



Benso Oil Palm Plantation Limited


RSPO ROUNDTABLE
ON SUSTAINABLE PALM OIL CERTIFIED



2018 | Annual Report & Financial Statements

BOARD OF DIRECTORS



 **Ishmael Yamson**
(Chairman, Non-Executive Director)




 **Santosh Pillai**
(Managing Director)



 **Samuel Avaala Awonnea**
(GM-Executive Director)




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




 **Kwame Agyarkoh Boitey Wiafe**
(Non-Executive Director)



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



 **Bini Kouaku Kossonou**
(Non-Executive Director)

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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 Raybow Hotel, off the Takoradi Beach Road, Takoradi on Friday, 10th May, 2019 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 2018 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.
6. To approve the appointment of Mr. Kwame Agyarko Boaitey Wiafe as a director

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 8th day of April, 2019.

By Order of the Board

DEHANDS SERVICES LTD


Dehands Services Limited
Company Secretary

CORPORATE INFORMATION

Registered office

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

Dividend warrants

If the payment of dividend recommended is approved, the warrants will be posted on the 24th day of June, 2019 to the holders of shares whose names are registered in the Register of members at the close of day on the 8th day of May 2018.

Board of directors

I.E. Yamson, Chairman, Santosh Pillai, Managing Director, N. A. Mate-Kole, Pierre Billon, Samuel Avaala Awonnea, Bini Kouakou Kossonou, Kwame Agyarko Boaitey Wiafe.

Company secretary

Dehands Services Limited

Board Audit committee

N. A. Mate-Kole and Bini Kouaku Kossonou

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.

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, invest 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 two (2) full time executive and six (6) 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 and palm oil mill 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 three 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 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.

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 these principles.

The Company also has in place a whistleblower policy for which key stakeholders including employees can report any fraudulent acts or misconduct of management personnel and staff.

FINANCIAL HIGHLIGHTS

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

Year ended 31 December

	2018	2017	% Change
Revenue	79,091	89,973	(12.1)
Profit before income tax	6,638	12,803	(48.2)
Income tax expense	(725)	(1,882)	(61.5)
Profit for the year	5,913	10,921	(45.9)
Proposed dividend	1,183	2,181	(45.8)
Income surplus account	58,752	55,020	6.8
Capital expenditure	3,505	6,632	(47.1)
Depreciation and amortisation	3,644	2,807	29.8
Total equity	68,381	64,649	5.8
Earnings per share (GH¢)	0.1699	0.3138	(45.9)
Total assets per share (GH¢)	2.3401	2.1698	7.8
Proposed dividend per share (GH¢)	0.0340	0.0628	(45.9)

CHAIRMAN'S REVIEW

Political

Ghana's political stability was sustained throughout 2018. The New Patriotic Party and the National Democratic Congress remained the two dominant parties and their rivalry will remain the key to the sustainability of democracy in the country. In February 2018 a Special Prosecutor was sworn in with the remit of pursuing corruption cases primarily in the public sector but with the authority to pursue cases outside the Public Sector.

Economic environment

Ghana's economy finished 2018 on a strong footing, following a robust third-quarter outturn, which came against the backdrop of surging mining and quarrying output. Easing inflationary pressures and the relatively stable cedi likely propped up household consumption growth in the fourth quarter.

New minimum capital requirements for banks constrained non-oil economic growth in early 2018, with banks being more cautious with lending. Lending picked up across most of the economy later in the year, as the banks regained confidence to lend.

Inflation dropped from 11.8 percent in December 2017 to 9.4 percent in December 2018.

In 2018, the Ghana cedi remained relatively stable among major currencies recording a cumulative depreciation of 7 percent against the US dollar, compared with 10 percent in prior year, 2017. The Ghana cedi rate to the US dollar depreciated from GH¢4.5300:\$1 in December 2017 to close at GH¢4.9872:\$1 in December 2018.

Interest rates generally trended downwards on the money market during the year with the Bank of Ghana policy rate reducing from 20 percent in December 2017 to 16 percent in December 2018. The 91-Day Treasury bill closed at 14.59 percent in December 2018 from 13.32 percent in December 2017.

Overall business performance

The performance of the business declined compared to prior year largely as a result of the relatively lower palm oil prices on the international market.

Your company delivered profit after tax of GH¢5.91 million compared with GH¢10.92 million the previous year, representing a decline of 46 percent of last year's profit. The level of profitability was impacted by the growth in the cost of Outside Purchased Fruits (OPF), agricultural inputs and spares, and the general increase in price levels of approximately 9.3 percent. Total production volumes from Smallholders, the Nucleus farm, Smallholder and Outgrower fruits were comparatively better than the prior year.

CPO and PKO Price

During the year under review, world market price of crude palm oil (CPO) declined from an average of US\$722 in 2017 to US\$613 in 2018, representing a 15 percent fall in dollar terms. The palm kernel oil (PKO) price also declined from an average of US\$1,243 in 2017 to US\$956 in 2018, representing 23%.

Production volumes

Total palm fruits processed during the year under review was 115,567 metric tonnes, representing a 6 percent growth compared to 2017. The growth in the volumes was largely attributed to the nucleus as a result of good agronomic practices and improved efficiencies. This was however diluted by a 24 percent decline in volumes from Smallholder compared to prior year mainly due to the impact of the production

cycle across the region for older palms. Also in 2018, your company purchased 54,061 metric tonnes of fresh fruit bunches at a total cost of GH¢23.99 million from smallholders and out-grower farmers in the catchment areas in particular and the Western and Central Region of Ghana in general. Consequently turnover recorded a decline of 12 percent for the financial year 2018 on account of a marginal rise in crop production volumes, a reduced Crude Palm Oil and Crude Palm Kernel Oil prices, and the effect of depreciation in the Ghana Cedi against the United States Dollar.

Operating profit

Your company in 2018 also witnessed a drop in operating profit by 49 per cent as a result of the relative decline in CPO prices and increased cost of Fresh Fruit Bunches (FFB) from third party sources (Smallholders and outgrowers) even though volume of FFB increased. Turnover contracted approximately by 12 percent from GH¢89.97 million in prior period to GH¢79.09 million. The combined effect of an increase in the general price level of goods of 9.4 per cent, cumulative Ghana Cedi depreciation of 7 percent and an increase in the prices of outside purchased fruits of 15 per cent had an adverse impact on the cost of sales. In compliance with IFRS, gains arising from changes in the fair value of Biological assets contributed GH¢423,000 to the operating profit delivered this year.

