



**GHANA FREE ZONES BOARD ANNUAL REPORT
&
AUDITED ACCOUNTS
2016**

VISION STATEMENT

To facilitate a vibrant economy in Ghana, driven by a well-integrated business environment with world class capacity for competition, technological innovations, business growth, economic diversity and development

MISSION STATEMENT

To help transform Ghana into the Gateway to West Africa by creating an attractive and conducive business environment through the provision of competitive Free Zone incentives and operation of an efficient “one-stop-shop” for the promotion and enhancement of domestic and foreign investment.

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1.0 OVERVIEW OF GHANA FREE ZONES BOARD

1.1 INTRODUCTION

The *Free Zone Act (1995), Act 504*, was passed on 31st August 1995 for the promotion of economic development, to provide for the regulation of activities in free zones and for related purposes. There is established by this Act a Board which is the Ghana Free Zones Board.

1.2 FUNCTIONS OF THE BOARD

The functions of the Board are stipulated as follows:

- ❑ Grant licences to applicants.
- ❑ Assist applicants for licences under Act 504 by providing services for obtaining other relevant licences, permits and facilities.
- ❑ Examine and recommend for approval, proposals relating to the development and activities of the free zones.
- ❑ Monitor the activities, performance and development of Free Zone Developers and Enterprises to ensure compliance to the Free Zone Act and any other laws relevant to free zone activities.
- ❑ Register and keep records and data on the programmes of developers, operators and enterprises in free zones.
- ❑ Perform such other functions as are incidental to the foregoing.

1.3 CONCEPT

The Ghana Free Zones Scheme is private sector driven. Government's role is limited to facilitating, regulating and monitoring activities of Free Zone Enterprises and Developers.

The Scheme is designed primarily to promote processing and manufacturing of goods and services through the establishment of Export Processing Zones (EPZs), structured either as free zone areas or single-factory enterprises. The Scheme also encourages the development of commercial and service activities in and around sea and airports.

Under the Ghana Free Zones Scheme, the whole of Ghana is accessible to potential investors to locate in and produce goods and services primarily for export.

1.4 PURPOSE

The main objective of the Free Zones Scheme is the promotion of economic development through the following means:

- ❑ Attraction of foreign direct investment.
- ❑ Creation of employment opportunities.
- ❑ Increase in foreign exchange earnings.
- ❑ Provision of business opportunities for foreign and local investors to undertake joint ventures.
- ❑ Enhancement of technical and managerial skills/expertise of Ghanaians.
- ❑ Transfer of technology and diversification of exports.

1.5 STRATEGY

The main strategy of the Board is to market Ghana as a destination of choice for investments that have potential to generate exports.

Other strategies include:

- ❑ Provision of attractive incentives to facilitate the setting up of factories and businesses in Ghana.
- ❑ Elimination of all bureaucratic and procedural obstacles in the establishment and/or operational phase of free zones projects.
- ❑ Encouraging and supporting the linkage of local and foreign free zone investments through joint venture arrangements.
- ❑ Facilitation of transactions between free zone investors and local industries to maximize the value addition of exportable commodities in the national economy.
- ❑ Promotion of skills development and improved expertise of Ghanaian employees in free zone enterprises.
- ❑ Encouraging the development and growth of the export sector, through emphasis on value addition to local resources.

1.6 ACHIEVEMENTS

1.6.1 Registration of Companies

One of the objectives of the Free Zones programme is the attraction of foreign direct investment. In this regard, fifteen (15) companies were licensed during the year under review. The total number of registered free zone companies as at the end of 2016 stood at 388 with yearly distribution as follows:

YEAR	NO. OF COMPANIES
1996/97	8
1998	11
1999	6
2000	11
2001	14
2002	25
2003	37
2004	23
2005	21
2006	29
2007	28
2008	26
2009	7
2010	20
2011	25
2012	17
2013	30
2014	14
2015	21
2016	15

Total	388
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1.6.2 Capital Invested

During the year, **US\$270.72M** was invested in various sectors of the economy. The cumulative amount of capital invested in free zones since the inception of the programme in 1996/97 to the end of 2016 stood at US\$ 3,315.87M. The breakdown of investments over the years is as follows:

YEAR	VALUE (US\$)
1998	117.18
1999	80.63
2000	43.82
2001	163.52
2002	41.51
2003	160.54
2004	131.32
2005	185.90
2006	151.83
2007	114.03
2008	315.84
2009	214.83
2010	212.33
2011	224.64
2012	247.51
2013	279.45
2014	167.47
2015	193.42
2016	270.72
Total	3,315.87

1.6.3 Employment

Total employment created by licensed Free Zone Enterprises as at the end of 2016 was **29,383**. The yearly employment figures are as follows:

YEAR	EMPLOYMENT
1996/97	3,483
1998	3,963
1999	5,523
2000	6,895
2001	7,445
2002	9,459
2003	14,071
2004	23,928
2005	28,334
2006	25,773
2007	28,880

2008	28,595
2009	28,936
2010	29,798
2011	30,080
2012	30,383
2013	31,005
2014	30,271
2015	28,555
2016	29,383

1.6.4 Production

The value of production of Free Zones Enterprises in 2016 was **US\$1,129.13M**, bringing the total amount of production from 1996/97 to 2016 to **US\$15,448.19M**. The yearly figures are as follows:

YEAR	PRODUCTION (US\$M)
1996/97	1.40
1998	158.50
1999	162.20
2000	134.40
2001	103.60
2002	222.50
2003	286.50
2004	348.70
2005	602.90
2006	506.60
2007	478.60
2008	1,116.00
2009	821.00
2010	1,329.00
2011	1,195.67
2012	1,069.11
2013	1,126.31
2014	2,200.18
2015	1,641.44
2016	1,129.13
Total	15,448.19

1.6.5 Export

The value of exports of licensed Free Zone Enterprises during the year under review was **US\$1,711.49M**. The total value of exports from 1998 to 2016 was US\$30,310.62M. The breakdown is given below:

YEAR	VALUE (US\$M)
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1998	145.4
1999	184.08
2000	165.07
2001	291.03
2002	174.30
2003	414.01
2004	627.40
2005	509.99
2006	522.81
2007	779.90
2008	1,286.91
2009	1,667.57
2010	1,690.70
2011	1,966.72
2012	1,830.30
2013	12,268.18
2014	2,360.22
2015	1,477.78
2016	1,711.49
Total	30,310.62

2.0 MEMBERS OF THE BOARD



Hon. Haruna Iddrisu
(Minister of Trade & Industry)
Chairperson



Mr. Kwadwo Twum Boafo
Executive Secretary



Alhaji Mahama Adams
Member



Mrs. Gifty Anku
Member



Ms. Anita De Soso
Member



Mr. Kwabena Yeboah
Member



Ms. Eugenia Jackson-Cofie
Member



Mrs. Florence Hutchful
Member

Mr. William Adotei Addo
Member



Ms. Katherine Oduro
Member

3.0 EXECUTIVE SUMMARY

During the year under review, the Ghana Free Zones Board (GFZB) continued its mandate of creating awareness of Ghana's attractiveness as a Free Zone location to attract foreign direct investments into the country to enable it to achieve its core objective of promoting economic development.

The staff strength of the Secretariat as of 31st December 2016 stood at eighty two (82). Five (5) new staff were recruited during the year whilst one (1) staff resigned. Twenty-seven (27) staff attended training in their various fields to enhance their level of productivity. During the period under review, there were no promotions.

In the course of the year under review, the Board reviewed its strategies for investment promotion. The Board engaged in investment promotion and attraction activities such as local fairs/outreach programmes, International Fairs/Investment Promotion Missions, presentation to delegations, conferences and seminars, promotional materials, response to enquiries, investor aftercare and corporate social responsibility.

Further, during the year, the Board received eleven (11) new applications. Out of this, nine (9) applications were declined and three (3) were licensed. The Ghana Free Zones Board did not revoke the license of any free zone enterprise during the year thus the total number of licensed free zone enterprises was two hundred and forty-four (244) as at the end of 2016.

In the year under review, no new export processing zone was acquired therefore the number of export processing zones remained four (4). No physical developments took place on the other three (3) designated free zone areas during the year under review.

Furthermore, during the year, eight thousand four hundred and seventy-nine (8,479) applications were vetted and scrutinized for approval. Monitoring visits were paid to sixty-nine (69) licensed free zone enterprises to ensure that they comply with the Free Zone Act and Regulations and to ensure that the tax incentives granted under the Free Zones scheme were not abused. Out of the two hundred and forty-four (244) companies listed, 81.14% i.e. one hundred and ninety-eight (198) were active whilst 18.86% i.e. forty-six companies were inactive.

The configuration of Bulk SMS system at the Secretariat was completed during the year. The Board was instrumental in the preparation of the Business Processing Analysis for the Board as part of the feasibility study of the Ghana National Single Window (GNSW) Environment. The IT department in collaboration with the Ghana Community Network Services Limited (GCNET) generated new codes for licensed Free Zone Companies. This was to enhance trade facilitation in export. A contract was awarded for the revamp of the GFZB website and the upgrade of the Investor database.

The GFZB issued Sub-leases to three (3) companies during the year under review. The Board having obtained a lease on the Community 21 land from the Tema Development Corporation (TDC) granted a Sub-lease of the land to Octoglow Ghana Limited, a licensed free zone developer for construction of residential facilities subject to terms and conditions. Outstanding compensation adjudged payable by the Kumasi High Court (Land Division) in a decision given against the Attorney-General regarding the Ashanti Technology Park land remained unpaid. The Legal Department facilitated and engaged the Black Ivy Group, the Paramount Chief of Yabiw and eighteen (18) landowners in signing a lease for about four hundred (400) acres of land within the proposed Shama Industrial Park to be developed

into a multi-purpose industrial park. Also, the Department commenced negotiations for acquisition of about 105 acres of land within the Sekondi Export Processing Zone for Dangote Cement, a Nigerian owned company, for the construction of a state-of-the-art cement factory.

Total capital invested in 2016 alone by Free Zone Enterprises amounted to **US\$270.72M** whilst the cumulative capital invested since the inception of the Programme i.e. 1996/97-2016 stood at US\$3,315.87M.

The value of production by Free Zone Enterprises for the year under review amounted to **US\$1,129.13M** whilst the value of export for the same year amounted to **US\$1,711.49M**. The cumulative value of production and export since 1996/97 to 2016 was US\$15,448.19 and US\$30,310.62 respectively.

