

# 2013 ANNUAL REPORT & FINANCIAL STATEMENTS

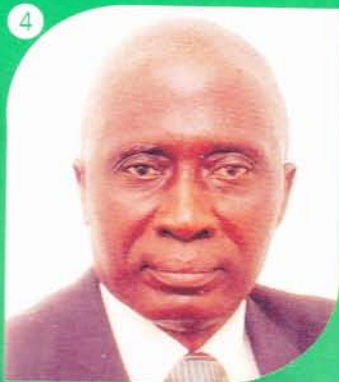


Benso Oil Palm  
Plantation Limited





# Board of Directors



**1. Ishmael Yamson**  
(Chairman Non-Executive Director)

**2. Santosh Pillai**  
(Managing Director)

**3. Ramachandra Rao Kodey**  
(Non-Executive Director)

**4. Neneyo Mate-Kole**  
(Non-Executive Director)

**5. Nene Ofoe Amegatcher**  
(Non-Executive Director)

**6. Pierre Billon**  
(Non-Executive Director)

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Annual Report  
Year Ended 31 December 2013

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the members of Benso Oil Palm Plantation Limited will be held at the Akroma Plaza, Police Reserve near MTTU, Takoradi on Friday, 9th May, 2014 at 11.00 a.m for the following purposes:

### Agenda

1. To receive and consider the report of the directors, the audited financial statements for the year ended 31 December 2013 and the report of the auditors thereon.
2. To declare a dividend.
3. To re-elect directors.
4. To fix directors' fees.
5. To authorise the directors to fix the remuneration of the auditor for the ensuing year.

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. A form of proxy is attached and if it is to be valid for the purpose of the meeting it must be completed and deposited at the registered office of the Registrars of the Company, NTHC Limited, not less than 48 hours before the meeting.

This notice is effective the 12th day of February, 2014.

### By Order of the Board

DEHANDS SERVICES LIMITED  


Dehands Services Limited  
Company Secretary



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**Year Ended 31 December 2013**

## **CORPORATE INFORMATION**

### **Registered office**

Adum Banso Estate, P.O. Box 470, Takoradi.

### **Dividend warrants**

If the payment of dividend recommended is approved, the warrants will be posted on the 17th day of June, 2014 to the holders of shares whose names are registered in the Register of members at the close of day on the 9th day of May, 2014.

### **Board of directors**

I.E. Yamson, Chairman, Santosh Pillai, Managing Director, N. A. Mate-Kole, Ramachandra Rao Kodey, Pierre Billon, Nene Ofoe Amegatcher .

### **Company secretary**

Dehands Services Limited

### **Board Audit Committee**

N. A. Mate-Kole and Nene Ofoe Amegatcher.

### **Auditor**

PricewaterhouseCoopers, Chartered Accountants, No 12 Airport City, Una Home 3rd Floor, PMB CT 42, Cantonments, Accra, Ghana.

### **Registrars office**

NTHC Limited, Martco House, D542/4, Okai-Mensah Link, Adabraka P.O. Box KIA 9563, Accra.

### **Bankers**

Agricultural Development Bank Limited, Barclays Bank of Ghana Limited, Ecobank Ghana Limited, Standard Chartered Bank Ghana Limited and Ghana Commercial Bank Limited.





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**Year Ended 31 December 2013**

## **CORPORATE GOVERNANCE**

### **Introduction**

Benso Oil Palm Plantation Limited (BOPP), the "Company" recognises the importance of good corporate governance as a means of sustaining long term viability of the business and therefore always seeks to align the attainment of the business objectives with good corporate behaviour. In line with this, the Company strives to meet the expectations of the community in which it operates as well as its responsibility to its shareholders and other stakeholders.

In the conduct of its business, BOPP seeks to comply with all statutory requirements, adopt best practices to protect the environment and its employees, invests in the community in which it operates, and enhances shareholders' value through cost effective means of doing business. BOPP adopts medium and long term growth strategies and resource allocations that guarantee the creation of wealth. It utilises current technology and continuously innovates in order to stay ahead of the competition. BOPP promotes and recognises excellence through its employee development programmes.

As indicated in the statement of responsibility of directors and notes to the financial statements, the business adopts standard accounting practices and ensures sound internal controls to facilitate transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

### **Board of directors**

The responsibility of good corporate governance is placed with the Board of directors and the management team. The Board comprises one (1) full time executive and five (5) non-executive directors. To ensure effective control and monitoring of the Company's business, the Board has two main committees; the management committee and the audit committee which in turn work through other sub-committees to oversee specific important functions.

### **Management committee**

The Management committee meets monthly to review the performance of the Company and assesses progress against the annual plan. It reviews programmes, strategies, key issues and assigns responsibilities for achievement of goals. The committee has oversight responsibility for world class agronomic practices, financing strategies and human resource development programmes to ensure excellence in performance. The committee also identifies, assesses the risk profile of the Company and assigns responsibilities to various functions to put in measures to mitigate possible adverse impact on the business.

### **Audit committee**

The Audit committee is made up of two non-executive directors, one of whom chairs the committee. The committee meets to review the financial performance of the Company, the adequacy of the plan of the internal audit, current audit reports, the adequacy of systems of internal controls and the degree of compliance to laid down policies, laws, code of ethics and business practices of the Company.

### **Internal controls**

The Company has a well-established internal control and risk management system, which is well documented and regularly reviewed. This incorporates internal control procedures, which are designed to provide reasonable assurance that the assets are safeguarded and that the risks facing the business are being controlled. The Company's Board of Directors have also established a clear organisational structure, including delegation of appropriate authorities. The internal audit function of the parent company, Wilmar International, plays a key role in providing an objective view and continuing assessment of the effectiveness of the internal control systems in the business.



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**Year Ended 31 December 2013**

## **CORPORATE GOVERNANCE** (continued)

### **Code of business principles**

The Company has a documented code of business principles to guide all employees in the discharge of their duties. This code sets the professionalism and integrity required for business operations which among other things cover the following areas: compliance with the law, conflicts of interest, public activities, product assurance, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles.



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**Year Ended 31 December 2013**

**FINANCIAL HIGHLIGHTS**

(All amounts are expressed in thousands of Ghana cedis unless otherwise stated)

	Year ended 31 December		% Change
	2013	2012	
Revenue	<b>35,438</b>	40,839	(13.2)
Profit before income tax	<b>6,130</b>	13,714	(55.3)
Income tax expense	<b>(324)</b>	(308)	5.2
Profit for the year	<b>5,806</b>	13,406	(56.7)
Proposed dividend	<b>1,161</b>	2,681	(56.7)
Income surplus account	<b>34,031</b>	30,906	10.1
Capital expenditure	<b>8,107</b>	3,641	122.7
Depreciation	<b>876</b>	466	88.0
Total equity	<b>43,660</b>	40,535	7.7
Earnings per share (GH¢)	<b>0.1668</b>	0.3852	(56.7)
Total assets per share (GH¢)	<b>1.3197</b>	1.2431	6.2
Dividend per share (GH¢)	<b>0.0334</b>	0.0770	(56.6)





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**Year Ended 31 December 2013**

## **CHAIRMAN'S REVIEW**

### **Political**

The political environment in Ghana continued to be stable and positive after the eventful but peaceful 2012 Parliamentary and Presidential elections. For Ghana, this was a confirmation of a peaceful and sustainable political environment. In spite of the 8 months of uncertainty following the Petition by the Opposition party at the Supreme Court to challenge the verdict of the Presidential elections, Ghanaians faith in the democratic process was reaffirmed by the peaceful conclusion of the legal challenge and the acceptance of the Supreme Court verdict by all Ghanaians.