Dividend

In 2018 your Company paid a total dividend of GH¢2.181 million (Basic and Diluted EPS GH¢0.3138) out of total profit of GH¢10.92 million. The directors of your Company propose to pay a total dividend of GH¢1,181 million (Basic and Diluted EPS GH¢0.1699) out of a total profit of GH¢5.91 million for the 2018 financial year.

Board changes

Since the last AGM, Mr Nene Ofoe Amegatcher and Mr Lacina Coulibaly have resigned from the board on 26th May and 25 October respectively while Mr Kwame Agyarkoh Boitey Wiafe was appointed to the board on 25th October 2018.

Profile of New Director

Kwame is a dynamic and transformational business leader with over 19 years of solid track record of building strong business fundamentals that drive sustainable value across the entire business value chain – building, inspiring and energizing teams / organizations with purpose and direction; driving game-changing business transformational projects to drive efficiency and to repurpose organizations unto a strong and sustainable growth path; building / driving an integrated commercial strategy planning and execution in core consumer marketing, customer marketing and sales function with a good general management experience.

Kwame has a good business insights and experience of managing and driving business growth across West Africa and in multiple categories in Home Care, Personal Care and Food and Nutrition having worked with some of the leading global players in these categories - Nestle, PZ Cussons, SC Johnson & Sons Ltd.

Until recently, Kwame was the Managing Director for A&P Foods Nigeria – a full subsidiary of the Pladis Group, formerly known as United Biscuits, a global brand in the Biscuits and Confectionery industry with head office in London UK and led the team to transform the locally acquired business into a full multinational business model and drove strong business performance within a turbulent business environment in Nigeria.

Kwame has a degree in B.Sc. Administration (Accounting) as well as an MBA in Finance both from the University of Ghana Business School. He is also a member of the Chartered Institute of Marketing (Ghana & UK), with a Professional Post Graduate Diploma and a Professional Diploma in Marketing from the Chartered Institute of Marketing (CIM, UK).

Kwame is a proud recipient of “The Marketing Practitioner of Ghana’ by the Chartered Institute of Marketing (Ghana) in 2011.

Safety, health, environment and quality issues

Safety, health, environment and quality issues continued to engage the serious attention of your Company. In 2018, the Total Recordable Injury Rate (RIR) in respect of industrial accidents was 1.04 against 1.10 in 2017. The company recorded, two (2) lost time accidents (LTA) against six (6) in 2017, three (3) restricted work case (RWC) and twelve (12) medical treated case / first aid cases throughout the year under review.

There was no environmental or consumer safety incidents 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 as at 2018 stands at twenty three (23) in four (4) communities at the Senior High School level and a total of sixty (67) beneficiaries since the inception of the scheme in 2007. Your company did not award Senior High School scholarship for 2018/2019 academic year due to the government's Free SHS Education Policy; the funds saved were applied in projects in the communities. During the year management constructed two canteens for BOPP D/A Basic School and LPH Crèche/ Nursery each at a costs of GH¢138,000 and GH¢122,000 respectively to provide a decent place to serve meals to the pupils at the School and the Crèche/Nursery. The canteens were both commissioned on 13th January 2019.

During the year under review the company paid out GH¢23.99 million to smallholder and outgrower farmers in the catchment area thus contributing to the socio-economic enhancement of these farmers. More than GH¢232,000 was spent on corporate social responsibility projects.

Awards

The Company went through the 4th Post-Certification Audit of the Roundtable on Sustainable Palm Oil (RSPO) in August 2018 without any major issues and has since been issued with a new certificate and thus retains the enviable RSPO certification status. Without doubt BOPP has become the model of Best Management Practice (BMP) in the oil palm plantation industry in Africa. Your company received the Best Listed Company in Ghana 2017, during the Ghana Club 100 Companies Awards organised by the Ghana Investment Promotion Center (GIPC) in 2018.

Outlook - 2019

The Company expects a difficult operating environment in 2019. Crude palm oil prices are expected to remain bearish in 2019 and therefore impact negatively on the performance of the business. Management however, will continue to leverage on the expected growth in crop production from the nucleus plantation, the upgrade of the mill from 20 tph to 30 tph with the energy supply from its own 1MW steam turbine, increased labour productivity and plant efficiency to ensure and to protect overall business profitability/ sustainability and to enhance shareholder value.

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 2018.

Parent company

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

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 changes in the board. Messrs Lacina Coulibaly and Nene Ofoe Amegatcher resigned from the board on 25th May 2018 and 25th October 2018 respectively while Mr. Kwame Wiafe was appointed as a board member with effect from 25th October 2018.

In accordance with regulations of the company and the stock exchange listing regulations, Mr. Kwame Wiafe will retire at the forthcoming annual general meeting and be eligible to offer himself for re-election.

Financial results

The Company's profit for the year is GH¢5.91 million.

Dividend

The directors recommend the payment of dividend per share of GH¢0.034 for the year ended 31 December 2018 amounting to GH¢1.18 million.

Directors

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

Ishmael Yamson	Chairman, non-executive
Santosh Pillai	Managing Director
Samuel Avaala Awonnea	Executive director (Group Manager)
Kwame Agyarkoh Boitey Wiafe	Non-executive director
Pierre Billon	Non-executive director
Neneyo Mate-Kole	Non-executive director
Bini Kouaku Kossonu	Non-executive director

The directors to retire by rotation in accordance with the regulations of the Company are Pierre Billon and Neneyo Mate-Kole who being eligible, offer themselves for re-election.

Annual Report

For the year ended 31 December 2018

Directors' interests in contracts

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

Auditor

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

BY ORDER OF THE BOARD



.....
Neneyo Mate-Kole

Director

Date: 8 February 2019



.....
Santosh Pillai

Managing Director

Date: 8 February 2019

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.

The directors have made an assessment at the company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern.



.....
Neneyo Mate-Kole

Director

Date: 8 February 2019



.....
Santosh Pillai

Managing Director

Date: 8 February 2019

REPORT OF THE AUDIT COMMITTEE

Membership of the audit committee of the Board

The Benso Oil Palm Plantation Limited's audit committee comprises of three non-executive directors. The committee is chaired by Nene Ofoe Amegatcher, a non-executive director. The Finance Manager sits in attendance at meetings of the committee and periodically, the internal and external auditors may be invited to make presentations 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 2018

In 2018, Benso Oil Palm Plantation Limited's audit committee met five (5) times on 22 January, 05 February, 09 April, 09 July and 15 October 2018.