Total employment figure as at the end of the year 2016 was 29,383 comprising 28,531 nationals and 852 expatriates. Total value of salary/wages for the year under review was **US\$98.64M** with Ghanaian employees earning **US\$ 73.43M** and expatriates earning **US\$ 25.15M**

Total duties/levies paid on sales into the local market as at the end of 2016 amounted to **US\$9.99M** whilst a total of **US\$ 2.19M** was spent on training Ghanaian employees. Also, Free Zone Enterprises paid a total amount of **US\$8.70M** in Social Security contributions whilst **US\$15M** was paid as income tax in respect of their employees during the year under review.

The Board's total income generated in 2016 was GH¢76,509,111.00 whilst total Expenditure amounted to GH¢26,116,964.00. Excess income over expenditure was GH¢50,392,147.00.

The Board encountered some constraints in its operations during the reporting year. The inability to develop the three (3) other designated enclaves was still a challenge as well as the gap in the fence wall at the Tema EPZ and the unstable supply of utilities affected operations of tenants operating from Tema Export Processing Zone (TEPZ).

The Board performed better during the year under review. For the ensuing year, the Board will focus on solving the lingering issues at the TEPZ, developing one of the other designated free zone areas, attracting more investors as well as intensifying its monitoring activities.

4.0 REVIEW OF OPERATION

4.1 ADMINISTRATION

The Administration Department has the mandate to advise management on general administrative policies including staff recruitment, transport, welfare, medical, pension, security policies, collation and production of the annual budget to the Board, facilitate staff appropriate training, staff performance appraisal mechanism to enhance and determine the potential of individual staff for promotional and target setting purposes. The Administration has under it the Human Resource, Transport and Stores Units.

4.1.1 Human Resource Unit

The Human Resource team at GFZB has been building on its gains over the years by focusing on strategic human resource management tailored at supporting the unique goals, corporate culture, and objectives of the organization.

The GFZB believes that its success as an organization does not only depend on hiring qualified candidates, but also effective human resource planning and management is required at all stages of the employment ladder. The HR team therefore decided on the following as its objectives for the reporting year.

- Recruitment
- Employee Orientation
- Training and Development
- Employee Motivation
- Promotion
- Health and Safety
- Upholding Confidentiality, Accountability, and Trust.

- Recruitment

Human Resource Management includes but not limited to conducting job analyses, planning personnel needs and recruiting the right people for the job. The GFZB continued to strive to attract and retain a diverse and talented workforce who will contribute to the organization's goals, mission and vision. The Department took the necessary steps to put the right people in the right position and ensure their general well-being and professional development. The selection process ensured that behavioural competencies were carefully identify in addition to technical skills.

Five (5) new staff i.e. one (1) janitor and four (4) assistant officers, were recruited during the year under review to augment the existing staff.

- Training and Development

The quality of employees and their development through training and education are major factors in determining long-term profitability of an organization. Some of the benefits that businesses and organizations get from training and developing their workers include increased productivity; reduced employee turnover; increased efficiency resulting in financial gains and decreased need for

supervision. There is therefore an imperative need to develop human resource in every organization to enhance the capacity of the personnel to deliver their assigned roles.

In this regard, the GFZB is passionate about training its staff and has therefore fostered a culture of learning and on-going professional development through the implementation of several unique training programmes and opportunities for its employees both in the country and out of the country as well as in-house trainings.

During the year under review, twenty-seven (27) staff attended training in their various fields to enhance their level of productivity. Below is a table of training and developmental courses attended by various employees during the period under review.

COURSE / PROGRAMME	BENEFICIARIES	DURATION	INSTITUTION
Professional Frontline Skills	5 Assistant Officers 1 Private Secretary 1 Senior Clerk	2 Days 14/04/2016 - 15/04/2016	Reach Select - Ghana
Computerized Project Analysis & Management	1 Management Staff	2 Weeks 18/04/2016 - 29/04/2016	Management Training & Consultancy Services (IMTC) - South Africa
The Company Secretary Masterclass	1 Management Staff	1 Week 25/04/2016 - 29/04/2016	Inter Africa Group - London
Defensive Driving & Positive Work Ethics	5 Drivers	3 Days 18/05/2016 - 20/05/2016	CBM Consult Ltd - Ghana
Construction & Management Of Industrial Park	1 Senior Officer 1 Officer	3 Weeks 25/05/2016 - 14/06/2016	Through China Government - China
Defensive Driving & Positive Work Ethics	2 Drivers	3 Days 28/06/2016 - 30/06/2016	CBM Consult Ltd - Ghana
Information Security, Infrastructure, Digital Forensic and Ethical Hacking	1 Staff	1 Week 11/07/2016 – 15/07/2016	Jeyax Development and Training – South Africa
75 TH Annual International Conference	1 Management Staff	4 Days 17/07/2016 – 20/07/2016	Institute Of Internal Auditors - USA
Enhanced Performance and Strategic Management	1 Staff	1 Week 08/08/2016 - 12/08/2016	Global Training Consultant Ltd - London
Customer Service and Supervisory'	1 Staff	1 Week 19/09/2016 - 23/09/2016	Jeyax Development and Training (JDT) – South Africa
Information Technology in Administration	1 Staff	1 Week 19/09/2016 - 23/09/2016	Management Training & Consultancy Services (IMTC) - South Africa

Advanced Supervisory Skills	1 Management Staff	2 Weeks 19/09/2016 - 23/09/2016	London Corporate Training (LCT) – UK, London
Creating and Managing Compliance	1 Staff	1 Week 12/09/2016 - 16/09/2016	Global Training Consultant Ltd - London
Auditing the Accounting Functions	2 officers		United States of America

- **Promotion**

Promotion in GFZB is based on qualification, efficiency, on the-job experience, sense of responsibility, initiative, general behaviour, cooperation, interest in the GFZB's affairs, leadership qualities, special aptitude, punctuality, and such other factors as the GFZB may determine from time to time. However, during the period under review, there were no promotions.

- **Employee Orientation**

A new employee orientation is a means of introducing a new hire to the organization and providing him/her with an overview of how the organization operates. An effective orientation serves to acclimatise the employee and speed up the time it takes for him/her to become a productive member of the organization. Orienting a new employee is important because it provides the new employee with concise and accurate information to make him/her more comfortable in the job. The GFZB continued to give orientation to its new staff as they come in to help familiarize them with the way the GFZB operates and the staff they will be working with. The employee orientation involved comprehensive training sessions on company policies and procedures.

- **Motivation**

An organization needs to establish and maintain a productive working atmosphere for its work force. Employees are far more likely to be productive assets to a company if they feel that they are treated fairly. The ultimate objective is to motivate employees with the right environment and management practices that bring out the best in them so they can give their best to the organization and customers.

The GFZB continued to find creative ways of motivating staff such as upward review of remuneration, as it believes that when an employee is motivated, he/she will be more committed, excited, energized, and passionate about the role he/she is performing within the organization.

- **Health and Safety**

In accordance with the labor Act, it is mandatory for the employer to ensure employees' health and safety as the employees are the most valuable assets that an organization possesses. The health and safety of workers is essential to every organization. It is an employer's job to help keep its workers as healthy and safe as possible. The GFZB recognizes that employee wellness is a critical factor to its short- and long-term success. For this reason, the GFZB continued to reimburse part of employee's medical bills and paid for employees National Health Insurance to ease some of the burden of medical bills on its employees.

- **Staff Strength**

During the year, one (1) staff resigned thus there were eighty-two (82) highly qualified and engaged staff at the Secretariat as at the end of the period under review to drive the Board's objectives and activities. The number is made up of thirty-five (35) female and forty-seven (47) male staff members.

Way forward

The human resources department will continue to play a critical role in ensuring that the GFZB has a high-performing and engaged workforce to deliver results by providing a conducive working environment that promotes productivity, creativity, and an engaged workforce. The unit will also continue to work on achieving its objectives for the year and ensure that the GFZB employer-employee relation is governed by conditions of service document approved by the Board of directors.

4.2 INVESTOR SUPPORT SERVICES DEPARTMENT

The Department is mandated to undertake the following activities:

- Identify and develop strategies for the promotion of the Ghana Free Zones Scheme
- Design for implementation a time-framed Free Zones Promotion Action Plan setting out the objectives, target country coverage, industrial sectors and potential investment organization, marketing, and media mixes, expected achievements/results etc.
- Organize the preparation and selective dissemination of promotional literature and materials on the Ghana Free Zones Programme to potential local and foreign zone investors
- Prepare and organize in-and out-bound free zone investment promotion missions/conferences as well as participate in international and local trade fairs/shows/exhibitions with the aim to attract investors into the zone
- Develop and maintain close relationship with foreign and local media houses and journalists with the object of sponsoring articles, advertisements, and other publications for the promotion of the free zone scheme
- Organize discussions and educational campaigns in the media on the opportunities and incentives under the free zone scheme.
- Establish close relations with and organize lectures on the essence/prospects of the free zones programme for officials of both public and private sector organizations whose activities bear on the development of the programme
- Provide necessary information for general enquiries and interested individuals/groups visiting the secretariat
- Provide aftercare services for licensed free zone enterprises
- Undertake any other such activities which are likely to contribute to the promotion of the programme and the image of the organization.

In the year 2016, the Department worked tirelessly to improve upon its relations with the general Ghanaian public and the investor community. The Department aimed to attract more investors to locate in Ghana under the Free Zones scheme and promote Ghana as an investment destination. The GFZB engaged in investment promotion and attraction activities such as local fairs/outreach programmes, International Fairs/Investment Promotion Missions, presentation to delegations,

conferences and seminars, promotional materials, response to enquiries, investor aftercare and corporate social responsibility. Below are some of the major activities carried out by the Secretariat.

4.2.1 Local Fairs/Outreach Programmes

- National Trade Facilitation Awards 2016

The GFZB participated in the 1st National Trade Facilitation Award organized by the Ministry of Trade and Industry, in collaboration with the Ghana Community Network Services Limited (GCNET). The event themed *“Enhancing efficient and effective Trade practices to promote growth”* was aimed primarily at promoting an enhanced trade facilitation services sector to render first class efficient and transparent services. The event was to mark the positive collaboration that GCNet has cultivated over the years with its partners. It was also meant to reinforce the GCNet commitment to deploy efficient and effective electronic solution that contributed towards revenue enhancement, trade facilitation and business competitiveness.

- Pre-Posting Orientation Programme for Foreign Officers

Also, the GFZB made a presentation on the topic *“Investment Opportunities in the Free Zones”* during an in-service training programme organised by the Ministry of Foreign Affairs and Regional Integration for its officials posted to Ghana Missions abroad. The presentation was to educate the officers on the investment opportunities in Ghana and the incentives available for investors under the Free Zones programme.