### **Economic environment**

Growth in Sub-Sahara Africa remained robust and is expected to accelerate to 5 percent in 2014, emanating from strong domestic demand. However, spillovers from sluggish external demand, reversal of capital flows, and declines in commodity prices could moderate the growth prospects.

Ghana's inflation has drifted outside the target band. This was mainly on account of the removal of subsidies on petroleum and increased tariffs on utilities and demand pressures emanating from budget overruns, and exchange rate pressures.

The Ghana Cedi moved from GH¢1.8914:\$1 at the close of December 2012 to GH¢2.3078:\$1 at the close of December 2013 representing a depreciation of 22%. Interest rates continued to rise with the Bank of Ghana policy rate being increased from 15% in 2012 to 16% in November 2013. The 91-Day Treasury bill rate however decreased from 23.12% in December 2012 to 19.22% in December 2013, following intervention by the Bank of Ghana.

### **Overall business performance**

2013 was a very challenging year for the company and will continue to be so in 2014. Your company delivered profit after tax of GH¢5.81 million compared with GH¢13.41 million the previous year, representing approximately a decline of 57%. The dip in performance was largely as a result of declining world market price of crude palm oil (CPO), lower production volumes resulting from accelerated replanting programme and high inputs cost.

### **CPO and PKO Price**

During the year under review, world market price of crude palm oil (CPO) decreased from an average of US\$1,012 in 2012 to US\$853 in 2013, representing 15.7% drop in dollar terms. The palm kernel oil (PKO) price also dropped from an average of US\$1,150 to US\$873 in 2013, representing 24% decline.

### **Production volumes**

Total palm fruits processed during the year under review was 89,229 metric tonnes, representing a 3% decline compared with 2012. Replanting (i.e. Plantation renewal) and erratic rainfall pattern over the last couple of years contributed to the low crop volumes. During the year under review, your company purchased 47,749 metric tonnes of fresh fruit bunches at a total cost of GH¢9.9 million from smallholders and outgrower farmers in the catchment areas in particular and the Western and Central Region of Ghana in general. The combined effect of reduced CPO and PKO prices and crop production volumes resulted in a 13.2% drop in turnover over the previous year.

### **Operating profit**

Operating profit dropped by approximately 61% due to the lower CPO and PKO prices, lower volumes from erratic rainfall as well as replanting and high input cost. Though revenue declined by about 13.2%, operating profit dipped significantly because of the low CPO and PKO prices and high input cost which had an adverse impact on cost of sales. In compliance with IFRS, gains arising from changes in the fair value of Biological



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## **CHAIRMAN'S REVIEW** (continued)

assets contributed significantly to the operating profit delivered this year.

However, it is pertinent to highlight that as the area under replanting matures, we expect turnaround in the company's performance if CPO prices sustain the current price improvements.

### **Dividend**

In 2012 your Company paid a total dividend of GH¢2.68 million (Basic and Diluted EPS GH¢0.3852) out of total profit of GH¢13.41 million. The directors of your Company proposed to pay a total dividend of GH¢1.16 million (Basic and Diluted EPS GH¢0.1668) out of a total profit of GH¢5.81 million for the 2013 financial year.

### **Board changes**

Following the resignation of Sun Yi Ling and Ho Dye Joan, Kodey Ramachandra Rao and Pierre Billon were appointed members of the board in October 2013.

### **Profile of new directors**

Mr. Kodey joined Wilmar in 2012 as CEO, West Africa Operations, responsible for its businesses in West, Central and East Africa. Prior to that, he was Managing Director for its Joint Venture Group of Companies in Uganda since 2004. He has vast experience in Oilseed and Vegetable Oil Sector since 1971 and led organizations in public, private and cooperative sector in India and Africa. He graduated in Chemical Engineering from Andhra University, India.

Mr. Pierre Billon holds Master's degree in Business Administration from the French Universite de Nice Sophia Antipolis, Post-graduate degree in Finance from French Ecole Superieure de Commerce de Nice-Ceram. He was a Treasurer-Citibank Monte Carlo, Financial Analyst-Africa Merchant Bank, CEO Comafrique Entreprises, CEO Sifcom.

### **Safety, health, environment and quality issues**

Safety, health, environment and quality issues continued to engage the serious attention of your Company and our TRFR performance improved. In 2013, the Total Recordable Frequency Rate (TRFR) in respect of industrial accidents was 2.42 against 2.40 in 2012. The company recorded one (1) lost time accidents (LTA), zero (0) restricted work case (RWC) and zero (0) medical treated case (MTC) throughout the year under review.

There was no consumer safety incident involving our products that were supplied to any of our customers in the year under review.

### **Social responsibility**

Your Company's support for the brilliant but needy students within the community through educational scholarships now stands at 26 scholarships in four (4) communities at the Senior High School level and a total of 39 beneficiaries since the inception of the scheme in 2007.

The process to nominate recipients for 2013/2014 academic year has started. In the year under review the company paid out GH¢8.5 million to smallholder and outgrower farmers in the catchment area thus contributing to the socio-economic enhancement of these farmers. More than GH¢114,700 was spent on corporate social responsibility projects.

### **Awards**

Your Company was adjudged to be the best agribusiness company in Ghana by AGI in the 2nd agribusiness awards. The company also moved from the 72nd position to the 38th in the Ghana Club 100 awards.

### **Outlook for 2014**

2013 witnessed our cumulative total matured hectares dropping by 19.19% due to the accelerated replanting program. The metric tonnes per hectare (yield) however increased from last year of 13.37 to 13.63 in 2013. The improved yield is expected to continue into 2014. We do not expect the World Market of CPO to weaken further in 2014 and therefore with the expected yield improvement, 2014 should be a good year.



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**Year Ended 31 December 2013**

## REPORT OF THE DIRECTORS

In accordance with section 132 of the Companies Act, 1963 (Act 179), the directors have the pleasure in submitting to the members of the Company their report together with the audited financial statements for the year ended 31 December 2013.

### Parent company

The Company is a subsidiary of Wilmar Africa Limited, a company incorporated in Ghana. The ultimate controlling party is Wilmar International, a company incorporated in Singapore.

### Principal activities

The Company is engaged in the business of growing oil palm and the processing of palm fruits to produce palm oil and palm kernel. There was no change in the nature of the Company's business during the year under review.

### Board Changes

The directors wish to inform members of the following Board changes: Mr. Ramachandra Rao Kodey and Mr. Pierre Billon have been appointed as members of the Board with effect from October 2013.