Review of the financial performance of the Company

At the 22 January 2018 meeting, the committee reviewed the financial performance of the Company for the financial year ended 31 December 2017. On 15th October 2018, the committee also reviewed the final internal audit report submitted by Wilmar International Limited (Africa Audit Team), which disclosed no major issues. The committee was updated on the Company's 2018 performance during its quarterly meetings held during the year, and reviewed the target implementation dates from the internal audit.

External audit

At the 15 October 2018 meeting, the committee considered a presentation by the external auditor, Messrs PricewaterhouseCoopers Chartered Accountants on the audit plan for the Company for the 2018 financial year ended 31 December 2018.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our 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 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

What we have audited

We have audited the financial statements of Benso Oil Palm Plantation Limited (the "Company") for the year ended 31 December 2018.

The financial statements on pages 16 to 37 comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BENSO OIL PALM PLANTATION LIMITED (continued)

Key Audit matter	How our audit addressed the key audit matter
<p>Biological asset valuation</p> <p>The company uses a fair value model to determine the valuation of biological assets. The valuation of the biological asset involves complex and subjective judgements about the palm oil yield, long term crude palm oil price and discount. This requires management estimates and assumptions as explained in note 27 to the financial statements. At 31 December 2018, biological assets were valued at GH¢4.4million. The assumptions have been identified as a source of estimation uncertainty in Note 3 and the significant accounting policy is outlined in Note 2.14.</p>	<p>We tested the reasonableness of palm oil yield forecast by comparing the palm oil yield used in the prior year valuation to the actual yields in the current year. We checked that the model used was consistent with prior year. We considered the compliance of the valuation model with the requirements of IAS 41.</p> <p>We tested the underlying data applied in determining the discount rate and long term crude palm oil price used in the cash flow model taking into consideration available data from independent sources.</p> <p>We tested the mathematical accuracy of the model and inspected the data inputs into the model relating to plantation size, number of trees and actual yield.</p> <p>We checked the presentation and disclosure of Management's valuation in the financial statements to assess their reasonableness.</p>
<p>Employee benefit obligation</p> <p>Measurement of the Company's liabilities relating to post employment and other long-term employee benefits, requires judgement in determining appropriate assumptions including those relating to discount rates, inflation and turnover rates. At 31 December 2018 the defined benefit liability was GH¢2.3million. Changes in key assumptions disclosed in note 33 of the financial statements can have a material impact on the liability recorded. The assumptions have been identified as a source of estimation uncertainty in note 3 and the significant accounting policy is outlined in note 2.17.</p>	<p>We assessed the reasonableness of the method applied by management in determining the discount rate, inflation and turnover rate. We assessed the design and implementation of controls relating to the payroll data. We tested the inputs used in arriving at the discount rate and inflation rate by comparing them to independent benchmarks and observable data. We re-performed Management's calculation of the turnover rate and tested the payroll data used in arriving at the turnover rate by agreeing them to payroll records.</p> <p>We assessed the competence of management in performing the valuation by checking their qualifications.</p> <p>We checked the presentation and disclosure of the benefit obligation in the financial statements to assess their reasonableness.</p>

Other information

The directors are responsible for the other information. The other information comprises Notice of meeting, Corporate information, Corporate Governance, Financial Highlights, Chairman's review, Report of the Directors, Statement of Directors' Responsibilities, Report of the Audit Committee, Shareholders Information, Five Year Financial Summary and Proxy forms but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 in the manner required by the Companies

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BENSO OIL PALM PLANTATION LIMITED (continued)

Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BENSO OIL PALM PLANTATION LIMITED (continued)

should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory 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 purposes 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 Company's profit and loss account (part of the statement of comprehensive income) are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is George Arhin (ICAG/P/1187).

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers (ICAG/F/2019/028)

Chartered Accountants

Accra, Ghana

29 March 2019

Financial statements

For the year ended 31 December 2018

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands of Ghana cedis)

Year ended 31 December			
	Note	2018	2017
Revenue	4	79,091	89,973
Cost of sales	5	(65,161)	(71,341)
Net gains from changes in fair value of biological assets	27	422	1,084
Gross profit		14,352	19,716
Administrative expenses	6	(9,386)	(8,508)
Other income	8	1,339	1,218
Operating profit		6,305	12,426
Finance income	9	333	377
Profit before income tax		6,638	12,803
Income tax expense	10	(725)	(1,882)
Profit for the year		5,913	10,921
Other comprehensive income		-	-
Total comprehensive income for the year		5,913	10,921
Basic and diluted earnings per share (GH¢)	29	0.1699	0.3138

The notes on pages 24 to 47 are an integral part of these financial statements.

Financial statements

For the year ended 31 December 2018

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands of Ghana cedis)

		At 31 December	
	Note	2018	2017
Assets			
Non-current assets		51,699	51,477
Intangible assets	16	7	15
Property, plant and equipment	15	47,309	47,501
Biological assets	27	4,383	3,961
Current assets		29,736	24,030
Inventories	17	7,490	7,281
Other current assets	18	-	31
Contract assets	19	495	246
Trade receivables	20	1,035	2,669
Other financial assets at amortised costs	21	11,921	11,127
Current income tax assets	10(a)	572	126
Cash and cash equivalents	24	8,223	2,550
Total assets		81,435	75,507
Liabilities			
Current liabilities		8,276	7,343
Trade and other payables	22	6,038	5,990
Employee benefit obligations	33	61	121
Amounts due to related companies	25	1,374	503
Dividend payable	12	803	729
Non-current liabilities		4,778	3,515
Deferred income tax liabilities	11	2,552	1,986
Employee benefit obligations	33	2,226	1,529
Equity		68,381	64,649
Stated capital	13	2,000	2,000
Capital surplus account	14	7,629	7,629
Income surplus account	26	58,752	55,020
Total liabilities and equity		81,435	75,507

The notes on pages 24 to 47 are an integral part of these financial statements.

The financial statements on pages 15 to 35 were approved by the Board of directors on 8 February 2018 and were signed on its behalf by:



Neneyo Mate-Kole
Director



Santosh Pillai
Managing Director

Financial statements

For the year ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands of Ghana cedis)

	Stated capital	Capital surplus account	Income surplus account	Total
Year ended 31 December 2018				
At 1 January 2018	2,000	7629	55,020	64,649
Profit for the year	-	-	5,913	5,913
Total comprehensive income	2,000	7,629	60,933	70,562
Transactions with owners				
Dividend declared for 2017	-	-	(2,181)	(2,181)
At 31 December 2018	2,000	7,629	58,752	68,381
Year ended 31 December 2017				
At 1 January 2017	2,000	7629	45,717	55,346
Profit for the year	-	-	10,921	10,921
Total comprehensive income	2,000	7,629	56,638	66,267
Transactions with owners				
Dividend declared for 2016	-	-	(1,618)	(1,618)
At 31 December 2017	2,000	7,629	55,020	64,649

The notes on pages 24 to 47 are an integral part of these financial statements.