- Industrial Policy and The Industrial Sector Support Programme Review

Again, the GFZB participated in a one-day review workshop organised for selected agencies under the Ministry of Trade and industry (MOTI) including NBSSI, CEDECOM, GSA, GRATIS, GFZB and GEPA to review the Industrial Policy and the Industrial Sector Support Programme (ISSP). The discussion centred mainly on four main components of the policy as follows i.e. Production and Distribution, Technology and Innovation, Incentive and Regulatory Regime as well as Cross-cutting Issues.

- Meet The Press 2016

Furthermore, the GFZB participated in the Meet-the-Press series as part of Government’s publicity programme to provide Ministers of State the opportunity to inform the media and Ghanaians about the policies, programmes, and activities of all government agencies. The programme was organised by the Ministry of Communication. An exhibition was mounted to showcase the activities and achievements of the agencies under MOTI.

- An Evening Interaction with The President

The GFZB participated in an *“Evening interaction with the President”* programme. His Excellency the President, John Dramani Mahama, had an interaction with small and medium Enterprises and some Free Zones Enterprises as part of his accounting to the people tour of the Greater Accra Region on the theme: *“SMEs, The Key to Ghana ‘s Economic Growth and Transformation”*. The event was organised under the auspices of the office of the President in collaboration with the Ghana Investment Promotion Centre (GIPC). The event was to afford SME’s the opportunity to hear from the President, as well as measures that the government is taking to sustain an enabling environment for businesses.

It was also aimed at encouraging increased dialogue between the President and the Ghanaian business community. Various SME businesses from across the country who have supported economic growth in their respective regions, participated in the event. In Ghana, SMEs over the years have contributed greatly to the development of the economy as they contribute to employment creation, provision of basic goods and services, enhancement of economic diversity, exports and social stability. The SME sector is also a primary driver of GDP for the country and serves as a feeder line for corporations of the future.

- TICAD VI Briefing Session At The Ministry Of Foreign Affairs And Regional Integration

The GFZB organized selected licenced free zone enterprises to participate in the first ever Tokyo International Conference on African Development (TICAD) Summit held on the African continent in Nairobi, Kenya, under the theme “*Advancing Africa’s Development Agenda with TICAD-Partnership for Prosperity.*” Ghana’s participation was coordinated by the Ministry of Foreign Affairs and Regional Integration. To ensure that Ghana participates effectively in the Summit, the Minister, Hon. Hannah Serwa Tetteh, held briefing sessions with companies operating under the Free Zones and other SMEs to enable Ghana’s private sector take advantage of over 120 Japanese counterparts attending the summit and to strategies for opportunities that will be available for promoting structural economic transformation through diversification and industrialization.

4.2.2 International Fairs/Investment Promotion Missions

- Preparations For World Expo 2017

The GFZB was one of the agencies nominated to be on the National Planning Committee which was formed to take up the planning and execution of Ghana’s participation in Astana Expo 2017 to be held in Kazahtan. Members of the planning committee were drawn from the various MDA’s and the private sector. The event was projected to bring together approximately one hundred (100) countries and about ten (10) international organisations. It was expected to draw three (3) to five (5) million visitors, who will make it the largest international gathering of its kind Central Asia has seen. The theme for the exhibition was “*Future Energy*” which sought to promote and discover sustainable global energy solutions.

Ghana’s participation in the Astana Expo 2017 was intended to underscore the Government’s commitment to be an active player in the deployment of sustainable energy solutions in the use and expansion of the renewable energy sector, which will go a long way to improve the economy of the country. Ghana aimed at targeting potential investors and international business organisations in the power and energy sector from different parts of the world during the fair. The Committee set up Sub Committees i.e. Technical and planning Committees (which came up with the theme “*Unlock The Investment Potential In Renewable Energy For Sustainable Development In Ghana*”), Budget and Fund Raising Committee of which the GFZB was a member, Exhibition content, Public and Media Committees. As part of preparations, the Committee organised a field trip to Anloga and Ada in the Volta Region to take a documentary of a power hub called ‘Ghana Microgrids Electricity Services.’ This was built by the Ministry of Energy and sponsored by the World Bank Group to provide electricity to a village called Pediatokope situated on an island which had not been connected to power until the development of the project.

4.2.3 Delegations Received

- **Al-Fanar Company/ Reroy Power Investors Presentation**

The GFZB made a presentation to a delegation from Al-Fanar Company and Reroy Group who were going into a partnership. The companies are producers of electrical cables for construction based in Riyadh, Saudi Arabia and Ghana respectively. They were exploring opportunities under the Free Zones programme to establish a manufacturing base in Ghana that will supply electrical materials to the West Africa Sub region. Al-Fanar has investment in Riyadh, Germany, India and Egypt.

- **2nd Session of The Ghana-Russian Permanent Joint Commission for Cooperation Meetings**

The GFZB participated in the Second Session of Ghana-Russian Permanent Joint Commission (PJCC) organised by the Ministry of Foreign Affairs and Regional Integration. The meeting was to review the matters arising during the first session of the PJCC and identify new areas of cooperation for discussion at the second session.

The Russian delegation was led by the Chairman of the Russian Side of the Commission, Deputy Minister of Natural Resources and Ecology of Russian Federation and Head of Federal Agency for Mineral Resources, Hon. E. A. Kiselev whilst the Ghanaian delegation was also led by the Chairman of Ghanaian Side of the Commission, Deputy Minister of Foreign Affairs and Regional Integration of the Republic of Ghana, Hon. Emmanuel Bombande.

The two sides analysed the current state and development prospects of the relation between Moscow and Accra and have accepted the following decisions and recommendations - Legal Framework of the Bilateral Cooperation; Economic, Trade and Industrial cooperation; Cooperation in the energy sector; Exploration and Subsoil Resources; Education and science; Agriculture; Health; Transport, housing and road construction; Telecom and Mass Communications; Security; and Military-technical cooperation.

- **Meeting With MSF Construct and AKSA Infrastructure Developers Ghana Limited**

The GFZB received a two-man delegation from MSF Construct and AKSA Infrastructure Developers to discuss the possibilities of developing part of the Sekondi Enclave and to attract anchor tenants.

- **Mexican Business Delegation**

The GFZB, as part of its mandate to attract investment into the country, hosted the first Mexican Trade and Investment mission to the country. Mexico re-opened its embassy in Accra in 2015 after 30 years of closure. This initiative therefore was an opportunity to strengthen investment, business and bi-lateral ties which had not existed between the two countries since 1980. The trade mission also purported to take advantage of Ghana's strategic location as a middle coastal belt with two seaports serving the land locked countries such as Mali, Niger, Burkina Faso as well as to use the Free Zones programme as a focal point to widen their economic presence while fostering collaboration for a sustainable strategic economic partnership.

4.2.4 Conferences/Seminars

- **The Ghana-China Investment Forum, Accra, Ghana**

The GFZB participated in the Ghana-China Investment Forum organised by the Ministry of Trade and Industry at the Accra International Conference Centre. The main objective of the forum was to deepen trade and investment relations between the two countries.

- **United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, Washington DC, USA**

The Ministry of Trade and Industry, GFZB, GIPC and other Agencies attended the United States Sub-Saharan Africa Trade and Economic Cooperation Forum in Washington DC, USA. The theme for the forum was *“Maximizing U.S –Africa Trade and Investment AGOA and Beyond.”* The forum had the following workshop themes *“Attracting Investment to Boost AGOA Utilization, Balancing Security and Trade along Transnational Corridors”* and *“Solutions for SME Trade Financing and WTO Trade Facilitation”*.

- **1st ECOWAS Industrial Summit In Ghana**

The GFZB participated in the 1st ECOWAS Industrial Summit under the theme, *“Promoting Investment to Accelerate the Industrialization of the ECOWAS Sub-Region”* at the Accra International Conference Centre. This was to bring together relevant stakeholders within and outside the West African sub-region to discuss issues that affect industrial development. Participants discussed key issues such as standard industrial policy among member states, challenges in the pharmaceutical industry, automotive industry in the region and the export potential of the textile and garments industry. Some selected FZEs participated in the Summit and exhibition including Pinora Limited, Home Foods Processing & Cannery Limited, Sleek Garment Limited, ARN Manufacturing Limited, Reroy Cable Limited, Niche Cocoa Industry Limited, Pakmart Limited, G.N Foods Limited, G.C. Bio Chemicals Limited, Dignity DTRT Limited, Usibras Ghana Limited, Blue Skies Products (Ghana) Limited and Entrance Pharmaceuticals & Research Centre.

- **SADA Investment Forum**

The Savannah Accelerated Development Authority (SADA) invited the GFZB among other related agencies i.e. UNDP, Ghana Immigration Service, GIPC, GRA, and the World Bank, to discuss the various incentives in the Northern Savannah Ecological Zone of Ghana (NSEZ). The discussion also touched on the road map that had been prepared by the SADA Agricultural Investment Workshop.

4.2.5 Corporate Social Responsibility

- **Donation To the National Chief Imam**

The GFZB visited and made a cash donation to the office of the National Chief Imam. The donation was made to help the Chief Imam alleviate the suffering of the needy, aged, orphans, and vulnerable in society who depend on him for their daily sustenance.

- **Launch Of 32nd Edition Of National Farmers’ Day Celebration**

The GFZB participated in the launching of the 32nd National Farmers’ Day-2016 organised by the Ministry of Food and Agriculture (MOFA) and Ministry of Fisheries and Aquaculture Development (MoFAD) under the theme: *“Agriculture: A Business Response to Economic Growth.”* The GFZB among other sponsors were acknowledged for their continuous support for the celebration of the National Farmers Day over the years.

- The Sports Writers Association of Ghana (SWAG) Awards

The GFZB sponsored the MTN Sports Writers Association of Ghana (SWAG) Awards to use their platform to showcase the activities of the Board. Since 1974, the MTN-SWAG Awards has been Ghana's most esteemed celebration of sporting excellence and provided the biggest platform to celebrate the outstanding achievements of Ghana sports. It attracts the “crème de la crème” of Ghana's sports personalities and high-profile invited guests, including sitting Heads of State.

The 41st MTN SWAG Awards was sponsored by communication giants MTN Ghana, with support from the GFZB and other agencies including Activa International Insurance, CDH Insurance, National Lotteries Authority, Stanbic Bank, Guinness Ghana Limited, Data Bank and Alisa Hotels. The GFZB gave out fifty (50) brochures and mounted three (3) banners for publicity of the activities of the Board.