In accordance with regulations of the Company and the stock exchange listing regulations, Mr. Ramachandra Rao Kodey and Mr. Pierre Billon will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

### Financial results

The Company's profit for the year is GH¢5.81 million.

### Dividend

The directors recommend the payment of dividend per share of GH¢ 0.0334 for the year ended 31 December 2013 amounting to GH¢1.16 million.

### Directors

The directors who held office during the year and to the date of this report were:

Ishmael Yamson	Chairman, non-executive director
Santosh Pillai	Managing Director
Ramachandra Rao Kodey	Non-executive director
Pierre Billon	Non-executive director
Nene Ofoe Amegatcher	Non-executive director
Neneyo Mate-Kole	Non-executive director

The directors to retire by rotation in accordance with the regulations of the Company are Mr. Ishmael E. Yamson, Mr. Ramachandra Rao Kodey, Mr. Pierre Billon who being eligible, offer themselves for re-election.

### Directors and their interests

The directors named below held the following number of shares in the Company as at 31 December 2013:

	<b>No of shares</b>
Ishmael Yamson	36,000
Neneyo Mate-Kole	8

### Directors' interests in contracts

The directors have no interest in contracts entered into by the Company.





Annual Report  
Year Ended 31 December 2013

**REPORT OF THE DIRECTORS** (continued)

**Auditor**

In accordance with Section 134 (5) of the Companies Act, 1963 (Act 179), the auditor, Messrs PricewaterhouseCoopers, has expressed willingness to continue in office as auditor of the Company.

**BY ORDER OF THE BOARD**



.....  
Nene Ofoe Amegatcher  
Director

Date: 12 February 2014



.....  
Santosh Pillai  
Managing Director

Date: 12 February 2014



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Year Ended 31 December 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards and complied with the requirements of the Companies Act, 1963 (Act 179).

The directors are responsible for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.



.....  
Nene Ofoe Amegatcher  
Director



.....  
Santosh Pillai  
Managing Director

**Date: 12 February 2014**

**Date: 12 February 2014**



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**Year Ended 31 December 2013**

## **REPORT OF THE AUDIT COMMITTEE**

### **Membership of the audit committee of the Board**

The Benso Oil Palm Plantation audit committee comprises of two non-executive directors. The committee is chaired by Nene Ofoe Amegatcher, a non-executive director. The Estate Accountant sits in attendance at meetings of the committee and periodically, the external auditor may be invited to make presentation to the committee.

### **Role of the audit committee**

The audit committee meets to review:

- \* The financial performance of the Company;
- \* The adequacy of the plan of internal audit;
- \* Current statutory and internal audit reports;
- \* The adequacy of internal controls; and
- \* The degree of compliance to laid down policies, laws, code of ethics and business practices of the Company.

### **Summary of the audit committee's activities in 2013**

In 2013, Benso Oil Palm Plantation Limited audit committee met four (4) times on 23 January, 10 April, 8 July and 3 October 2013.

### **Review of the financial performance of the Company**

At the 24 January 2013 meeting, the committee reviewed the financial performance of the Company for the financial year ended 31 December 2012 and considered the final internal audit report submitted by Wilmar International, which disclosed no major issues. The committee was updated on the Company's 2013 performance during its quarterly meetings held during the year, and reviewed the target implementation dates from the internal audit.

### **External audit**

At the 3 October 2013 meeting, the committee considered a presentation by the external auditor, Messrs PricewaterhouseCoopers Chartered Accountants on the audit plan for the Company for the 2013 financial year ending 31 December 2013.





## **REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF BENSO OIL PALM PLANTATION LIMITED**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Benso Oil Palm Plantation Limited set out on pages 15 to 37. These financial statements comprise the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1963 (Act 179) and for such internal control, as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Benso Oil Palm Plantation Limited as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 1963 (Act 179).

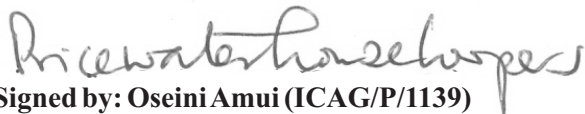


**REPORT OF THE INDEPENDENT AUDITOR  
TO THE SHAREHOLDERS OF BENSO OIL PALM PLANTATION LIMITED (continued)**

**REPORT ON OTHER LEGAL REQUIREMENTS**

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the company's balance sheet (statement of financial position) and income statement (part of comprehensive income) are in agreement with the books of account.



Signed by: Oseini Amui (ICAG/P/1139)

For and on behalf of:

PricewaterhouseCoopers (ICAG/F/028)

Chartered Accountants

Accra, Ghana

26 February 2014



Financial Statements  
**Year Ended 31 December 2013**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(All amounts are expressed in thousands of Ghana cedis)

		Year ended 31 December	
	Notes	2013	2012
<b>Revenue</b>	4	35,438	40,839
Cost of sales	5	(29,610)	(27,070)
Net gains from changes in fair value of biological assets	23	1,234	869
<b>Gross profit</b>		7,062	14,638
Administrative expenses	6	(3,064)	(2,741)
Other income	8	812	499
<b>Operating profit</b>		4,810	12,396
Finance income	9	1,320	1,318
<b>Profit before income tax</b>		6,130	13,714
Income tax expense	10	(324)	(308)
<b>Profit for the year</b>		5,806	13,406
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		5,806	13,406
Basic and diluted earnings per share (GH¢)	25	0.1668	0.3852

The notes on pages 19 to 37 are an integral part of these financial statements.





Financial Statements  
Year Ended 31 December 2013

## STATEMENT OF FINANCIAL POSITION

(All amounts are expressed in thousands of Ghana cedis)

		At 31 December	
	Notes	2013	2012
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	10,751	7,119
Biological assets	23	19,756	15,193
<b>Current assets</b>			
Inventories	15	4,460	4,272
Trade and other receivables	16	1,307	1,473
Amounts due from related companies	20	2,259	2,196
Cash and cash equivalents	19	7,391	13,008
<b>Total assets</b>		<b>45,924</b>	<b>43,261</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	1,171	1,449
Amounts due to related companies	20	289	560
Current income tax	10	361	301
Dividend payable	11	443	416
<b>Equity</b>			
Stated capital	12	2,000	2,000
Capital surplus account	13	7,629	7,629
Income surplus account	21	34,031	30,906
<b>Total liabilities and equity</b>		<b>45,924</b>	<b>43,261</b>

The notes on pages 19 to 37 are an integral part of these financial statements.