Financial statements

For the year ended 31 December 2018

STATEMENT OF CASH FLOWS

(All amounts are in thousands of Ghana cedis)

		Year ended 31 December	
Cash flows from operating activities	Note	2018	2017
Cash generated from operations	23	11,531	8,113
Interest received	9	333	377
Tax paid	10	(605)	(1,417)
Net cash generated from operating activities		11,259	7,073
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(3,505)	(6,632)
Proceeds from sale of property, plant and equipment	15	26	16
Net cash used in investing activities		(3,479)	(6,616)
Cash flows from financing activities			
Dividend paid to the shareholders	12	(2,107)	(1,564)
Net cash used in financing activities		(2,107)	(1,564)
Net increase/(decrease) in cash and cash equivalents		5,673	(1,107)
Cash and cash equivalents at 1 January	24	2,550	3,657
Cash and cash equivalents at 31 December	24	8,223	2,550

The notes on pages 24 to 47 are an integral part of these financial statements.

Financial statements

For the year ended 31 December 2018

NOTES

1. General information

Benso Oil Palm Plantation Limited 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 statement of comprehensive income.

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) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). 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 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements 2014-2016 cycle
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

There was no material impact on the Company following the adoption of IFRS 9 and IFRS 15 therefore no changes were made to the Company's accounting policies. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) IFRS 16 Leases

Nature of change IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

NOTES (Continued)**2. Summary of significant accounting policies (continued)****(i) IFRS 16 Leases (continued)**

Impact: The Company has performed an assessment and there are no material leases which will need to be recognised from 1 January 2019.

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. Depreciation commences when assets are available for use. 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%
Oil Palm Trees	4.5%
Computers	20.0%
Software	33.3%
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.

Oil palm trees are classified as immature until the produce can be commercially harvested. At that point they are reclassified and depreciation commences. Immature palm oil trees are measured at accumulated cost.

2.3 Intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets if; there is the technical feasibility to complete the software product for use; there is an ability to use the product; the software product will generate probable future economic benefits; and the expenditure attributable to the software development costs can be measured reliably.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software development costs recognised as intangible assets are amortised over their estimated useful life not exceeding three years.

NOTES (Continued)**2. Summary of significant accounting policies (continued)****2.4 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.

2.5 Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. They are generally due to settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.6 Other financial assets at amortised cost

The company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

2.7 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.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.”

NOTES (Continued)

2. Summary of significant accounting policies (continued)

2.9 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.10 Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. At initial recognition, the company classifies its financial instruments in the following categories:

Financial assets at amortised cost:

Financial assets at amortised cost include trade receivables and other financial assets at amortised costs.

Financial liabilities at amortised cost:

Financial liabilities at amortised cost include trade payables. Trade payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method.

Impairment of financial assets:

Refer to Note 38 for the Company's impairment policy

2.11 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. 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 that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

2. Summary of significant accounting policies (continued)

2.11 Income tax (continued)

there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

2.12 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.

2.13 Revenue recognition

The company derives revenue from the transfer of goods at a point in time

The company processes and sells crude palm oil and crude palm kernel oil. Tonnage to be sold for the year are agreed in a contract for the main customer Wilmar Africa Limited. Sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer. Delivering occurs with the products have been shipped to the specific location, the risks of loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract. Oil produced for sale but held at the request of the customer is invoiced in the month the oil is ready for despatch. The customer accepts liability for oil held at the company's premises at their request.

Revenue is recognised based on the price terms in the contract. No element at financing is deemed present as the sales are made with a credit term of 30 days.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.14 Biological assets

Biological assets are measured at fair values less estimated costs to sell. Palm oil trees are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the fresh fruit bunches (FFB) growing on the trees are accounted for as biological assets until the point of harvest. Harvested FFB are transferred to inventory at fair value less costs to sell when harvested. 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 upkeep and maintenance of biological assets are recognised in profit or loss under cost of production in the period in which they are incurred.

2.15 Stated capital

Ordinary shares are classified as "stated capital" in equity. All shares were issued at no par value.

NOTES (Continued)**2. Summary of significant accounting policies (continued)****2.16 Foreign currency translation****(a) Functional and presentation currency**

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 and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into 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.

2.16 Foreign currency translation**(b) Transactions and balances**

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income.

2.17 (a) Post employment obligations

The Company operates both defined benefit and defined contribution plans for its employees. The Company contributes to a national pension scheme (Social Security Fund) as well as a provident fund scheme.

A defined contribution plan is a pension scheme under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations 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.

The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Company has no further payment obligations once the contributions have been paid.

(b) Bonus

(i) 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.

(c) Other long-term employee benefit obligations**Retirement benefits**

The Company pays superannuation awards to members on retirement. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

NOTES (Continued)**2. Summary of significant accounting policies (continued)****2.17 (c) Other long-term employee benefit obligations (continued)****Long service awards**

To recognise and reward members of staff for continuous and dedicated service, the Company makes awards to all employees. Employees are rewarded for 10, 15, 20, 25, 30, 35 and 40 years of service. Liabilities for long service awards are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(d) Defined benefit obligation

The company operates a defined benefit plan for employees under a collective bargaining agreement and conditions of service. The level of benefits provided under the defined agreement and conditions depends on the employees' length of services and their salary at the time of retirement.

With the exception of inflationary risk, the company's legal or constructive obligation is limited to the amount due when the employee is on retirement or at the next level of long service award.

2.18 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.

2.19 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.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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 that makes strategic decisions.

2.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22 Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company,

NOTES (Continued)**2. Summary of significant accounting policies (continued)****2.22 Earnings per share (continued)**

- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Ghana cedis unless otherwise stated.

3 Critical accounting estimates and judgements

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.

Critical accounting estimates, assumptions and judgements

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) Accounting and measuring of biological assets

The fair value of growing oil palm fresh fruit bunches (FFB) is determined using a discounted cash flow model based on the expected palm oil yield, the market price for crude palm oil and palm kernel oil. The selling price of the oil can only be estimated and the actual yield will not be known until it is completely processed and sold. Estimates and judgements in determining the fair value of the FFB growing on palm trees include the volume and stages of maturity of FFB at balance sheet date, palm oil yield, the long term crude palm oil price, palm kernel oil price and the discount rates after allowing for harvesting costs, contributory asset changes for the land and palm trees owned by the entity and other costs yet to be incurred in getting the fruit bunches to maturity. Assumptions impacting biological assets are given in more detail in Note 27.