4.3 PROJECT EVALUATION & LICENSING DIVISION

The Application Processing Department oversees collating and evaluating all applications received at the Secretariat from prospective investors by ensuring compliance with the requirements as specified in the Free Zones Regulations (1618).

Applications Processed

During the period under review, the Board received eleven (11) applications for free zones status. Out of the eleven (11) applications, three (3) companies were licensed and nine were declined. This Board's approved companies at the end of the reporting quarter are Two Hundred and forty-four (244) Companies

4.4 ESTATE & ENCLAVE DEVELOPMENT DEPARTMENT

This comprehensive report of the Estate and Enclave Development Department seeks to report on all operations both at the Secretariat and the Enclaves.

The Estate and Enclave Development Department is mandated to spearhead the Board's strategy of developing declared sites for free zone operations into enclaves and industrial parks.

Export Processing Zones

The Board has four (4) enclaves under its operation, namely, **Tema Export Processing Zone, Sekondi Industrial Park, Shama Industrial Park** and the **Ashanti Technology Park**.

- **Tema Export Processing Zone**

The Tema Export Processing Zone has a total land size of **1,200 acres** of land.

Tema Export Processing Zone Occupancy

The current occupancy rate at the Export Processing Zone is as follows:

	Acreage	Number Of Companies
--	----------------	----------------------------

Multipurpose Industrial Park (MPIP)	367	57
International Land Development Company (ILDC)	214	14
Octoglow Limited	500	20
Total	1,081	91

OPERATIONAL ACTIVITIES AT TEMA EXPORT PROCESSING ZONE (TEPZ)

- **Power**

During the period under review, the management, sale and distribution of electricity at the Tema Export Processing Zone was provisionally handed over to Enclave Power Company (EPC). EPC is a licensed Free Zones company that provides electricity service at the TEPZ. Enclave Power Company constructed a state of art substation with the capacity of 165MVA.

Construction of Railway at the TEPZ

With the support of the Board, Octoglow Ltd, one of the strategic developers at the Tema EPZ initiated the process to construct a 14km railway link from the TEPZ to the Tema Port for easy transportation of goods to and from the TEPZ.

Sekondi Industrial Park

The Sekondi Enclave has a total land size of **2,512.85 acres**. The Ghana Free Zones Board allocated 60acres of the Sekondi land to a Chinese Investor, Wangkang Ghana Ceramics Ltd for the construction of a state-of-the-art Ceramics factory.

During the reporting year Construction of the factory was completed and undertook a test run. Dangote Cement of Nigeria also acquired 105 acres of the Sekondi Industrial Park for the construction of an ultra-modern cement factory. Meanwhile, the Board rehabilitated the 4.4km Inchaban Juntion – Eshiem Road for easy access to the Sekondi Industrial Park.

Shama Industrial Park

The Shama Industrial Park is in the Shama Ahanta East Metropolitan area in the Western Region of Ghana, which occupies an area of **3,200 acres**.

During the period under review, Black Ivy acquired 400acres of the land for the development of an Industrial Park.

PROJECTS

- **Construction of Perimeter Fence Wall at TEPZ**

To ensure maximum security at the Tema EPZ premises, the Board has constructed a security fence wall at the TEPZ.

During the reporting year, the contract for the final phase to totally enclose the entire TEPZ area fence wall was awarded and the project progressed steadily.

- **Location of CEPS Check Point**

During the period under review, CEPS officially stationed its officers at the main entrance of the TEPZ to facilitate movement of goods and service to the enclave. Additionally, the Board provided a three (3) room furnished office at the Tema EPZ Administration Block for use by CEPS. The Board also renovated and furnished CEPS office at the security gate house of the main entrance.

- **Building of Ultra-Modern Office Complex**

During the reporting year, the Board initiated the process to construct a five (5) storey ultra-modern office complex, which was expected to house all of its ancillary offices, as well as provide office accommodation for other interested organisations on rental basis.

It was estimated that the commissioning of the new office complex will be in December 2016 and the Board will take full occupation in February 2017.

As an interim measure, the Board was relocated to a temporal office at NO. 10, 5th Circular Road, East Cantonments.

- **Establishment of Fire Station at the Tema EPZ**

During the period under review, the Secretariat had discussions with the Tema Regional Fire Service Department for the establishment of a Fire Station to serve the TEPZ and its environs. The Board was also assured of an allocation of a Fire Tender, Recovery Trucks and an Ambulance to that effect.

The Board had plans to renovate a prefabricated building owned by the Board to be given to the Fire Department for their use at the TEPZ.

- **Establishment of a Bank**

During the reporting year, the Secretariat rented the entire ground floor of the Tema Administration block to Zenith Bank for banking operations.

4.5 COMPLIANCE DEPARTMENT

The compliance Department ensures the best reporting relationship between the Secretariat and FZE's typically through an audit or compliance committee. This reporting relationship provides each function with the necessary authority to effectively address their responsibilities. To achieve this role, the department carried out some activities during the year under review of which the major ones are highlighted below:

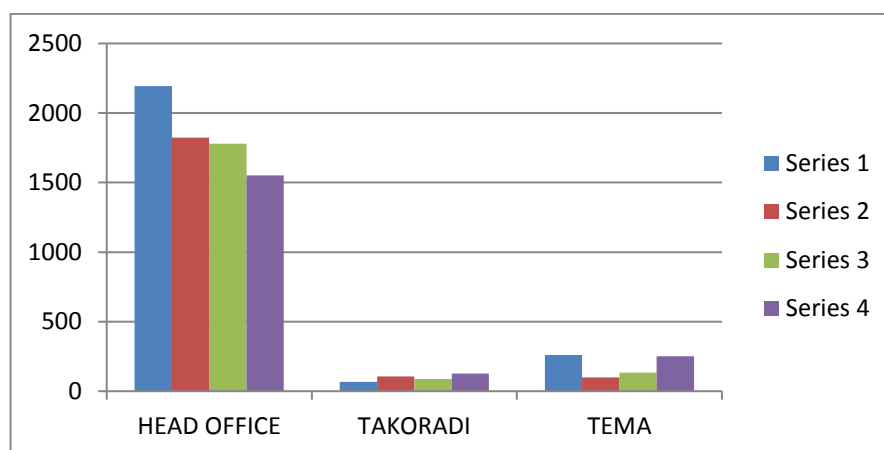
4.5.1 Exemption Forms

A total number of eight thousand four hundred and seventy-nine (8,479) applications were vetted and scrutinized for approval as indicated below:

Table A - Analysis of Processed forms in Quantities

Quarter	Head office	Takoradi	Tema	Total
---------	-------------	----------	------	-------

First	2,193	68	260	2,521
Second	1,824	105	98	2,027
Third	1,779	88	134	2,001
Fourth	1,551	127	252	1,930
Total	7347	388	744	8,479



3

4.5.2 Capacity Building

Customs Division of Ghana Revenue Authority performs agency duties on behalf of other government organizations and Ministries by seeing to the enforcement of laws on import and export restrictions and prohibitions. In this regard, the GFZB organized a training program for customs officers to enrich their knowledge on the GFZB's standard operating procedures. This was a broad base training program for officers from the various stations in the Greater Accra region.

4.5.3 Compliance Audit

During the period, sixty-nine (69) Free Zones Enterprises were audited. The purpose of the audit was to:

- Authenticate the appropriate documents supporting the quarterly returns.
- Ascertain the level of compliance by licensed companies.
- Identify and assist in addressing operational challenges faced by FZEs.

4.5.4 Collaboration With Other Front-Line Agencies

The Department continued to support the Customs Division of Ghana Revenue Authority in its Tax Education Campaign by presenting a paper on Compliance Framework at a forum organized by Ghana Revenue Authority (GRA).

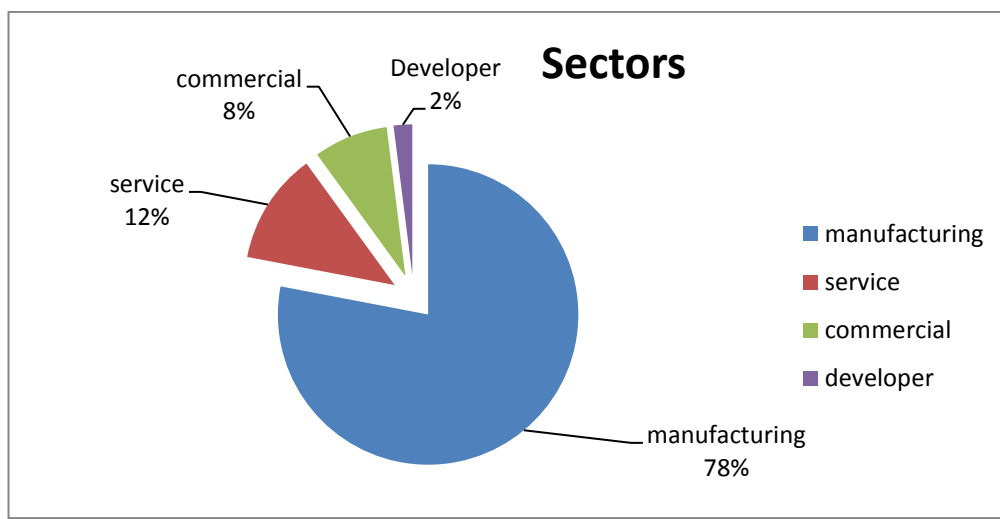
4.5.5 Analysis of Licensed Free Zones Enterprises

It is in the interest of the department to consistently keep the Board informed with the running of FZEs. This gives the Board the ability to provide FZEs with meaningful guidance through the department. The analysis below indicates the total number of active and inactive FZEs during the year:

	<u>NUMBER</u>	<u>PERCENTAGE</u>
Active	198	81.14%
Inactive	<u>46</u>	<u>18.86%</u>
	<u>244</u>	<u>100</u>

FZEs by Sectors

	<u>Number</u>	<u>Percentage</u>
Manufacturing	190	77.86%
Service	29	11.88%
Commercial	21	8.6%
Developer	<u>4</u>	<u>1.63%</u>
	<u>244</u>	<u>100</u>