The financial statements on pages 15 to 37 were approved by the Board of directors on 12 February 2014 and were signed on its behalf by:



.....  
**Nene Ofoe Amegatcher**  
**Director**



.....  
**Santosh Pillai**  
**Managing Director**



Financial Statements  
Year Ended 31 December 2013

**STATEMENT OF CHANGES IN EQUITY**

(All amounts are expressed in thousands of Ghana cedis)

	Stated capital	Capital surplus account	Income surplus account	Total
<b>Year ended 31 December 2013</b>				
At 1 January 2013	2,000	7,629	30,906	40,535
Profit for the year	-	-	5,806	5,806
	-----	-----	-----	-----
<b>Total comprehensive income</b>	<b>2,000</b>	<b>7,629</b>	<b>36,712</b>	<b>46,341</b>
	-----	-----	-----	-----
<b>Transactions with owners</b>				
Dividend declared for 2012	-	-	(2,681)	(2,681)
	-----	-----	-----	-----
<b>At 31 December 2013</b>	<b>2,000</b>	<b>7,629</b>	<b>34,031</b>	<b>43,660</b>
	=====	=====	=====	=====
 <b>Year ended 31 December 2012</b>				
At 1 January 2012	2,000	7,629	19,901	29,530
Profit for the year	-	-	13,406	13,406
	-----	-----	-----	-----
Total comprehensive income	2,000	7,629	33,307	42,936
	-----	-----	-----	-----
Transactions with owners				
Dividend declared for 2011	-	-	(2,401)	(2,401)
	-----	-----	-----	-----
At 31 December 2012	2,000	7,629	30,906	40,535
	=====	=====	=====	=====

The notes on pages 19 to 37 are an integral part of these financial statements.



Financial Statements  
Year Ended 31 December 2013

## STATEMENT OF CASH FLOWS

(All amounts are expressed in thousands of Ghana cedis)

		Year ended 31 December	
	Notes	2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	3,436	10,043
Interest received	9	1,297	1,234
Tax paid	10	(264)	(186)
		-----	-----
<b>Net cash generated from operating activities</b>		<b>4,469</b>	<b>11,091</b>
		-----	-----
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(4,511)	(2,205)
Purchase of biological assets	23	(3,596)	(1,436)
Proceeds from sale of property, plant and equipment	14	49	30
Proceeds from sale of biological assets	23	626	397
		-----	-----
<b>Net cash used in investing activities</b>		<b>(7,432)</b>	<b>(3,214)</b>
		-----	-----
<b>Cash flows from financing activities</b>			
Dividend paid to the shareholders	11	(2,654)	(2,340)
		-----	-----
<b>Net cash used in financing activities</b>		<b>(2,654)</b>	<b>(2,340)</b>
		-----	-----
Increase in cash and cash equivalents		(5,617)	5,537
Cash and cash equivalents at 1 January		13,008	7,471
		-----	-----
<b>Cash and cash equivalents at 31 December</b>	19	<b>7,391</b>	<b>13,008</b>
		=====	=====

The notes on pages 19 to 37 are an integral part of these financial statements.





## Financial Statements

Year Ended 31 December 2013

### NOTES

#### 1 General information

Benso Oil Palm Plantation Limited which is incorporated and domiciled in Ghana under the Companies Act, 1963 (Act 179) as a public limited liability company, and listed on the Ghana Stock Exchange. The address of its registered office is Adum Bansa Estate, P. O. Box 470, Takoradi. The principal activities of the Company is to grow oil palm and produce palm oil and palm kernel oil.

For Companies Act reporting purposes the balance sheet is represented by the statement of financial position and the profit and loss account by the income statement.

#### 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 consistently applied 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). The measurement basis applied is the historical cost convention except as disclosed in the accounting policy below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 3.

##### 2.1.1 Changes in accounting policy and disclosures

###### New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

**IFRS 9, 'Financial instruments'** addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

**IFRIC 21, 'Levies'** sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.



## Financial Statements

Year Ended 31 December 2013

### NOTES (continued)

#### 2 Summary of significant accounting policies (continued)

##### New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Company:

**Amendment to IAS 1, 'Financial statement presentation'** regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

**IAS 19, 'Employee benefits'** was revised in June 2011 changes on the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

**Amendment to IFRS 7, 'Financial instruments: Disclosures' On assets and liability offsetting.** This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

**IFRS 10, 'Consolidated financial statements'** builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

**IFRS 11, 'Joint arrangements'** focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

**IFRS 12, 'Disclosures of interests in other entities'** includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

**IFRS 13, 'Fair value measurement'**, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

**Amendments to IAS 36, 'Impairment of assets'**, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the group until 1 January 2014, however the group has decided to early adopt the amendment as of 1 January 2013.



## Financial Statements

**Year Ended 31 December 2013**

### NOTES (continued)

#### 2 Summary of significant accounting policies (continued)

##### 2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on property, plant and equipment is calculated to write off the value of assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used are:

Roads, bridges, buildings and houses	2.5%
Vehicles – light passenger and lorries	25.0%
Vehicles – heavy roadmaking equipment, tractors and trailers	16.7%
Plant and machinery	7.0%
Computers	20.0%
Furniture, fittings and office equipment	25.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

##### 2.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises the fair value less estimated point-of-sale costs of agricultural produce at the point of harvest, the cost of raw materials and direct labour, and other direct costs and related production overheads. It excludes borrowing cost.

Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses.

The fair value less estimated point-of-sale costs of harvested fresh palm fruits is determined based on the market prices of the final product, taking into account conversion costs.

##### 2.4 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

##### 2.5 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



## Financial Statements

**Year Ended 31 December 2013**

### **NOTES** (continued)

#### **2 Summary of significant accounting policies** (continued)

##### **2.6 Income tax**

Tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the amount of tax payable on taxable profit for the year in accordance with the Income Tax Act, 2000 (Act 592) as amended.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### **2.7 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

##### **2.8 Revenue recognition**

Revenue is recognised upon delivery of products and customer acceptance and also upon customer request to store the products. Turnover is shown at net of value added taxes and discounts. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

##### **2.9 Biological assets**

Biological assets are measured at fair values less estimated cost to sell based on the net present value of estimated pre-tax net cashflows. Any gains or losses arising on subsequent changes in fair values less estimated cost to sell are recognised in profit or loss in the year in which they arise.

All costs of planting, upkeep and maintenance of biological assets are recognised in the profit and loss under cost of production in the period in which they are incurred.

##### **2.10 Stated capital**

Ordinary shares are classified as equity. All shares were issued at no par value.

##### **2.11 Foreign currency translation**

###### **(a) Functional and presentation currency**

Transactions items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedis, which is the Company's functional currency.





## Financial Statements

**Year Ended 31 December 2013**

### NOTES (continued)

#### 2 Summary of significant accounting policies (continued)

##### (b) Transactions and balances

Foreign currency transactions are translated into the Ghana Cedis using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### 2.12 Employment benefits

##### (a) Post employee benefits

The Company contributes on behalf of its employees to the Social Security and National Insurance Trust (SSNIT) fund. This is a defined contribution plan. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to the defined contribution scheme are charged as an expense as they fall due.

##### (b) Bonus

The Company recognises a liability and an expense for bonuses taking into consideration the profit attributable to the Company's shareholders. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### 2.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### 2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating profits.

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 recognised as interest expense.

#### 2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee members that makes strategic decisions.

### 3 Significant accounting judgement and estimates

The preparation of the Company's financial statements requires directors to make judgements, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.