(ii) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost include the discount rate, future salary increases, and mortality rates. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 33.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

4. Revenue

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

	2018	2017
By type:		
Sale of crude palm oil	69,627	70,055
Sale of palm kernel oil	9,464	19,918
	79,091	89,973
By customer:		
Third parties	7,121	5,621
Related parties (Note 25)	71,970	84,352
	79,091	89,973

5. Cost of sales

Cost of sales include:		
Material costs	23,988	20,605
Fertilizer	6,364	9,020
Depreciation	3,468	2,584
Staff costs (Note 7)	12,473	12,835
Harvesting costs	7,976	6,498
Power and energy	613	909
Spares and inventory consumed	5,611	5,110

6. Administrative expenses

Administrative expenses include:		
Registrar and related expenses	136	139
Depreciation and amortisation	174	223
Staff costs (Note 7)	3,913	3,943
Listing fees	30	20
Directors remuneration	431	365
Auditors' remuneration	140	125
Service fees	618	529
Insurance	144	182
Land rent	25	87
Bank charges	45	38

7. Staff costs

Salaries, wages, bonuses and other allowances	13,751	13,405
Provision for defined benefit plan	699	1,650
Contribution to pension schemes	1,936	1,723
	16,386	16,778
Staff costs are charged to cost of sales and administrative expenses as shown below:		
Cost of sales	12,473	12,835
Administrative expenses	3,913	3,943
	16,386	16,778

The average number of persons employed by the Company during the year was 493 (2017:557).

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

8. Other income

	2018	2017
(Loss)/gain on disposal of property, plant and equipment	(26)	(32)
Sundry income	1,365	1,250
	1,339	1,218

9. Finance income

Interest income on fixed deposits	71	69
Interest income on intercompany receivables	262	308
	333	377

The company capitalised no borrowing costs for 2018 (2017: Nil) on qualifying assets

10. Income tax expense

Current income tax	159	1,262
Deferred income tax charge (Note 11)	566	620
Income tax expense	725	1,882

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before income tax	6,638	12,803
Tax calculated at the statutory income tax of 12.5% (2017:12.5%)	830	1,600
Tax effects of:		
Adjustment in respect of prior years	(209)	147
Interest income subject to final tax - 25%	42	94
Investment income subject to final tax - 8%	32	4
Rent income subject to tax	(2)	-
Expenses not deductible for tax purposes	32	37
Income tax expense	725	1,882

10a. Current income tax expense

	As start of year	Charge for the year	Payments	At end of year
Year ended 31 December 2018				
Up to 2017	(126)	-	-	(126)
2018	-	159	(605)	(446)
	(126)	159	(605)	(572)
Year ended 31 December 2017				
2017	29	1,262	(1,417)	(126)
	29	1,262	(1,417)	(126)

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

10a. Current income tax expense (continued)

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows: The current income tax charge is in respect of provision for the year's corporate tax and returns from monies held in fixed deposits. The Company is involved in agro processing activities are taxed at 12.5%, being an agro processing business operating outside a regional capital.

11. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 12.5% (2017:12.5%). The movement on the deferred income tax account is as follows:

	2018	2017
At the beginning of year	1,986	1,366
Charge to profit or loss	566	620
At end of year	2,552	1,986

Deferred income tax assets and liabilities and deferred income tax charge in the income statement, are attributable to the following items:

	Balance at start of year	Charge to profit or loss	Balance at end of year
Year ended 31 December 2018			
Deferred income tax liabilities			
Accelerated capital allowance	1,863	678	2,541
Revaluations	-	188	188
Other timing differences	123	(300)	(177)
	1,986	566	2,552
Year ended 31 December 2017			
Deferred income tax liabilities			
Accelerated capital allowance	1,243	620	1,863
Other timing differences	123	-	123
	1,366	620	1,986

12. Dividend payable

	2018	2017
At 1 January	729	675
Dividend declared for 2016	-	1,618
Dividend declared for 2017	2,181	-
Payment during the year	(2,107)	(1,564)
At 31 December	803	729

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 2018 of GH¢ 0.0340 per share (2017: GH¢0.0628) amounting to GH¢1,183,000 (2017: GH¢2,181,200).

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

13. Stated capital

	2018		2017	
	No. of ordinary shares of no par value	Proceeds	No. of ordinary shares of no par value	Proceeds
Authorised shares	50,000,000		50,000,000	
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 a special resolution.	34,478,000	1,997	34,478,000	1,997
Issued ordinary shares at 31 December	34,800,000	2,000	34,800,000	2,000

There is no unpaid liability on any shares and there are no calls or instalments unpaid. There are no treasury shares. There was no movement in stated capital during the year.

14. Capital surplus account

	2018	2017
At 1 January and 31 December	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 not distributable.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

15. Property, plant and equipment

Year ended 31 December 2018

	Mature Oil Palm	Immature Oil Palm	Capital work- in-progress	Land Roads and Bridges	Buildings and Housing	Motor Vehicles Plant and Machinery	Computers, Furniture and Fittings and Equipment	Total
Cost								
At 1 January 2018	26,136	52	14,255	1,616	4,624	14,031	1,011	61,725
Adjustments	-	-	-	(403)	134	3,342	37	3,110
Additions	-	31	2,725	-	-	634	115	3,505
Write off	-	-	(9)	-	-	-	-	(9)
Disposals	-	-	-	-	-	(284)	-	(284)
Transfers	-	-	(15,633)	-	2,183	13,450	-	-
At 31 December 2018	26,136	83	1,338	1,213	6,941	31,173	1,163	68,047
Accumulated depreciation								
At 1 January 2018	3,598	-	-	419	2,006	7,492	709	14,224
Adjustments	-	-	-	(403)	134	3,342	37	3,110
Charge for the year	1,188	-	-	1	179	2,138	130	3,636
Release on disposals	-	-	-	-	-	(232)	-	(232)
At 31 December 2018	4,786	-	-	17	2,319	12,740	876	20,738
Net book value								
At 31 December 2018	21,350	83	1,338	1,196	4,622	18,433	287	47,309
Year ended 31 December 2017								
Cost								
As previously stated	14,662	11,484	10,318	1,616	3,958	15,758	1,005	58,801
Adjustments	-	-	(4)	-	666	(3,738)	(36)	(3,112)
Additions	-	42	3,941	-	-	2,419	230	6,632
Disposals	-	-	-	-	-	(408)	(188)	(596)
Transfers	11,474	(11,474)	-	-	-	-	-	-
At 31 December 2017	26,136	52	14,255	1,616	4,624	14,031	1,011	61,725
Accumulated depreciation								
At 1 January 2017	2,410	-	-	418	1,915	9,582	775	15,100
Adjustments	-	-	-	-	(4)	(3,105)	-	(3,109)
Charge for the year	1,188	-	-	1	95	1,375	122	2,781
Release on disposals	-	-	-	-	-	(360)	(188)	(548)
At 31 December 2017	3,598	-	-	419	2,006	7,492	709	14,224
Net book value								
At 31 December 2016 as restated	22,538	52	14,255	1,197	2,618	6,539	302	47,501