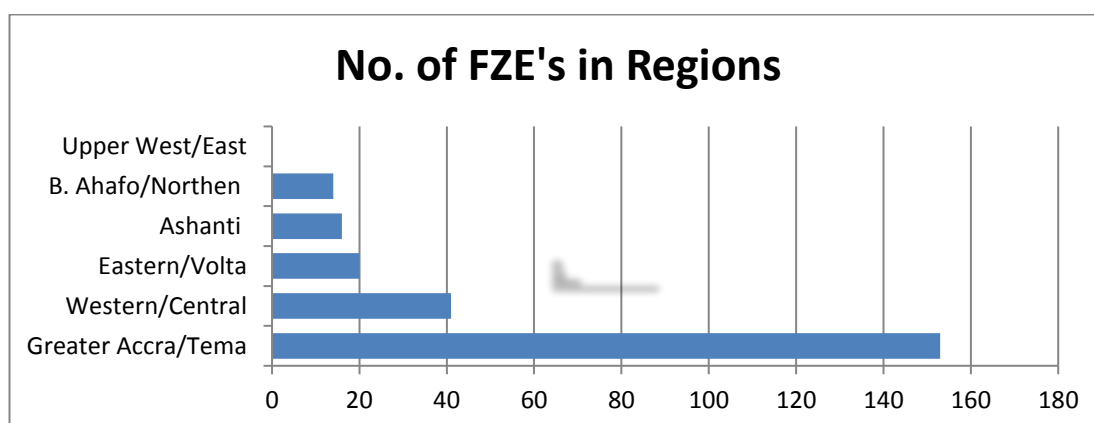


Graphical Presentation of FZEs in Sectors

FZEs by Geographical Distribution

<u>Regions</u>	<u>Number</u>	<u>Percentage</u>
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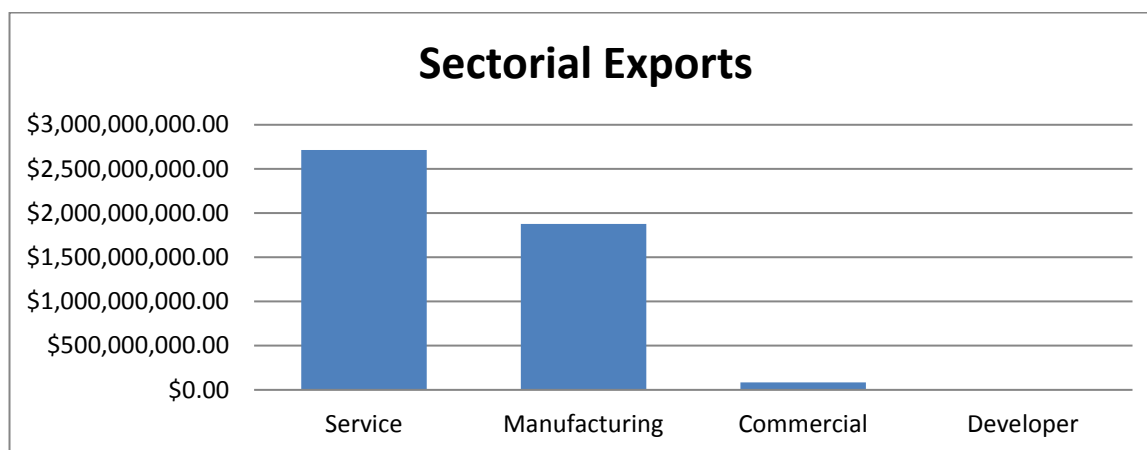
Greater Accra/Tema	153	62.7
Ashanti	16	6.55
Brong Ahafo/Northern	14	5.73
Eastern/Volta	20	8.19
Western/Central	41	16.8
Upper West/East	<u>0</u>	<u>0</u>
	244	<u>100</u>



Graphical Presentation of Geographical representation of FZEs

Sectorial performance on Exports

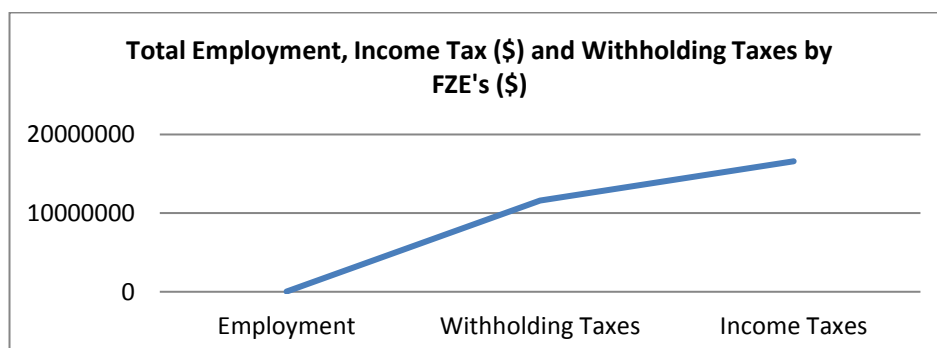
SECTOR	Export Value	%
Manufacturing	1,877,886,379	40.14%
Service	2,713,767,252	58.02%
Commercial	85,550,059	1.82%
Developer	<u>0</u>	<u>0</u>
	<u>4,677,203,691</u>	<u>100</u>



Graphical Presentation of Geographical representation of FZEs

Table 3.5 Total Employment, Income Taxes and Withholding Taxes by FZEs

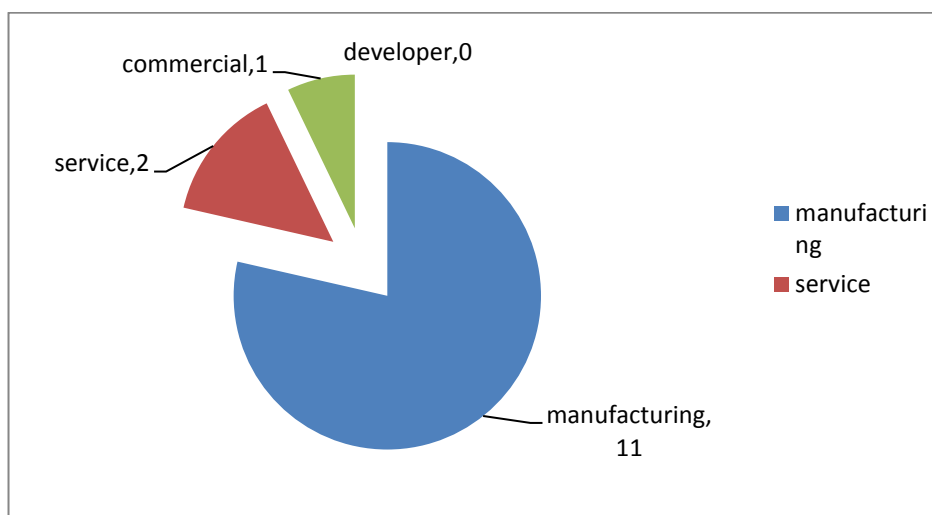
Narration	Figures
Employment	26,619
Withholding Taxes	US\$11,608,478
Income Taxes	US\$16,591,844



Graphical Presentation of Total Employment, Income Taxes and Withholding Taxes by FZEs

FZEs licensed in 2016

<u>LICENSED</u>	<u>NUMBER</u>	<u>PERCENTAGE</u>
Manufacturing	11	78.57
Service	2	14.28
Commercial	1	7.14
Developer	<u>0</u>	<u>0</u>
	<u>14</u>	<u>100</u>



Graphical Presentation of FZEs licensed in 2016.

4.5.6 Way- Forward

In the ensuing year, the Department will focus on the work plan for the year with the main aim of improving compliance audits of FZEs. The compliance activities are quite dynamic, and this calls for continuous capacity building programmes for both staff of the department and FZEs in the coming year. Finally, the department will collaborate efforts with other frontline agencies to enhance effective monitoring mechanisms of FZEs.

4.6 INFORMATION TECHNOLOGY DEPARTMENT

The IT department by its mandate provided the following core functions during the period under review:

- Operation of the GCNet System
- User support services
- Continuous update of information about the Free Zone Enterprises for monitoring and management decision making
- Regular update of the GFZB website to provide up-to-date investment information in the free zones.
- Managed the internet connectivity and operated the corporate email system
- Data entry for investors' quarterly returns as well as transactions on the Form 9s
- Generation of various statistical reports for management and other agencies
- Supervision and management of the network infrastructure (internet and local area network) at the Secretariat and the Tema Enclave office.

4.6.1 Bulk SMS Technology

Recent trends show that majority of organizations are redefining marketing by incorporating mobile marketing techniques into their marketing campaign strategy, since it provides high rate of readability. It is in this direction that the IT department completed the configuration of a Bulk SMS system at the

Secretariat. Testing is on-going to gather all the telephone numbers of our clients for effective communication and quick messaging.

4.6.2 Network Infrastructure

A contract to install fibre optic internet connectivity at the ultra-modern office complex for the GFZB was awarded to Ghana Telecommunications Company Limited (Vodafone).

4.6.3 Feasibility Study of the Ghana National Single Window Environment

The IT department was instrumental in the preparation of the Business Processing Analysis for the Board as part of the feasibility study of the Ghana National Single Window (GNSW) Environment undertaken by the Westblue Consulting. The GNSW programme was initiated on 1 September 2015 by the Government to enhance the country's trade and economic development, secure and increase government revenue.

4.6.4 Operation of GCNet

The department in collaboration with the Ghana Community Network Services Limited (GCNET) generated new codes for licensed Free Zone Companies. This was to enhance trade facilitation in the area of export. The department improved marginally on the response time for applications submitted through the GCNet System. This was attributed to much education on necessary requirements for the grant of electronic exemption and the training of another IT officer to support the two officers who work on the GCNet system.

4.6.5 Revamp of GFZB Website

Contract was awarded for the revamp of the GFZB website and the upgrade of the Investor database. It was expected to be completed by the first quarter of 2017.

4.6.6 National Information Technology Agency One-Stop-Shop Service Centre

The IT department was instrumental in the preparation of the Business Processing Analysis for the Board as part of the feasibility study of the Ghana National Single Window (GNSW) Environment. The GNSW programme was initiated on 1 September 2015 by the Government to enhance the country's trade and economic development, secure and increase government revenue.

4.6.7 Way Forward

The key to utilizing information successfully, rather than being overwhelmed by it, is the ability to efficiently capture and manage large volumes of information from disparate sources. The IT department intends to incorporate electronic document management system in its operation in the year 2017 budget to optimize the Board's business efficiencies.

Again, the department in collaboration with the compliance unit is in the process of training all Free Zone Enterprises to use the Portal to submit their quarterly returns online.

It is the hope of the department to apply the state-of-the-art technology to drive the business operations of the Board.

