

Notes to the financial statements (continued)

The effect of the restatement on the financial statements is summarized below.

	Effect on Prior year
Increase in end of service benefit provision	(78,925)
Increase in personnel expenses	78,925
Increase in inter-branch	(312,859)
Increase in other expenses	312,859
Decrease in tax expense	(56,500)
Decrease in tax liability	56,500

19. Related party

The organisation has a related party relationship with LAPO (NGO) which has a significant control over LAPO Microfinance Company Limited.

The organisation is financed by LAPO (NGO)

Year end balance arising from transactions with related party.

<i>In thousands of Leones</i>	2015	2014
LAPO Nigeria	(230,492)	-
LAPO (NGO)	(33,992)	1,435,014
LAPO NGO	134,572	-
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20. Contingencies

There were no contingent assets or liabilities at 31 December 2015 (2014: Nil).

21. Capital commitments

There were no capital commitments as at 31 December 2015 (2014: Nil).

22. Non compliance with other Financial Services Act

The organisation carries out financial activities as defined in the Other Financial Services Act 2001, which includes giving out credit to customers and taking collaterals from them as deposits to secure the loans disbursed. Section 3 of the Other Financial Services Act, 2001, requires that no person shall carry on any financial activity unless that person holds a valid license issued by the Central Bank of Sierra Leone. However the Central Bank is yet to issue a license to all Micro Finance Institutions operations in the country.

23. Post balance sheet events

Events subsequent to the financial position date are reflected only to the extent they relate directly to the financial statements and their effect is material. There were none such events as at the date these financial statements were signed.