Financial Statements

Year Ended 31 December 2013

**NOTES** (continued)

**2 Summary of significant accounting policies** (continued)

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

**(i) Depreciation of plant and equipment**

The cost of plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 25 years. These are common life expectancies applied in the industry. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

**(ii) Biological assets**

The Company's biological assets are stated at fair value less point-of-sale costs. Changes in the conditions of the biological assets could impact the fair value of the assets. Estimates and judgements in determining the fair value of palm oil yield, the long term crude palm oil price, palm kernel oil price and the discount rates. Assumptions impacting biological assets are given in more detail in Note 23.

**(iii) Income taxes**

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.



Financial Statements

Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**4. Revenue**

Sales are recognised upon delivery of products and customer acceptance. Sales are shown at net of value added taxes and discounts.

**By type:**

Sale of crude palm oil  
Sale of palm kernel oil  
Sale of palm nuts

	2013	2012
	29,903	34,474
	5,535	6,338
	-	27
	-----	-----
	<b>35,438</b>	40,839
	=====	=====
	83	90
	35,355	40,749
	-----	-----
	<b>35,438</b>	40,839
	=====	=====

**By customer:**

Third parties  
Related parties (Note 20)

**5. Cost of sales**

Cost of sales include:

Material costs  
Fertilizer  
Depreciation  
Staff costs (Note 7)  
Spares inventory consumed

	14,752	13,547
	3,002	2,778
	799	417
	4,880	3,847
	2,964	5,352
	-----	-----

**6. Administrative expenses**

Administrative expenses include:

Registrar and related expenses  
Depreciation  
Staff costs (Note 7)  
Listing fees  
Directors remuneration  
Auditors' remuneration  
Service fees  
Land rent  
Bank charges

	88	95
	77	49
	1,168	994
	19	13
	77	67
	58	53
	709	811
	48	48
	76	56
	-----	-----

**7. Staff costs**

Salaries, wages, bonuses and other allowances  
Provident fund  
Social security cost

	5,354	4,369
	241	145
	453	327
	-----	-----
	<b>6,048</b>	4,841
	=====	=====



Financial Statements  
Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

Staff costs are charged to cost of sales and administrative expenses as shown below:

	2013	2012
Cost of sales	4,880	3,847
Administrative expenses	1,168	994
	-----	-----
	<b>6,048</b>	4,841
	=====	=====

The average number of persons employed by the Company during the year was 592 (2012:520).

**8. Other income**

Profit on disposal of property, plant and equipment	46	15
Profit on disposal of biological assets	359	378
Sundry income	407	106
	-----	-----
	<b>812</b>	499
	=====	=====

**9. Finance income**

Interest income on fixed deposits	1,275	984
Interest income on intercompany receivables	22	250
Exchange gains	23	84
	-----	-----
	<b>1,320</b>	1318
	=====	=====

**10. Income tax**

At 1 January	301	179
Charge for the year	324	308
Payment during the year	(264)	(186)
	-----	-----
At 31 December	<b>361</b>	301
	=====	=====

The current income tax charge is in respect of the returns from monies held in fixed deposits. No provision has been made in the financial statements for deferred and current income tax because profit from the Company's agro processing activities are taxed at zero percent, being an agro processing business operating outside a regional capital.



Financial Statements  
Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**11. Dividend payable**

At 1 January  
Dividend declared for 2011  
Dividend declared for 2012  
Payment during the year

2013	2012
416	355
-	2,401
2,681	-
(2,654)	(2,340)
-----	-----
443	416
=====	=====

**At 31 December**

Payment of dividend is subject to the deduction of withholding taxes at the rate of 8%. At the next Annual General Meeting, the directors will propose a dividend for the year ended 31 December 2013 of GH¢ 0.0334 per share (2012: 0.0770) amounting to GH¢1,161,173 (2012: GH¢2,681,218)

**12. Stated capital**

	2013		2012	
	No. of shares of no par value	Proceeds	No. of shares of no par value	Proceeds
<b>Authorised shares</b>	<b>50,000,000</b>		<b>50,000,000</b>	
	=====		=====	
For cash consideration	322,000	3	322,000	3
Transfer from income surplus account in accordance with Section 66 (1c) and 74(1) of the Companies Act, 1963 (Act 179) by special resolution	34,478,000	1,997	34,478,000	1,997
	-----	-----	-----	-----
<b>Issued shares</b>	<b>34,800,000</b>	<b>2,000</b>	<b>34,800,000</b>	<b>2,000</b>
	=====	=====	=====	=====

There is no unpaid liability on any shares and there are no calls or instalments unpaid. There are no treasury shares.

**13. Capital surplus account**

At 1 January and 31 December

2013	2012
7,629	7,629
=====	=====

The capital surplus arose as a result of the revaluation of certain assets including land, buildings and plant and machinery in 2003 by Architectural and Engineering Services Limited (AESL). In accordance with the requirements of the Companies Act, 1963 (Act 179), the capital surplus is a non-distributive reserve.





Financial Statements

**Year Ended 31 December 2013**

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

The revaluation amount of the said property, plant and equipment items were used as deemed cost in the first year of the adoption of International Financial Reporting Standards (IFRS).

**14. Property, plant and equipment**  
**Year ended 31 December 2013**

	<b>Land, Roads and Bridges</b>	<b>Buildings and Housing</b>	<b>Motor Vehicles Plant and Machinery</b>	<b>Computers, Furniture and Fittings and Equipment</b>	<b>Total</b>
<b>Cost</b>					
<b>At 1 January 2013</b>	1,616	3,035	10,089	619	<b>15,359</b>
Additions	-	63	4,333	115	<b>4,511</b>
Disposals	-	-	(136)	-	<b>(136)</b>
	-----	-----	-----	-----	-----
<b>At 31 December 2013</b>	<b>1,616</b>	<b>3,098</b>	<b>14,286</b>	<b>734</b>	<b>19,734</b>
	-----	-----	-----	-----	-----
<b>Accumulated depreciation</b>					
At 1 January 2013	376	1,618	5,882	364	<b>8,240</b>
Charge for the year	40	74	684	78	<b>876</b>
Disposals	-	-	(133)	-	<b>(133)</b>
	-----	-----	-----	-----	-----
<b>At 31 December 2013</b>	<b>416</b>	<b>1,692</b>	<b>6,433</b>	<b>442</b>	<b>8,983</b>
	-----	-----	-----	-----	-----
<b>Net book value</b>					
<b>At 31 December 2013</b>	<b>1,200</b>	<b>1,406</b>	<b>7,853</b>	<b>292</b>	<b>10,751</b>
	=====	=====	=====	=====	=====
<b>Year ended 31 December 2012</b>					
<b>Cost</b>					
At 1 January 2012	1,614	2,987	8,318	437	13,356
Additions	2	48	1,970	185	2,205
Disposals	-	-	(199)	(3)	(202)
	-----	-----	-----	-----	-----
<b>At 31 December 2012</b>	<b>1,616</b>	<b>3,035</b>	<b>10,089</b>	<b>619</b>	<b>15,359</b>
	-----	-----	-----	-----	-----
<b>Accumulated depreciation</b>					
At 1 January 2012	336	1,544	5,763	318	7,961
Charge for the year	40	74	303	49	466
Disposals	-	-	(184)	(3)	(187)
	-----	-----	-----	-----	-----
<b>At 31 December 2012</b>	<b>376</b>	<b>1,618</b>	<b>5,882</b>	<b>364</b>	<b>8,240</b>
	-----	-----	-----	-----	-----
<b>Net book value</b>					
<b>At 31 December 2012</b>	<b>1,240</b>	<b>1,417</b>	<b>4,207</b>	<b>255</b>	<b>7,119</b>
	=====	=====	=====	=====	=====



Financial Statements

**Year Ended 31 December 2013**

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**14. Property, plant and equipment (continued)**

At 31 December 2013, there were no restrictions on any title, and property, plant and equipment pledged as security for liability. There was no expenditure recognised in the carrying amount of any property, plant and equipment in the course of its construction. There was no compensation from any third party for any property, plant and equipment that was impaired, lost or given up that is included in the profit or loss.