4.7 LEGAL DEPARTMENT

The Legal Department during the year under review performed its core functions which included:

- ❖ Offering legal counsel to the Governing Board and Secretariat
- ❖ Prosecuting and defending all suits on behalf of the Board with the Attorney General's Department.
- ❖ Answering walk-in enquiries on the Free Zone Act, 1995 (Act 504).
- ❖ Writing legal opinions on the Free Zone Act, 1995 and the general legal business regulatory regime.
- ❖ Drafting legal documents
- ❖ Conducting legal research for use by the Governing Board and Secretariat.

4.7.1 LAND MATTERS

➤ Tema Export Processing Zone (TEPZ)

The Tema Export Processing Zone (TEPZ) was declared a free zone area on 17th May 1996. Lands Commission parceled the whole of the land consisting of one thousand two hundred (1,200) acres into four (4) plots (A, B, C&D) and leased the plots to GFZB, subject to terms and conditions.

• Plot A

GFZB issued Sub-leases to the following companies during the year under review.

No.	Name of Company	Acres
1.	Reroy Power Ltd.	10
2.	Glotec Star Ltd.	2
3.	Ashburton Ltd.	5.1

• Plot B

The Department ensured that companies granted subleases by the International Land Development Company (ILDC) enjoyed quiet possession of their properties despite a pending civil litigation with their grantor.

• Plot C

No Sub-lease was granted by the Board in the year 2016.

• Plot D

- Multi-Purpose Industrial Park (MPIP)

No Sublease was granted by the Board during the year under review.

➤ Community 21

Negotiations with the Tema Development Corporation (TDC) for Sub-lease of Community 21 were concluded during the year under review. Ghana Free Zones Board and Tema Development Corporation jointly engaged the services of the Police and TDC's task force to stop encroachment. The Board having obtained a lease from the TDC granted a Sub-lease of the land to Octoglow Ghana Limited, a licensed free zone developer for construction of residential facilities subject to terms and conditions.

➤ Ashanti Technology Park

Outstanding compensation adjudged payable by the Kumasi High Court (Land Division) in a decision given against the Attorney-General remained unpaid.

➤ **Shama Export Processing Zone**

The Department facilitated and engaged the Black Ivy Group, the Paramount Chief of Yabiw and about 18 landowners in signing a lease for about four hundred (400) acres of land within the proposed Shama Industrial Park. The 400-acre parcel of land has been earmarked for development into a multi-purpose industrial park by the Black Ivy Group.

➤ **Sekondi Export Processing Zone**

The Department concluded negotiations with the Chiefs of Ashiem and Mpintsin for leases. The department commenced negotiations for acquisition of about 105 acres of land within the Sekondi Export Processing Zone with Dangote Cement, a Nigerian owned company. The parcel of land has been earmarked for the construction of a state-of-the-art cement factory.

4.7.2 Way Forward

The department intends to deepen its collaboration with stakeholders such as the Police, National Security Council and the Tema Development Corporation to stop unauthorized persons from encroaching on designated free zone areas. The department's collaboration with the Tema Development Corporation has curtailed further encroachment to the Tema Community 21 parcel of land.

5.0 DATA ANALYSIS

5.1 INVESTMENT CAPITAL SCHEDULE

The total capital investment made by licensed Free Zone Enterprises during the year amounted to **US\$270.72M**, an increase of 28.55% over the 2015 figure of US\$193.42M. The cumulative amount of investment capital in the free zones since inception of the programme in 1996/97 to the end of 2016 now stands at US\$3,315.87M. (refer to Appendix II).

5.2 PRODUCTION SCHEDULE OF MANUFACTURING AND SERVICE ENTERPRISES

The ex-factory value of production for Free Zone Enterprises in the manufacturing and service sector during the year amounted to **US\$1,129.13M** representing a 31.21% decrease below the 2015 figure of US\$ 1,641.44M (Refer to Appendix III)

5.3 IMPORT SCHEDULE OF COMMERCIAL ENTERPRISES

Commercial Free Zone Enterprises imported semi-finished and finished goods at a total value of **US\$ 47.86M** for re-packaging and re-export to the ECOWAS region and beyond. This represents a decrease of 30.18% over the previous year's figure of **US\$68.55M**. (Refer to Appendix IV)

5.4 EXPORT SCHEDULE OF ALL ENTERPRISES

Total ex-factory value of exports of all Free Zone Enterprises (manufacturing, Service and Commercial) amounted to **US\$1,711.49M**, representing an increase of 13.66% over the 2015 figure of US\$ 1,477.78m. (Refer to Appendix V)

5.5 EMPLOYMENT SCHEDULE OF ALL ENTERPRISES

The most important contribution of the Free Zones Programme to the economy of Ghana is employment creation. At the end of the reporting year, the employment figure of Ghanaian nationals employed by the Free Zone Enterprises reached 28,531. This represents an increase of 3.14% above the 2015 figure of 27,635.

The distribution of national employees, according to gender indicates that 18,602 i.e 65.20% were male whereas 9,929 i.e. 34.80% were female.

The number of expatriates employed by Free Zone Enterprises was 852 representing 3% of total employment. The total employment generated by the Free Zones Program was 29,383 which is 3% over the previous year's employment of 28,555. (Refer to Appendix VI).

Distribution of employees in the Free Zones Programme by sector is shown in the table below:

Sector	Number employed
Developer	28
Manufacturing	24,420
Service	3,660
Commercial	1,275

5.6 SALARY/WAGE SCHEDULE OF ALL ENTERPRISES

The free zones programme contributes greatly to the economic empowerment of the Ghanaian workforce. Total value of salary/wages for 2016 amounted to **US\$98.64M** an increase of 14.24% over the 2015 figure of **US\$84.59M**. The total salary/wage paid to Ghanaian Nationals working with Free Zone Enterprises amounted to **US\$ 73. 43M**. This represents an increase of 20.37% over the 2015 value of **US\$58.47m**. Expatriates working under the free zones programme earned **US\$ 25.15M** (Refer to Appendix VII).

5.7 VAT/DUTIES PAID ON SALES INTO THE DOMESTIC/LOCAL MARKET

Total duties/levies paid on sales into the local market amounted to **US\$9.99M** representing an increase of 15.22% on the previous year's figure of **US\$8.47M**. (Refer to Appendix VII)

5.8 TRAINING SCHEDULE OF ALL ENTERPRISES (GHANAIAN NATIONALS)

Under the free zone regulations at least 1% of the total annual salary/wage bill of free zone companies should be spent on the training of Ghanaian nationals employed in the companies.

In 2016, a total amount of **US\$ 2.19M** was spent on training national employees representing 2.22% of the total salary wage bill indicated above. Even though the minimum requirement was achieved, only 86 Free Zone Enterprises offered training to their employees. (Ref. Appendix IX)

5.9 SOCIAL SECURITY SCHEDULE OF FREE ZONE EMPLOYEES

In 2016, **158** Free Zone Enterprises contributed a total of **US\$8.70M** in Social Security contributions to the Social Security and National Insurance Trust as against **US\$7.74M** in 2015 representing an increase of 11.03%. (Ref. Appendix X)

5.10 INCOME TAX SCHEDULE OF FREE ZONE EMPLOYEES

In the reporting year, 158 companies contributed a total of **US\$15M** in Income Tax in respect of their employees, an improvement of 8.73% over the 2015 figure of US\$13.69M. (Ref. Appendix XI)

5.0 FINANCIAL REVIEW

5.1 REVENUE

Total income generated in 2016 was GH¢76,509,111 as against GH¢35,257,399 in 2015. This represents a 117% increase over revenue generated in 2015. The increase was due to leased land premiums, increase in sale of forms and processing fees.

5.2 EXPENDITURE

Total Expenditure in 2016 amounted to GH¢26,116,964.00 as against GH¢16,792,767.00 in 2015. The increase in expenditure was mainly due to operational expenses.

Excess income over expenditure was GH¢50,392,147.00 in the year under review as against GH¢18,464,632 in 2015.

The Audited Accounts for 2016 is attached as Appendix XII

6.0 CONSTRAINTS

The lack of funds to develop the other three designated export processing zones continued to pose major constraint during the year under review.

Also, the gap in the fence wall at the TEPZ which provided access to thieves posed some security concerns for the operators in the TEPZ as well as installations at the enclave. If the gap is not closed more resources would have to be expended to provide security for the TEPZ as well as replace stolen equipment.

The unstable supply of utility continued to affect operations of Free Zone enterprises. The water supply situation experience at the enclave posed serious challenges to the Board and operators at the TEPZ. There is the need to expand the water storage and supply system to ensure constant water supply to the enclave.

7.0 CONCLUDING REMARKS

Despite the challenges, the Board made some significant progress in the implementation of the Free Zones Programme during the year under.

For the ensuing year, the Board will focus more on solving the lingering issues at the TEPZ, developing one of the other designated enclaves, attracting more investors as well as intensifying its monitoring activities to ensure that licensed Free Zone Enterprises do not flout the rules and regulations of the Free Zones programme.

