	<b>255,507</b>	<b>157,871</b>	<b>185,406</b>	<b>474,262</b>	<b>1,073,046</b>
Net Book Value					
<b>End of year</b>	<b>367,708</b>	<b>278,058</b>	<b>765,388</b>	<b>566,702</b>	<b>1,977,856</b>
Beginning of year	227,356	262,217	261,856	296,660	1,048,089

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004**

## 8 Investments

During the year the major investments of the Trust Fund was on treasury bills and treasury bearer bonds issued by the Bank of Sierra Leone. A small deposit was placed on call deposits with the First Discount House Limited.

	2004	2003
Securities		
Treasury Bearer Bonds	16,709,900	13,373,450
Treasury Bills	47,031,000	27,356,000
Call Deposits Government Pensions	990,000	0
Call Deposits	1,999,997	16,430
	<b>66,730,897</b>	<b>40,745,880</b>
9 Stocks		
Stocks Stationary	1,655	1,655
Stocks others (spares for vehicles)	213	213
Stocks with third parties	0	0
Stocks Technology Equipment	3,553	
	<b>5,421</b>	<b>1,868</b>
10 Debtors		
Interest receivables	3,244,171	1,620,294
Other receivables	850,682	441,290
Staff Loans and Advances	216,890	-
Staff Rent Receivable	1,429	-
	<b>4,313,172</b>	<b>2,061,584</b>
Prepayments		
Insurance	46,042	18,597
Rent	347,940	72,928
Others	213,722	210,855
	<b>607,704</b>	<b>302,380</b>
Other prepayments represent withholding taxes on interest on treasury bill/bonds and call account interest intended to apply for waiver from the Sierra Leone Government.		
11 Creditors		
Amounts falling due within one year		
Overseas creditors	143,809	152,277
Audit fees	33,000	28,000
Local creditors	255,801	156,241
Interest on Treasury Bills/Bonds	4,586,216	1,975,616
Others	344,562	419,882
	<b>5,363,388</b>	<b>2,732,016</b>
12 Creditors		
Amounts falling due after more than one year		
Government of Sierra Leone	-	<b>2,089,735</b>

The Government of Sierra Leone amount represents the balance of agreed seed money given to the Trust for the commencement of the Social Security Schemes, this has been paid during the year.

**NATIONAL SOCIAL SECURITY AND INSURANCE TRUST**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2004**

	<b>2004</b>	<b>2003</b>
	<b>Le000</b>	<b>Le 000</b>
<b>13 Cash receipts from customers</b>		
Contributions received	28,891,026	30,327,352
Other operating income	16,474,363	4,124,791
(Increase) in receivables and prepayments	(2,556,912)	(2,203,859)
(Increase) in assets transit account	(40,468)	(18,334)
(Increase) in stocks	(3,553)	56,358
	<b>42,764,456</b>	<b>32,286,308</b>
<b>14 Cash paid to suppliers and employees</b>		
Benefits paid	(311,274)	(54,469)
General and administrative expenses	(10,690,705)	(3,249,975)
Increase in creditors	2,631,372	2,054,293
Depreciation	548,934	356,951
Safety net	-	(138,580)
Government of Sierra Leone	-	(2,332,462)
	<b>(7,821,673)</b>	<b>(3,364,242)</b>
<b>15 Cash and Cash Equivalents</b>		
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at 1 January	2,564,300	406,050
<b>Net increase in cash and cash equivalents</b>	<b>(1,798,207)</b>	<b>2,158,250</b>
Cash and cash equivalents at 31 December	766,093	2,564,300
<b>16 Cash at Bank and in hand</b>		
Bank of Sierra Leone	291,904	1,554,982
Sierra Leone Commercial Bank -Revenue account	215,330	504,332
Rokel Commercial Bank - Revenue account	(107,327)	407,472
Government Pension SLCB	87,882	-
Rokel Commercial Bank - R/ Foreign Account	28,218	-
Area Office Bo	13,722	-
Area Office Kenema	(6,402)	-
Area Office Makeni	(2,466)	-
Petty cash	4,404	2,058
Cash in Transit	240,828	95,456
	<b>766,093</b>	<b>2,564,300</b>
<b>17 Accumulated Fund</b>		
Balance at 1 January	42,263,231	11,115,532
Surplus for the year transferred	34,363,410	31,147,699
	<b>76,626,641</b>	<b>42,263,231</b>

**18 Long term Investments**

During the year ended 31 December 2004, the Trust undertook the following investments.