There are no restrictions on any title, or property, plant and equipment pledged as security for liability. The company capitalised no borrowing costs for 2018 (2017: Nil) on qualifying assets during the year.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

15. Property, plant and equipment (continued)

Loss on disposal of plant and equipment		
	2018	2017
Gross book value	284	596
Accumulated depreciation	(232)	(548)
Net book amount	52	48
Sales proceeds	(26)	(16)
Loss/(gain) on disposal of plant and equipment	26	32

16. Intangible assets

Year ended 31 December

Computer Software		
Cost		
At 1 January	677	677
Additions	-	-
At 31 December	677	677
Amortisation		
At 1 January	662	636
Charge for the year	8	26
At 31 December	670	662
Net book amount		
At 31 December	7	15

Amortisation of computer software cost is included in general and administrative expenses.

17. Inventories

Palm oil	3	-
Palm kernel	137	225
Palm kernel oil	599	-
Non-trade stock	6,751	7,056
	7,490	7,281

The inventory recognised as expense in cost of sales (Note 5) during the year amounted to GH¢35,963,000 (2017:GH¢ 34,735,000).

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 2018 (2017 : Nil).

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

18. Other current assets

	2018	2017
Prepayments	-	31

19. Contract assets

Contract assets relating to farm development	495	246
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20. Trade receivables

Trade receivables	1,035	2,669
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21. Other financial assets at amortised costs

Amounts due from officers	321	12
VAT receivables	-	186
Amounts due from smallholder farmers	3,555	3,894
Amounts due from other staff	-	38
Other receivables	1,738	1,152
Amounts due from related companies	6,307	5,625
	11,921	11,127

The maximum amount due from officers during the year did not exceed GH¢212,000 (2017: GH¢232,000).

22. Trade and other payables

	2018	2017
Trade payables	1,406	574
VAT payable	713	957
Sundry payables and accrued liabilities	3,919	4,459
Trade payables are non-interest bearing	6,038	5,990

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

23. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:		
Profit before income tax	6,638	12,803
Adjustments for:		
Depreciation and amortisation (Note 15 & 16)	3,644	2,807
Changes in fair value of biological asset (Note 27)	(422)	(1,084)
Loss on disposal of property, plant and equipment (Note 15)	26	32
Net effect of adjustments to property plant and equipment (Note 15)	9	3
Interest income	(333)	(377)
Changes in working capital		
Increase in inventories	(209)	(2,297)
Decrease/(increase) in other current assets	31	(31)
Increase in contract assets	(249)	(246)
Decrease in trade receivables	1,634	2,406
Increase in other financial assets at amortised cost	(794)	(5,135)
Increase in trade and other payables	48	857
Increase in employed benefits obligations	637	1,650
Increase/ (decrease) in amounts due to related companies	871	(3,275)
Cash generated from operations	11,531	8,113

24. Cash and cash equivalents

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

Cash in hand	7	12
Cash at bank	8,216	2,538
	8,223	2,550

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

25. Related party transactions

Wilmar Africa Limited, incorporated in Ghana owns 76.63% of the Company's issued ordinary shares. The ultimate parent company is Wilmar International, incorporated in Singapore. There are other companies that are related to the Company through common control. 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. Sales to Wilmar Africa Limited during the year was based on world market prices. All other transactions were made on normal commercial terms and conditions.

The following transactions were carried out with related parties:

Sales and purchases of goods and services	2018	2017
Sales of goods to related parties	71,970	84,352
Purchases of management services from parent	618	366
Purchases of services from entities controlled by key management personnel	-	50
Purchases of goods and services from other relates parties	-	517
Interest income		
Wilmar Africa Limited	262	308

Purchases of services from entities controlled by key management personnel

The company acquired the following goods and services from entities that are controlled by members of the company's key management personnel:

- Consultancy services

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

Amounts due from related parties:

	2018	2017
Wilmar Africa Limited	5,813	5,535
African Consumer Product (Ghana) Limited	371	-
SIFCA - MOPP	123	90
	6,307	5,625

Outstanding balances and amounts due to related parties:

Loan from Wilmar Africa Limited:

Beginning of the year	-	3,571
Loans payments made	-	(3,571)
End of year	-	-

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

25. Related party transactions (continued)

Amounts due to related parties:

Wilmar Africa Limited	410	-
Wilmar PGEO Edible Oil SDN BHD	-	40
PPB Oil Palms Berhad	51	-
African Consumer Product (Ghana) Limited	57	-
Wilmar Global Business Services	46	-
Minsec Engineering Services	-	88
Wilmar Trading PTE Ltd	3	9
Raffles Shipping	458	-
Wilmar International Limited	349	366
	1,374	503

Key management personnel compensation

Short term employee benefits	431	365
Of which:		
Executive directors	335	288
Non-executive directors	96	78
	431	365

Short term employee benefits include pension contribution for executive directors amounting to GHC55,000 (2017: GHC47,000)

26. Income surplus account

	2018	2017
At 1 January	55,020	45,717
Profit for the year	5,913	10,921
Dividend approved for 2016	-	(1,618)
Dividend approved for 2017	(2,181)	-
At 31 December	58,752	55,020

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

27. Biological assets

a) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its biological assets into the three levels below. An explanation of each level is provided below.

	2018	2017
At 1 January	3,961	2,877
Change in fair value due to biological transformation	62	808
Changes in fair value due to price changes	360	276
At 31 December	4,383	3,961

The following table presents the Company's biological assets that are measured at fair value at 31 December 2018 and 31 December 2017.

	Level 1	Level 2	Level 3	Total
Oil Palm FFB on trees				
At 31 December 2018	-	-	4,383	4,383
At 31 December 2017	-	-	3,961	3,961.

The Company's biological assets are measured at fair value and are 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.

(b) Analysis of oil palm production

The Company harvested 61,507 tonnes (2017: 55,228 tonnes) of fresh fruit bunches (FFB) and sold 23,982 metric tonnes of palm oil (2017:21,943 metric tonnes) during the year.