APPENDICES

Appendix 1- Analysis of Free Zone Enterprises licensed in 2016**Table 1: Received Applications and Nature of Business**

No.	NAME OF COMPANY	NATIONALITY	SECTOR	NATURE OF BUSINESS
1	COSMOPOLITAN INDUSTRIES LIMITED	GHANAIAAN	COMMERCIAL	IMPORTATION AND RE-EXPORTATION OF COMMODITIES
2	GKV INVESTMENTS LIMITED	GHANAIAAN	MANUFACTURING	PROCESSING OF COCONUT INTO VIRGIN COCONUT OIL AND OTHER COCONUT FINISHED PRODUCT FOR EXPORT.
3	M.N.D METALS COMPANY LIMITED	GHANAIAAN / DUTCH	MANUFACTURING	PROCESSING OF COPPER, BRASS, ALUMINUM AND ZINC FOR EXPORT.
4	VIVA & CO GHANA LIMITED	UKRAINIAN	MANUFACTURING	MANUFACTURING OF COMPOSITE FIBERGLASS REINFORCEMENT BARS FOR EXPORT.
5	OOBMABDI LIMITED	GHANAIAAN/ CHINESE	MANUFACTURING	PROCESSING OF BAMBOO INTO BOARDS AND STRIPS FOR EXPORT
6	D.T ENGINEERING SYSTEMS LIMITED.	GHANAIAAN	MANUFACTURING	PRODUCTION AND PRINTING OF FLEXIBLE FILMS FOR EXPORT
7	FLEXIPACK GHANA LIMITED	GHANAIAAN/LEBANESE/ IVORIAN	MANUFACTURING	RECYCLING OF PLASTIC WASTE AND PRODUCTION OF PLASTIC ROLLS.
8	FRUIT & EXPORT TERMINAL GHANA LIMITED	GHANAIAAN / DUTCH	MANUFACTURING	LOADING OF AGRICULTURE PRODUCTS FROM FREE ZONES COMPANIES FARMS AND FACTORY FOR EXPORT.
9	PHILBRO GROUP LIMITED	GHANAIAAN	MANUFACTURING	(MANUFACTURING) FILLING AND BOTTLING OF VEGETABLE OIL FOR EXPORT.
10	PRIME MERIDIAN DOCKS GHANA LIMITED	GHANAIAAN	SERVICE	REPAIR, MAINTENANCE AND CONVERSION OF SHIPS.
11	REGENCY SALT LIMITED	GHANAIAAN / NIGERIAN	MANUFACTURING	(MANUFACTURING.) PRODUCTION OF IODIZED REFINED SALT AND IODIZED RAW SALT

Table 2: Approved Companies

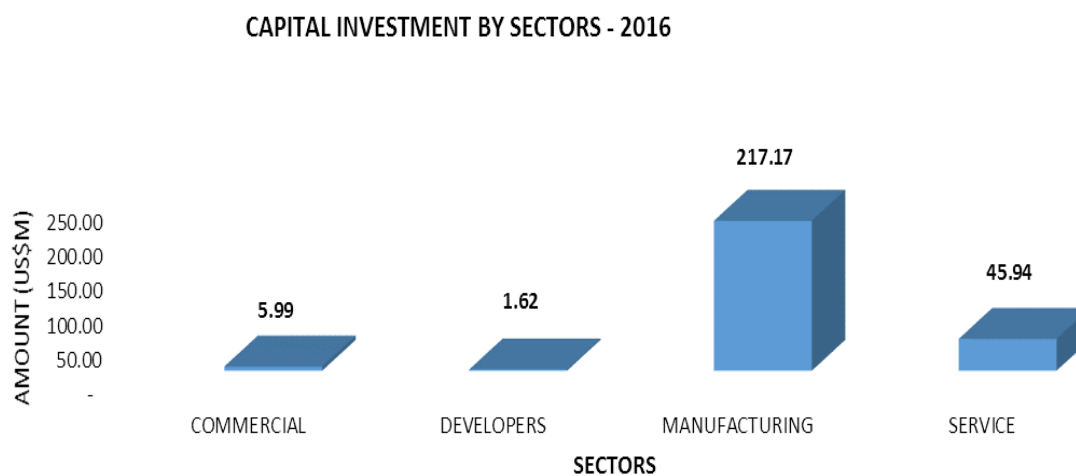
NO.	NAME OF COMPANY	NATIONALITY	Sector	NATURE OF BUSINESS
1	OOBMABDI LIMITED	GHANAIAI/ CHINESE	MANUFACTURING	PROCESSING OF BAMBOO INTO BOARDS AND STRIPS FOR EXPORT
2	FLEXIPACK GHANA LIMITED	GHANAIAI/LEBANESE/ IVORIAN	MANUFACTURING	RECYCLING OF PLASTIC WASTE AND PRODUCTION OF PLASTIC ROLLS.
3	ZARA INVESTMENT LIMITED	GHANAIAI/LEBANESE	COMMERCIAL)	IMPORT AND RE-EXPORT OF FOOD, NON FOOD, COSMETICS, ALCOHOLIC AND NON ALCOHOLIC BEVERAGES.

Table 3: Deferred Applications

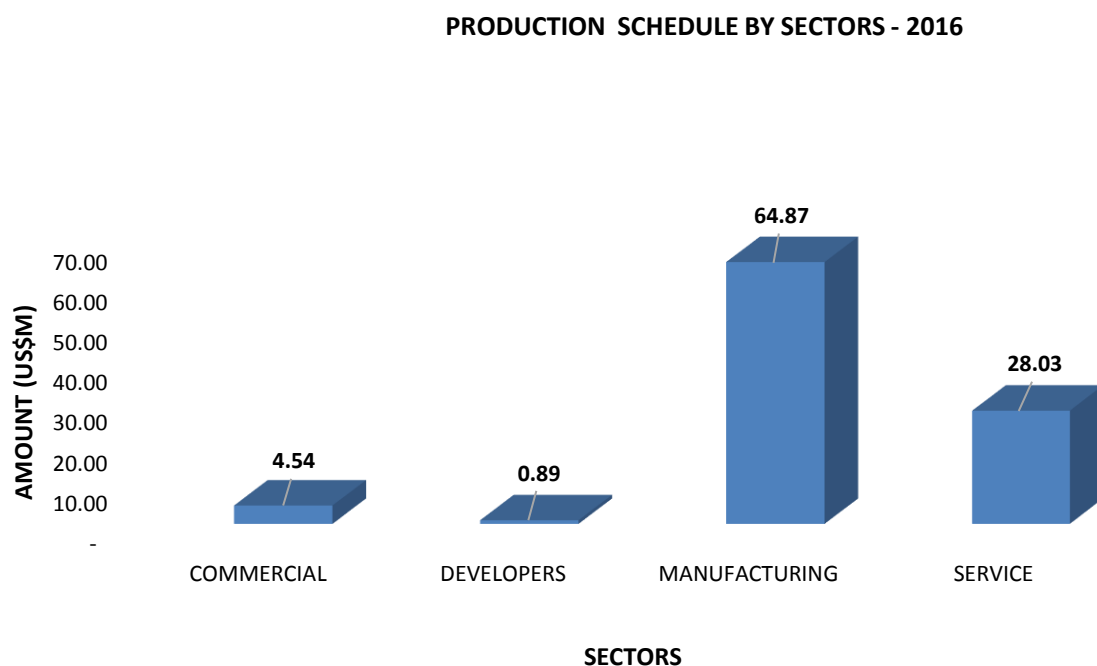
No.	NAME OF COMPANY	NATIONALITY	SECTOR	NATURE OF BUSINESS
1	COSMOPOLITAN INDUSTRIES LIMITED	GHANAIAI	COMMERCIAL	IMPORTATION AND RE-EXPORTATION OF COMMODITIES
2	GKV INVESTMENTS LIMITED	GHANAIAI	MANUFACTURING	PROCESSING OF COCONUT INTO VIRGIN COCONUT OIL AND OTHER COCONUT FINISHED PRODUCT FOR EXPORT.
3		GHANAIAI / DUTCH	MANUFACTURING	PROCESSING OF COPPER, BRASS, ALUMINUM AND ZINC FOR EXPORT.
4	VIVA & CO GHANA LIMITED	UKRAINIAN	MANUFACTURING	MANUFACTURING OF COMPOSITE FIBERGLASS REINFORCEMENT BARS FOR EXPORT.
5	D.T ENGINEERING SYSTEMS LIMITED	GHANAIAI	MANUFACTURING	PRODUCTION AND PRINTING OF FLEXIBLE FILMS FOR EXPORT
6	FRUIT & EXPORT TERMINAL GHANA LIMITED	GHANAIAI / DUTCH	MANUFACTURING	LOADING OF AGRICULTURE PRODUCTS FROM FREE ZONES COMPANIES FARMS AND FACTORY FOR EXPORT.
7	PHILBRO GROUP LIMITED	GHANAIAI	MANUFACTURING	FILLING AND BOTTLING OF VEGETABLE OIL FOR EXPORT.
8	PRIME MERIDIAN DOCKS GHANA LIMITED	GHANAIAI	service	REPAIR, MAINTENANCE AND CONVERSION OF SHIPS.

9	REGENCY SALT LIMITED	GHANAIAN/NIGE RIAN	MANUFACTURING	PRODUCTION OF IODIZED REFINED SALT AND IODIZED RAW SALT FOR EXPORT.
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Appendix II – Capital Invested by Free Zone Enterprises 2016

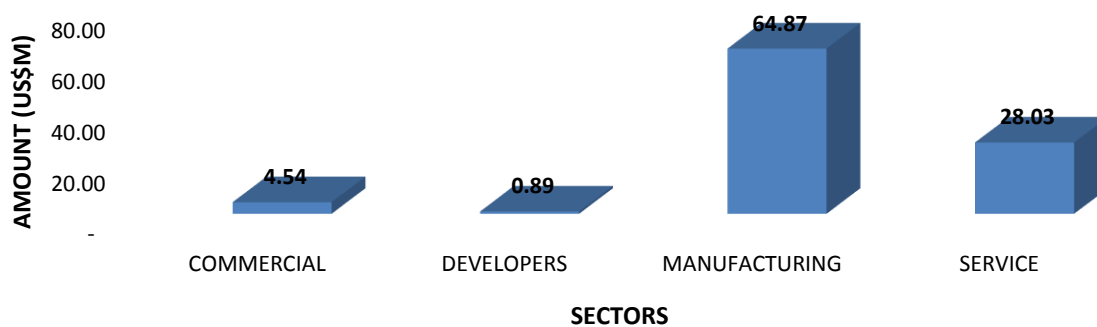


Appendix III – Production Schedule Of Manufacturing and Services Enterprises 2016



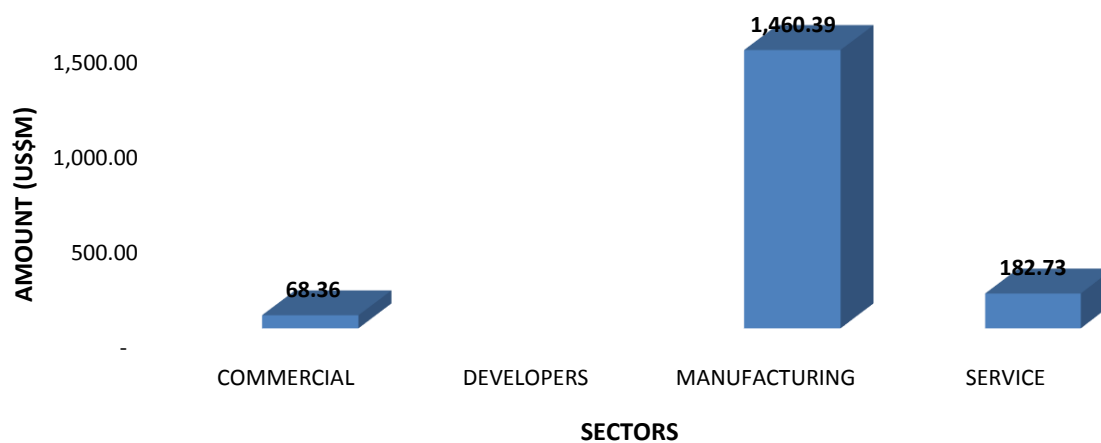
Appendix IV – Import Schedule of Commercial Free Zone Enterprises 2016