**Profit on disposal of plant and equipment**

	2013	2012
Gross book value	136	202
Accumulated depreciation	(133)	(187)
	-----	-----
<b>Net book value</b>	<b>3</b>	<b>15</b>
Sales proceeds	(49)	(30)
	-----	-----
<b>Profit on disposal of plant and equipment</b>	<b>(46)</b>	<b>(15)</b>
	=====	=====

**15. Inventories**

Palm oil	208	68
Palm kernel	25	292
Palm kernel oil	254	61
Non-trade stock	3,973	3,851
	-----	-----
	<b>4,460</b>	<b>4,272</b>
	=====	=====

The inventory recognised as expense in cost of sales during the year amounted to GH¢2,964,000 (2012:GH¢ 5,352,000). Inventories written down and recognised as expense during the year was GH¢71,650 (2012:GH¢59,000).

No reversal of any written down inventory was made in the year.

There were no inventories pledged as security for liabilities as at 31 December 2013 (2012 : Nil).

**16. Trade and other receivables**

Trade receivables	3	1
Amount due from officers	99	47
VAT receivables	92	82
Amounts due from smallholder farmers	732	590
Amount due from other staff	152	125
Other receivables	229	628
	-----	-----
	<b>1,307</b>	<b>1,473</b>
	=====	=====



## Financial Statements

Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

Trade receivables are non-interest bearing and the average days outstanding is 13 days (2012:13 days). This excludes trade sales to related party. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum amount due from officers during the year did not exceed GH¢105,000 (2012:GH¢ 52,000).

At 31 December 2013, trade and other receivables of GH¢70,000 (2012:GH¢29,000) were past due but not impaired. These relate to individual customers for whom there is no recent history of default. The ageing analysis of these receivables are as follows:

	2013	2012
1 to 3 months	70 =====	29 =====

**17. Trade and other payables**

Trade payables  
Amount due to directors and officers  
VAT payable  
Sundry payables and accrued liabilities

	1	21
	7	9
	295	240
	868	1,179
	-----	-----
	1,171	1,449
	=====	=====

Trade payables are non-interest bearing and are normally settled within 14 days (2012:20 days). All trade payables and other payables are due within one year.

**18. Cash generated from operations**

Reconciliation of profit before income tax to cash generated from operations:

Profit before income tax

**Adjustments for:**

Depreciation (Note 14)  
Changes in fair value of biological asset (Note 23)  
Profit on disposal of property, plant and equipment (Note 14)  
Profit on disposal of biological assets (Note 23)  
Increase in inventories  
Decrease/(Increase) in trade and other receivables  
Increase in amounts due from related companies  
(Decrease)/Increase in trade and other payables  
(Decrease)/Increase in amount due to related companies  
Interest received

	6,130	13,714
	876	466
	(1,234)	(869)
	(46)	(15)
	(359)	(378)
	(188)	(1,308)
	166	(317)
	(63)	(576)
	(278)	132
	(271)	428
	(1,297)	(1,234)
	-----	-----
	3,436	10,043
	=====	=====

**Cash generated from operations**

Financial Statements  
Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**19. Cash and cash equivalents**

For the purpose of the statement of cash flows, the cash and cash equivalents comprise the following:

	2013	2012
Cash and bank balances	7,391	13,008

**20. Related party transactions**

Wilmar Africa Limited, incorporated in Ghana owns 76.63% of the Company's shares. The ultimate parent company is Wilmar International, incorporated in Singapore. There are other companies that are related to the Company through common shareholding or directorship. Approximately 99.8% of the Company's sales are made to Wilmar Africa Limited. There is a cash pooling agreement between the Company and Wilmar Africa Limited where sales made to Wilmar are paid within thirty days, after which interest is accrued.

The following transactions were carried out with related parties:

**Service fee**

Service fee paid to Wilmar Africa Limited during the year	709	811
---	-----	-----

**Sale of goods:**

Wilmar Africa Limited	35,355	40,749
-----------------------	--------	--------

**Purchase of goods & services:**

Wilmar Africa Limited	20	22
-----------------------	----	----

**Outstanding balances arising from sale/purchase of goods/services:**

**Amounts due from related parties:**

Wilmar Africa Limited	2,252	2,196
Wilmar Consultancy Services	7	-
	2,259	2,196

**Amounts due to related parties:**

Wilmar Africa Limited	156	135
Wilmar PGE0 Edible Oil SDN BHD	91	163
PT Tania Selatan	-	262
Biase Plantations Ltd	4	-
Wilmar International Limited	27	-
P.T Mustika Sembuluh	11	-
	289	560



Financial Statements  
Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**20. Related party transactions ( continued )**

**Key management personnel compensation**

Short term employee benefits

Of which:

Executive directors

Non -executive directors

	2013	2012
	77	67
	=====	=====
	47	40
	30	27
	-----	-----
	77	67
	=====	=====

**21. Income surplus account**

**At 1 January**

Profit for the year

Dividend approved for 2011

Dividend approved for 2012

**At 31 December**

	2013	2012
	30,906	19,901
	5,806	13,406
	-	(2,401)
	(2,681)	-
	-----	-----
	34,031	30,906
	=====	=====

**22. Commitment and contingent liabilities**

There were no contingent liabilities as at the balance sheet date (2012: nil).

**23. Biological assets**

**At 1 January**

Additions

Disposals

Fair value adjustments

**At 31 December**

	2013	2012
	15,193	12,907
	3,596	1,436
	(267)	(19)
	1,234	869
	-----	-----
	19,756	15,193
	=====	=====

The following table presents the Company's biological assets that are measured at fair value at 31December 2013.

	Level 1	Level 2	Level 3	Total
Palm Oil Plantation				
Mature	-	-	13,393	13,393
Immature	-	-	6,363	6,363

The company's biological assets are measured at fair value and all classified under level 3 of the fair value hierarchy (valuation not based on observable market data). There are no items in level 1 (valuation based on quoted prices) or level 2 (valuation based on observable market data) and there were no transfers between levels.