(c) Valuation of inputs and relationships to fair value

The fair value of biological assets has been determined based on valuations by the directors using discounted cash flows of the underlying biological assets.

The fair value of the biological assets at year end was GH¢4,383,000 (2017: GH¢3,961,000).

The following table summaries the quantitative information about the key unobservable inputs used in the fair value measurements of the palm fruit bunches on the trees:

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

27. Biological assets (continued)

Unobservable Inputs	Range of inputs (Probability - Weighted average)		Relationship of unobservable inputs to fair value
	2018	2017	
Palm Oil Fruit Yield - Tonnes per hectare	<u>Range -10.5-12.2</u> The average yield per hectare used for the valuation was 10.59 tonnes per hectare	<u>Range -10.5-12.2</u> The average yield per hectare used for the valuation was 10.39 tonnes per hectare	The higher the palm oil yield, the higher the fair value
Fresh fruit bunches (FFB) Price	<u>Range - GH¢464 - GH¢546</u> The average price of FFB used for the valuation was GH¢ 509 per tonne”	<u>“Range - GH¢397 - GH¢550.71</u> The average price of FFB used for the valuation was GH¢ 489 per tonne	The higher the market price, the higher the fair value
Discount Rate	<u>Range - 20.73% - 25.33%</u> The discount rate used for the valuation was 22.35%	<u>Range - 20.73% - 25.33%</u> The discount rate used for the valuation was 23.03%	The higher the discount rate, the lower the fair value

The main level 3 inputs used by the company are derived and evaluated as follows:

- * Palm plantation covers a total of 4,738 hectares with an average of 131 palm trees per hectare.
- * Palm oil yield is determined based on the age of the plantation, historical yields, climate-induced variations such as severe weather events, plant losses and new areas coming into production.
- * Crude palm oil prices and palm kernel oil prices are quoted prices from the world market.
- * Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(d) Financial risk management strategies for biological assets:

The company is exposed to risks arising from environmental and climatic changes, commodity prices and financing risks. The company has in place relevant agricultural practises to mitigate against diseases. The company has environmental policies and procedures in place to comply with environmental and other laws.

The company is exposed to risks arising from fluctuations in the price and volume of palm oil. The company has contracts in place for supply of palm oil to its main customer. The company actively manages the working capital requirements to meet the cash flow requirements.

28. 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.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

28. Financial instruments and treasury risk management (continued)

Market risk

(i) Foreign exchange risk

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

As at 31 December 2018, if the Cedi had weakened/strengthened by 10% against the US dollar and all other variables held constant. The recalculated post tax profit for the year will have been GH¢315,000 (2017:GH¢16,000) lower/higher as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents.

(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 IFRS 9.

(iii) Interest rate risk

The company's main interest rate risk arises from borrowings with variable rates, which expose the company to cash flow interest rate risk. The company's policy is to maintain borrowings at a fixed interest rate.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed by the finance manager. For banks and financial institutions, the company does business with only reputable parties registered with bank of Ghana.

Risk control assesses the credit quality of the customer, taking into account its financial position and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The compliance with credit limits is regularly monitored by line management. The Company has significant concentrations of credit risk with its main customer, however there has been defaults in the past and no future credit losses are expected.

The group has one type of financial asset that is subject to the expected credit loss model, trade receivables for sales of inventory.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period.

Due to the nature of the commodity sold by the Company and the companies the Company trades with, macroeconomic indicators are not expected to significantly affect the ability of the customers to settle the receivables.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

28. Financial instruments and treasury risk management (continued)

(i) Risk management (continued)

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor; and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash."

Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from officers, VAT receivables, amounts due from smallholder farmers, amount due from staff, other receivables and receivables from related parties.

There was no identified impairment loss at 31 December 2018 (2017 GH¢:Nil)

Financial liabilities	2018	2017
Trade and other payables	6,038	5,990
Employee benefit obligations	2,287	1,650
Amounts due to related companies	1,374	503
	9,699	8,143

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 based on the remaining period at the reporting date to the contractual maturity. The amounts disclosed in the table below are the contractual undiscounted cash flows, all amounts will be settled by the end of the year.

	2018	2017
Trade and other payables	6,038	5,990
Employee benefit obligations	2,287	1,650
Amount due to related companies	1,374	503
	9,699	8,143

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

28. 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. 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. Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as the net debt divided by the total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

At year end the Company had no borrowings. (2017: Nil)

Dividends

	2018	2017
Final dividend for the year ended 31 December 2017 of GH¢0.062822 (2016: GH¢0.04649) per fully paid share.	2,181	1,618

In addition to the above dividend, since year end, the directors have proposed the payment of a final dividend of GH¢0.0340 per fully paid ordinary share (2017: GH¢0.062822).

1,183 2,181

29. 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.

	2018	2017
Profit for the year attributable to ordinary equity holders (GH¢'000)	5,913	10,921
Weighted average number of ordinary shares ('000)	34,800	34,800
Basic earnings per share (Ghana pesewas)	0.1699	0.3138

There were no potentially dilutive shares outstanding at 31 December 2018 or at 31 December 2017. Diluted earnings per share are therefore the same as basic earnings per share.

30. 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. The company sold 96.12% of its goods to Wilmar Africa Limited, the parent company.

31. Commitment and contingent liabilities

The company entered into an agreement with the Chiefs and people of Trebuom for the development of a 1,400 hectares of land. The company will fund the development of the plantation and the costs will be recovered from the fruits to be supplied from the plantation once developed. The agreement is for a period of 25 years. The costs incurred at year end was GHC494,993 (2017: GH¢246,464).

32. Provisions

As at 31 December 2018, there was no pending legal suit for which a provision has to be made.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

33. Employee benefit obligation

The company operates an employee benefit plan for its employee based on the length of service and at the time of retirement. With the exception of inflationary risk, the company's legal or constructive obligation is limited to the amount due when the employee is on retirement or at the next level of long service award. The expense recognised in the current period in relation to these obligations was GH¢2,349,000 (2017:GH¢1,650,000).

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(a) Present value of obligation	2018	2017
Obligation as start of year	1,650	-
Interest cost charge to profit and loss	197	354
Current service cost charged to profit and loss	487	83
Long service cost charge to profit and loss	(47)	1,213
Obligation at close of year	2,287	1,650

(b) Significant estimates with actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	2018	2017
Discount rate	22.35%	23.00%
Inflation	9.30%	11.70%
Turnover rate	5.00%	24.90%

The sensitivity of the employee benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		Increase in assumption			Decrease in assumption		
	2018	2017		2018	2017		2018	2017
Discount rate	5.00%	5.00%	Decrease	9.00%	9.00%	Increase	12.00%	191.00%
Inflation	5.00%	5.00%	Increase	16.00%	22.00%	Decrease	16.00%	15.00%
Turnover rate	2.00%	2.00%	Decrease	1.00%	1.24%	Increase	1.00%	1.24%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(c) Risk exposure

The most significant risk faced by the company is inflationary risk. A significant proportion of the company's employee benefit obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

34. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the company's financial statements.