	<b>Le000</b>
Acquisition of Land	597,173
Investment in Sierra Blocks Concrete Products Limited	6,590,364
	<b>7,187,537</b>

As part of the investment plan of the Trust, Land was acquired from different Communities in the Country. Also the Trust agreed to hold sixty percent shares in a Joint Ventureship with REGIMANUEL GRAY LIMITED to form SIERRABLOCKS CONCRETE PRODUCTS LIMITED (SCPL).

**19 Taxation**

Under the provisions of The National Social Security And Insurance Act 2001 under which the Fund was established, The Trust shall be exempted from stamp duty, and other such taxes and duties as the President may determine.

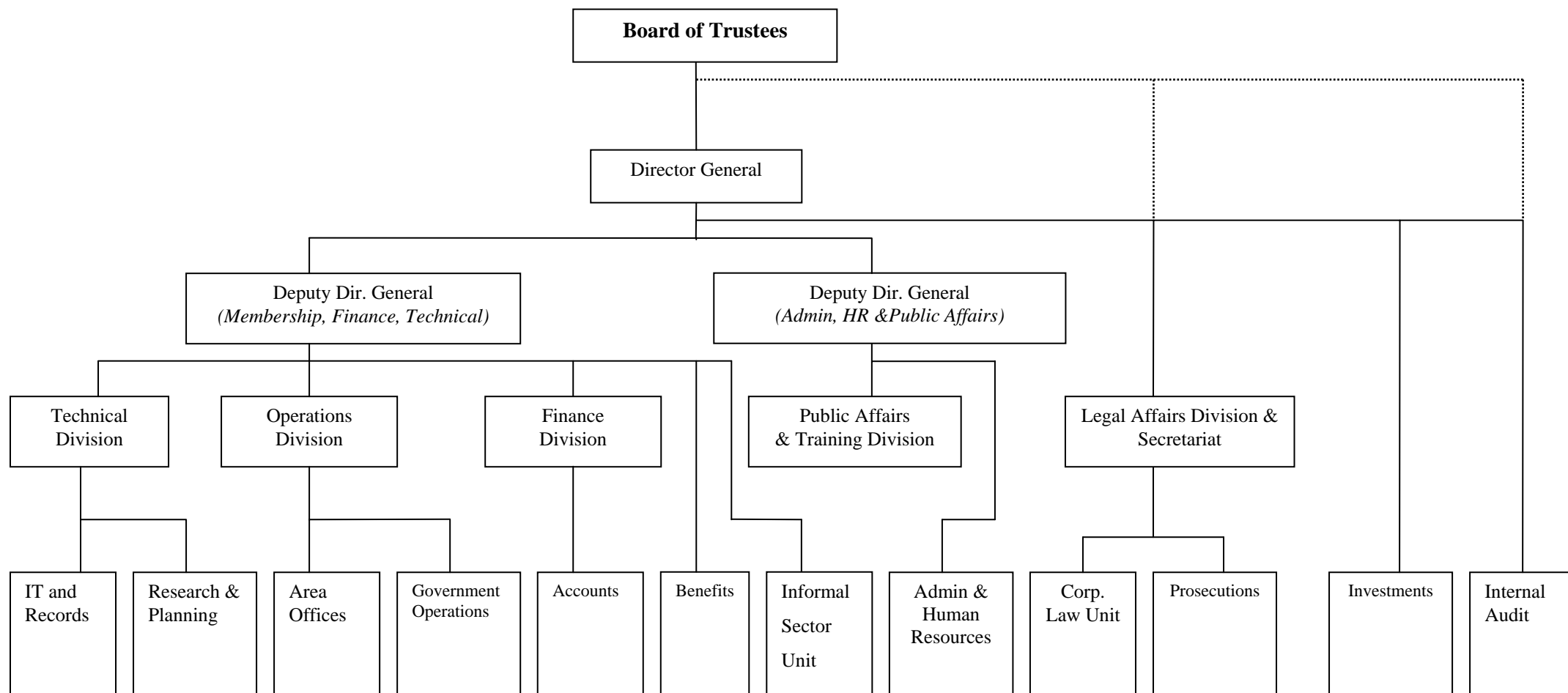
**20 Capital Commitments**

There were no capital commitments as at December 2004

**21 Contingent Liabilities**

There were no significant contingent liabilities as at December 2004

### NASSIT ORGANOGRAM



NATIONAL SOCIAL SECURITY AND INSURANCE TRUST