Financial Statements

Year Ended 31 December 2013

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**(a) Analysis of oil palm production**

During the financial year, the Company harvested 41,481 tonnes (2012: 50,347 tonnes) of fresh fruit bunches (FFB), which had a fair value less estimated point-of-sale costs of GH¢ 8,597,000 (2012:GH¢8,333,000). The fair value of FFB was determined with reference to their market prices at the year end.

**(b) Analysis of biological assets**

At the reporting date, the total planted area of mature and immature plantations were as follows:

Planted area:	2013	2012
Mature	13,393	11,496
Immature	6,363	3,697
	-----	-----
	19,756	15,193
	=====	=====
Planted area(Hectares):		
Mature	2,558	3,288
Immature	1,565	1,390
	-----	-----
	4,123	4,678
	=====	=====

As at the year end, 615 hectares were cleared but not yet re-planted.

(c)None of the biological assets have been used as collateral for bank facilities (2012: None).

(d) No commitments have been made for the development or acquisition of biological assets.

(e) The fair value of biological assets has been determined using discounted cash flows of the underlying biological assets.

**(f) Profit on disposal of biological assets**

Net book value	267	19
Proceeds	(626)	(397)
	-----	-----
<b>Profit on disposal</b>	<b>(359)</b>	<b>(378)</b>
	=====	=====

Palm trees are carried at fair value less estimated point-of-sale costs. The fair value of the palm trees were determined based on the net present values of expected cash flows from those assets, discounted at a market-determined pre-tax rate.

The following assumptions were made in determining the fair values of the palm trees:

\* Average yielding life of Palm tree is 22 years.

\* Climatic conditions will remain same and no anticipation of any disease attacking the trees.

\* FFB selling price of GH¢ 245.96 per metric tone.

\* A discount rate of 26.95% was used.

\* Inflation rate of 10% was used.

\* Palm plantation covers a total of 4,123 hectares with an average of 135 palm trees per hectare.



## Financial Statements

**Year Ended 31 December 2013**

### NOTES (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

#### **Fair value disclosure**

The fair value of biological assets have been determined based on valuation by the directors using discounted cashflows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantation are determined using market price and the estimated yield of FFB net of maintenance and harvesting costs and any costs required to bring the oil palm trees to maturity. The estimated yield of oil palm plantation is dependent on the age of the oil palm trees, the location of the plantation, soil type and infrastructure. The market price of the FFB is determined by the prevailing market prices of crude palm oil and palm kernel. Point of sale costs include all costs that would be necessary to sell the assets.

#### **24. Financial instruments and treasury risk management**

##### **Financial risk management**

The Company's activities expose it to financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rates risk, credit risk.

##### **Market risk**

Foreign exchange risk may arise from future commercial transactions, recognised assets and liabilities. All sales are denominated in the Company's functional currency.

##### **(i) Foreign exchange risk**

The Company has used sensitivity analysis technique to measure the estimated impact on the profit and loss account from an instantaneous 10% strengthening or weakening of the Ghana cedi against the US Dollar. The company only trades in US Dollar. The fair value of cash and cash equivalents is affected by movement in exchange rates. A hypothetical 10% weakening of the Ghana cedi will result in an increase of GH¢ 76,000 in profit after tax (2012: increase of GH¢ 7,000 in profit after tax).

##### **(ii) Price risk**

The Company is not exposed to equity securities price risk because it has no investments in equity securities. The Company is not exposed to commodity price risk. This is because the Company does not have commodity purchase contracts that meet the definition of a financial instrument under IAS 39.

##### **(iii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from fixed deposits with financial institutions.

At the reporting date, if the interest rates earned on fixed deposits had been 5% (2012: 5%) lower with all other variables held constant, the Company's interest earned will be lower by approximately GH¢ 320,000 (2012: GH¢ 360,000). The Company's fixed deposits are short-term and hence a minimum interest rate exposure risk.

##### **Credit risk**

The Company has policies in place to ensure that sales are made to customers with an appropriate credit history. The Company also has policies that limit the amount of credit exposure to any financial institution. Credit risk arises from cash at bank and short term deposit with banks, as well as trade and other receivables.

The Company's maximum exposure to credit by class of financial assets is shown below:



Financial Statements

Year Ended 31 December 2013

NOTES (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

	2013	2012
Trade and other receivables(excluding prepayments)	1,307	1,049
Amount due from related companies	2,259	2,196
Cash and cash equivalents (excluding cash in hand)	7,388	12,999
	-----	-----
	<b>10,954</b>	<b>16,244</b>
	=====	=====

**24. Financial instruments and treasury risk management**

There is no off balance sheet credit risk exposure. The Company sells most of its products to Wilmar Africa Limited which owns 76.63% of its shares. No collateral is held for any of the above assets. None of the above assets are impaired.

Impairment analysis of trade and other receivable balances is shown below:

	2013	2012
Neither past due nor impaired	1,237	1,020
Past due but not impaired	70	29
	-----	-----
Carrying amount	<b>1,307</b>	<b>1,049</b>
	=====	=====

**Fair values of financial assets and financial liabilities**

The following table summarises the fair values and carrying amounts of the various financial assets and financial liabilities. The carrying amounts of the following financial assets and liabilities are a reasonable approximation of their fair value, because of their short term nature.

	Fair value 2013	Carrying amount 2013	Fair Value 2012	Carrying amount 2012
<b>Financial assets</b>				
Trade and other receivables	1,307	1,307	1,473	1,473
Amounts due from related companies	2,259	2,259	2,196	2,196
Cash and cash equivalents	7,391	7,391	13,008	13,008
	-----	-----	-----	-----
-	<b>10,957</b>	<b>10,957</b>	16,677	16,677
	=====	=====	=====	=====
<b>Financial liabilities</b>				
Trade and other payables	1,171	1,171	1,449	1,449
Amounts due to related companies	289	289	560	560
	-----	-----	-----	-----
	<b>1,460</b>	<b>1,460</b>	2,009	2,009
	=====	=====	=====	=====

**Liquidity risk**

The Company manages liquidity risk by maintaining adequate cash reserves and calling on short term borrowing and funding from related parties. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.



Financial Statements

**Year Ended 31 December 2013**

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

At 31 December

Trade and other payables

Amount due to related companies

2013	2012
1,171	1,449
289	560
<u>1,460</u>	<u>2,009</u>

**24. Financial instruments and treasury risk management** ( continued )

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce cost of capital. The Company monitors capital on the basis of nil net debt. In the year 2013, total borrowing was nil. In order to maintain or adjust the capital structure, the Company may limit the amount of dividend paid to shareholders, issue new shares, or sell assets to reduce debt. Total capital is calculated as "equity" as shown in statement of financial position plus net debt.

The Company's cash and cash equivalents exceed its borrowings:

Cash and cash equivalents (Note 19)

Total equity

2013	2012
7,391	13,008
<u>43,660</u>	<u>40,535</u>

**25. Basic and diluted earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Profit for the year attributable to ordinary equity holders (GH¢'000)

Weighted average number of ordinary shares ('000)

Basic earnings per share (Ghana pesewas)

2013	2012
5,806	13,406
34,800	34,800
<u>0.1668</u>	<u>0.3852</u>

There were no potentially dilutive shares outstanding at 31 December 2013 or 2012. Diluted earnings per share are therefore the same as basic earnings per share.