(a) Impact on the financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	31 December 2017 (as originally presented)	IFRS 15 Reclassification	1 January 2018 (restated)
Current assets			
Trade receivables	8,448	(5,779)	2,669
Amounts due from related parties	5,625	(5,625)	-
Other current assets	31	31	
Contract assets	-	246	246
Other financial assets at amortised costs	-	11,127	11,127

Presentation of assets and liabilities related to contracts with customers

The Company has also voluntarily changed the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS 15 and IFRS 9:

Contract assets recognised in relation to amounts advanced for the development of a new farm were previously presented as part of trade and other receivables (GH¢246,000 as at 31 December 2017 ; (Nil as at 1 January 2017).

- Amounts due from officers, VAT receivables, amounts due from smallholder farmers and amounts due from staff were previously presented together with trade receivables but are now presented as other financial assets at amortised cost to reflect their different nature.
- Prepayments was previously presented together with trade receivables but is now presented as other current assets (prepayments) in the balance sheet, to reflect their different nature.
- Amounts due from related parties are now presented as other financial assets at amortised costs.

(b) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 did not result in significant changes in accounting policies.

Impairment of financial assets

The company has one type of financial assets that are subject to IFRS 9's new expected credit loss model which is trade receivables for sales of inventory. The company was required to revise its impairment methodology under IFRS 9 for this class of assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Financial statements

For the year ended 31 December 2018

NOTES (Continued)

34. Changes in accounting policies (continued)

Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. No additional loss allowance was made as a result of the change in impairment model.

(c) IFRS 15 Revenue from Contracts with Customers

The company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as disclosed in table 34a. In accordance with the transition provisions in IFRS 15, the company has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year.

35. Events after the reporting date

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

SHAREHOLDERS' INFORMATION

Shareholding distribution as at 31 December 2018.

Holding	No. of shareholders	Holders %	No. of shares	% of Holding
1-1,000	8081	94.01	2,155,763	6.19
1,001-5,000	415	4.83	781,750	2.25
5,001-10,000	44	0.51	312,378	0.90
OVER 10,000	56	0.65	31,550,109	90.66
	8,595	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 2018:

	Number of shares
Mr. Neneyo Asare Mate-Kole	1,110
Mr. Ishmael Yamson	23,000
Mr. Samuel Avaala Awonnea	740
Total	24,850

Mr Ishmael Yamson owns the shares jointly with others.

20 Largest shareholders at 31 December 2016

Shareholders	Number of shares	% Holding
1 WILMAR AFRICA LIMITED,	26,665,507	76.63
2 SOCIAL SECURITY AND NATIONAL INSURANCE TRUST,	1,500,000	4.31
3 SCGN/EPACK INVESTMENT FUND LIMITED TRANSACTION E I F L	676,000	1.94
4 ADUM BANSO STOOL	419,746	1.21
5 SCGN / ENTERPRISE LIFE ASS. CO. POLICY HOLDERS	212,110	0.61
6 SCGN/GHANA MEDICAL ASS. PENSION FUND	191,920	0.55
7 METLIFE CLASSIC A/C, STD NOMS TVL PTY/METLIFE GOLD PLAN FUND MICAC	183,200	0.53
8 NTHC LTD ITF- GOVERNMENT OF GHANA	149,254	0.43
9 DAMSEL / OTENG-GYASI, ANTHONY	139,120	0.40
10 SCGN/DATABANK BALANCED FUND LIMITED	123,400	0.35
11 HFCN/ EDC GHANA BALANCED FUND LIMITED	111,600	0.32
12 MIHL/GOLD FUND UNIT TRUST,	109,353	0.31
13 GLICO GENERAL INSURANCE CO. LTD	101,400	0.29
14 STATE INSURANCE COMPANY PROVIDENT FUND ACCOUNT,	86,096	0.25
15 STAR ASSURANCE COMPANY,	70,180	0.20
16 STD NOMS/ENTERPRISE TIER 3 PROVIDENT FUND 2	59,200	0.17
17 NTHC SECURITIES LIMITED, NTHC SECURITIES LIMITED	50,000	0.14
18 ANIM-ADDO, KOJO	48,500	0.14
19 STD NOMS TVL PTY/DATA BANK ARK FUND	47,027	0.14
20 HFC EQUITY TRUST,	45,779	0.13
	30,989,392	89.05
Others	3,810,608	10.95
	34,800,000	100

FIVE YEARS FINANCIAL SUMMARY

(All amounts are in thousands of Ghana cedis)

	2018	2017	2016	2015	2014
Results					
Revenue	79,091	89,973	74,278	58,077	52,164
Profit before income tax	6,638	12,803	10,706	3,333	11,170
Income tax expense	(725)	(1,882)	(2,616)	(212)	(130)
Retained profit	5,913	10,921	8,090	3,121	11,040
Financial position					
Intangible assets	7	15	41	236	454
Property, plant and equipment	47,309	47,501	43,701	31,762	30,818
Biological assets	4,383	3,961	2,877	2,577	1,119
Cash and cash equivalents	8,223	2,550	3,657	5,238	7,393
Other current assets	21,513	21,480	16,051	13,977	11,314
Total assets	81,435	75,507	66,327	53,790	51,098
Total liabilities	13,054	10,858	10,981	4,903	2,874
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	58,752	55,020	45,717	39,258	38,595
Total equity and liabilities	81,435	75,507	66,327	53,790	51,098



PROXY FORM

ANNUAL GENERAL MEETING TO BE
HELD at 11.00 a.m. on Friday, 10th May,
2019 at Raybow Hotel, Takoradi

Serial No.

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 8th May 2019 and at any and every
adjournment thereof.

For Company's Use	No. of Shares	
RESOLUTION	FOR	AGAINST
To declare a Dividend		
To re-elect Pierre Billon		
To re-elect Neneyo Mate-Kole		
To approve Directors' fees		
To fix the Remuneration of Auditors		
To approve the appointment of Mr. Kwame Wiafe as director		
<p>Please indicate with "X" in the 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.</p>		

Dated this day of May, 2018

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 10th April, 2019.

Second fold here

Please Fix
Stamp

Fourth fold here

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

Third fold here

First fold here