**26. Segmental reporting**

The directors consider that there is only one business segment and that all its trading is conducted in Ghana. The main product of the Company is crude palm oil and all its trading is conducted in Ghana. The major customer of the Company is Wilmar Africa Limited, a parent company.



Financial Statements  
**Year Ended 31 December 2013**

**NOTES** (continued)

(All amounts in the notes are shown in thousands of Ghana cedis unless otherwise stated)

**27. Leases**

The company leases land under non-cancellable operating lease agreement. At the reporting date the Company had land with the total future minimum payments as follows:

	<b>2013</b>	2012
Lease rental expensed for the year	<b>40</b>	40
Not later than one year	<b>40</b>	40
Later than one year and not later than five years	<b>160</b>	160
Later than five years	<b>987</b>	1,027
	=====	=====

The lease payment for the land spans a period of fifty years. There are no restrictions imposed by the lease arrangements on dividend and additional debt.

**28. Events after the reporting date**

No events have occurred after the reporting date that requires adjustments or disclosures to the financial statements.



**SHAREHOLDERS' INFORMATION****Shareholding distribution as at 31 December 2013.**

<b>Holding</b>	<b>No. of shareholders</b>	<b>Holders %</b>	<b>No. of shares</b>	<b>% of Holding</b>
1 - 1,000	8,452	94.17	2,318,668	6.66
1,001- 5,000	417	4.65	788,311	2.27
5,001- 10,000	49	0.55	365,687	1.05
Over 10,000	57	0.64	31,327,334	90.02
	-----	-----	-----	-----
	8,975	100.00	34,800,000	100.00
	=====	=====	=====	=====

**Directors' shareholding**

The directors named below held the following number of shares in the Company as at 31 December 2013:

	<b>Shares</b>
Mr. Neneyo Asare Mate-Kole	8
Mr. Ishmael Yamson	36,000

Mr Ishmael Yamson owns the shares jointly with others.

**20 Largest shareholders at 31 December 2013**

	<b>Shareholders</b>	<b>Number of shares</b>	<b>%Holding</b>
1	Wilmar Africa Limited	26,665,507	76.63
2	SSNIT	1,300,000	3.74
3	Mega African Capital Limited	472,470	1.36
4	Adum Bansa Community Endowment Fund	419,746	1.21
5	SCGN/EPACK Investment Fund Ltd.- Transactions A/C	240,600	0.69
6	SCGN/BB Mauritius RE UBS AG LND. Nubeke Afr Multi Str Master	238,352	0.68
7	SSNIT SOS Fund	200,000	0.57
8	EDC Stockbrokers Limited	183,049	0.53
9	NTHC Limited itf. Gov. of Ghana	149,254	0.43
10	Zigma Investment Club	105,800	0.30
11	Gold Fund Unit Trust Scheme	92,230	0.27
12	SIC-FSL/SIC Staff Provident Fund	86,096	0.25
13	NTHC Trading Account	77,000	0.22
14	Star Assurance Company	70,180	0.20
15	Zhao Haijun	65,900	0.19
16	Damsel/Oteng-Gyasi Anthony	63,720	0.18
17	SCGN/SCB Mauritius RE IPRO Funds Limited	56,800	0.16
18	SCBN/MEGAAfrica Capital	51,200	0.15
19	SCGN/Ecobank Staff Provident Fund- Tier 3	49,400	0.14
20	Anim-Addo Kojo	46,500	0.13
		-----	-----
		<b>30,633,804</b>	<b>88.03</b>
		-----	-----
	<b>Others</b>	<b>4,166,196</b>	<b>11.97</b>
		-----	-----
		<b>34,800,000</b>	<b>100.00</b>
		=====	=====





**FIVE YEARS FINANCIAL SUMMARY**

(All amounts are expressed in thousands of Ghana cedis)

	2013	2012	2011	2010	2009
<b>Results</b>					
<b>Revenue</b>	<b>35,438</b>	40,839	34,797	19,366	15,603
Profit before income tax	6,130	13,714	9,771	2,668	1,593
Income tax expense	(324)	(308)	(186)	-	59
<b>Retained profit</b>	<b>5,806</b>	13,406	9,585	2,668	1,652
<b>Financial position</b>					
Property, plant and equipment	10,751	7,119	5,395	4,651	4,944
Biological assets	19,756	15,193	12,907	11,700	10,751
Cash and cash equivalents	7,391	13,008	7,471	2,531	1,298
Other current assets	8,026	7,941	5,740	5,002	5,167
<b>Total assets</b>	<b>45,924</b>	43,261	31,513	23,884	22,160
Total liabilities	2,264	2,726	1,983	2,071	1,860
Stated capital	2,000	2,000	2,000	2,000	2,000
Capital surplus account	7,629	7,629	7,629	7,629	7,629
Income surplus account	34,031	30,906	19,901	12,184	10,671
<b>Total equity and liabilities</b>	<b>45,924</b>	<b>43,261</b>	<b>31,513</b>	<b>23,884</b>	<b>22,160</b>





## Proxy Form

ANNUAL GENERAL MEETING TO BE HELD at 11.00 a.m. on Friday, 9th May, 2014 at Akroma Plaza, Police Reserve near MTTU, Takoradi

I/We.....  
(Insert full name)

of.....  
(Insert full address)

being a member(s) of Benso Oil Palm Plantation, hereby appoint

.....  
(Insert full name)

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf as the Annual General Meeting of that Company to be held on Friday 9th May, 2014 and at any and every adjournment thereof.

Serial No.

<i>For Company's Use</i>	<i>No. of Shares</i>	
<b>RESOLUTION</b>	<b>FOR</b>	<b>AGAINST</b>
To declare a Dividend		
To re-elect Mr Ishmael E. Yamson as Director		
To re-elect Mr. Ramachandra Rao Kodey as Director		
To re-elect Pierre Billon as a Director		
To approve Directors' fees		
To fix the Remuneration of Auditors		
Please indicate with "X" appropriate square how you wish your votes to be cast on the resolution referred to above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.		

Dated this ..... day of May, 2014

Shareholder's signature:.....(Before posting the above form, please tear off this part and retain it)

**THIS PROXY FORM SHOULD NOT BE COMPLETED AND SENT TO THE REGISTRARS IF THE MEMBER WILL BE ATTENDING THE MEETING**

**NOTES**

- (1) In the case of joint holders, each should sign.
- (2) If executed by a Corporation, the Proxy Form should bear its Common Seal or be signed on its behalf by a Director.
- (3) Please sign the above Proxy Form and post it so as to reach the address shown over leaf not later than 11.00.a.m on 8th April, 2014.



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**The Registrar  
NTHC Limited  
Martco House, D542/4,  
Okai-Mensah Link  
P. O. Box KIA 9563  
Adabraka, Accra,**

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here

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## NOTES



## NOTES