IMPORT SCHEDULE BY SECTOR - 2016



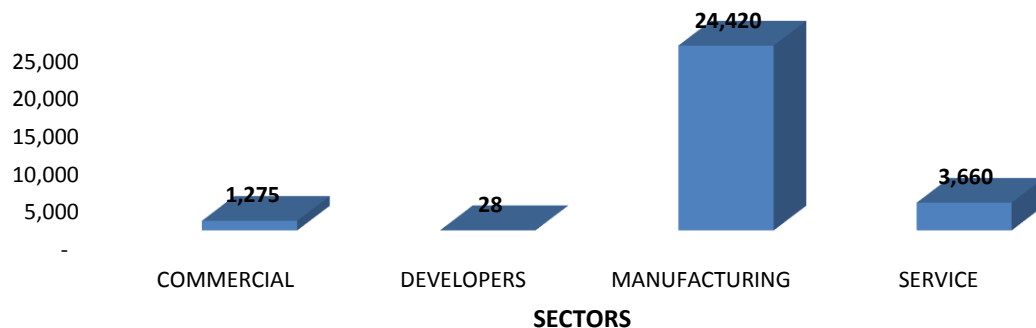
Appendix V – Export Schedule of Free Zone Enterprises 2016

VALUE OF EXPORTS BY SECTORS - 2016



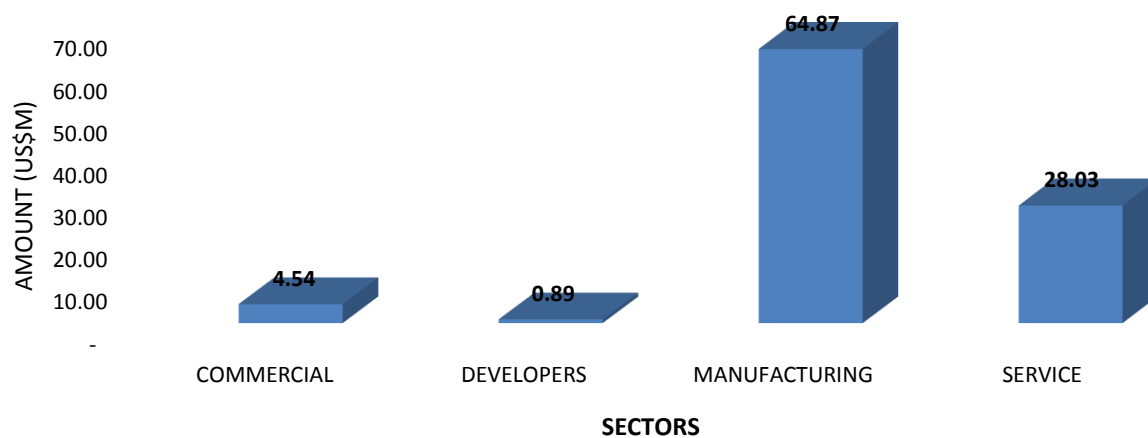
Appendix VI – Employment Schedule of Free Zone Enterprises 2016

EMPLOYMENT DISTRIBUTION BY SECTORS - 2016

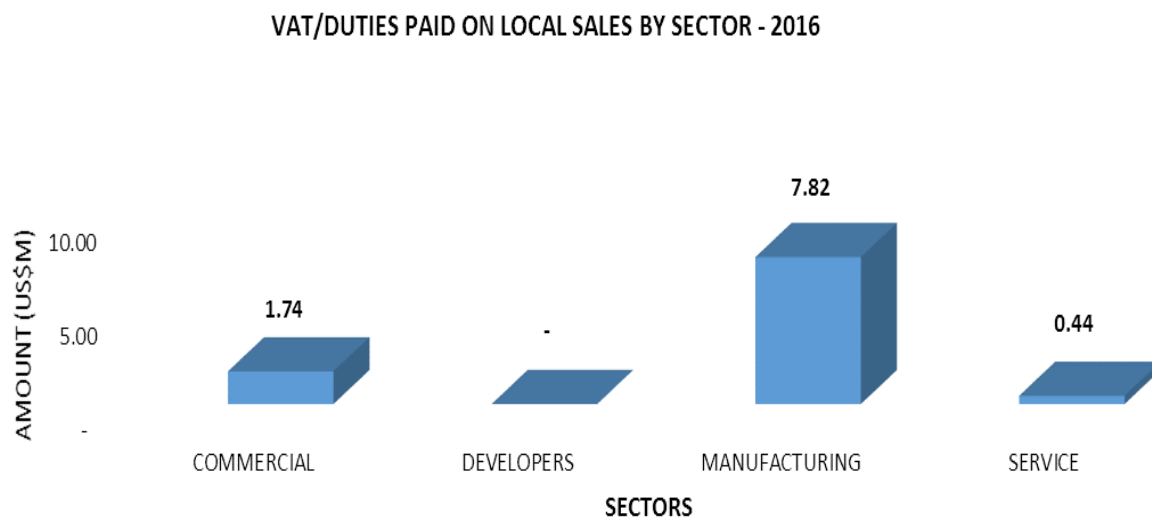


Appendix VII – Salary/Wage Schedule of Free Zone Enterprises 2016

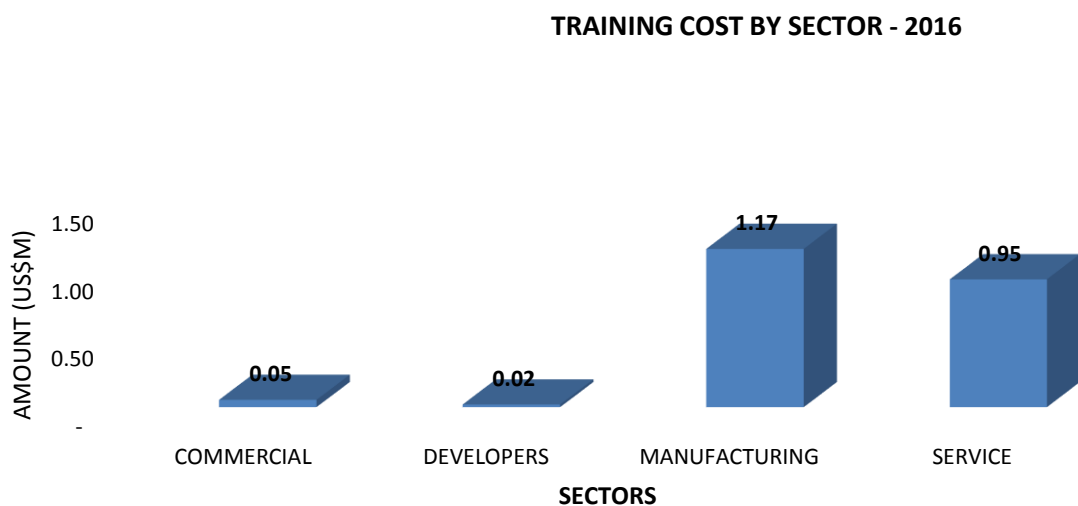
SALARY/WAGE SCHEDULE BY SECTORS : 2016



Appendix VIII – Vat/Duties Paid on Local Sales by Free Zone Enterprises 2016

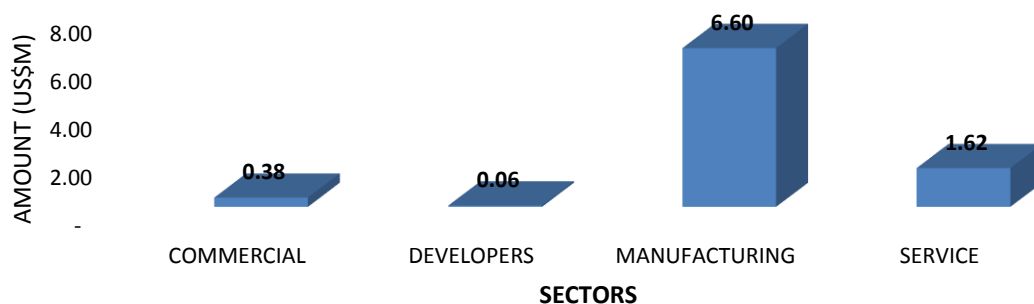


Appendix IX – Training Schedule of Free Zone Employees (Ghanaian Nationals) 2016



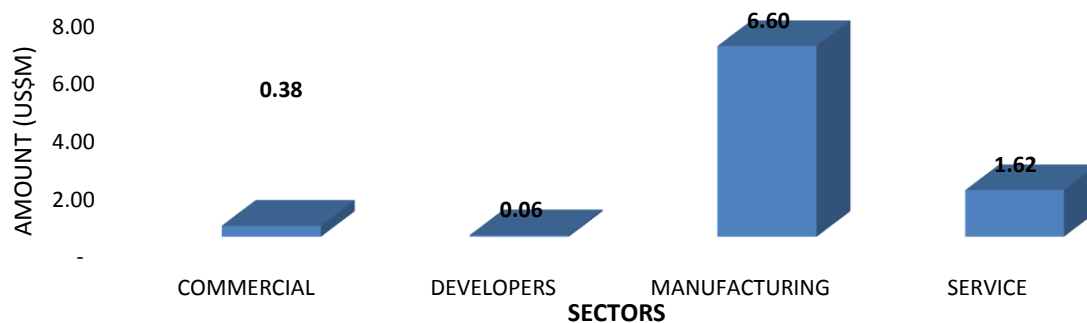
Appendix X – Social Security Schedule Of Employees Of Free Zone Enterprise 2016

SOCIAL SECURITY CONTRIBUTION BY SECTOR - 2016



Appendix XI – Income Tax Schedule of Free Zone Employees 2016

INCOME TAX PAID BY SECTOR - 2016



Appendix XII – Audited Accounts

**GHANA FREE ZONES AUTHORITY
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**



GOGOE & ASSOCIATES
CHARTERED ACCOUNTANTS

TEL: +233(0)30 7021315, MOBILE: +233(0)26 4630467, +233(0)24 4630467
EMAIL: gogoe.associates@gmail.com, info@gogoeassociates.com

GHANA FREE ZONES AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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GHANA FREE ZONES AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Corporate information

Directors	Chairman	Hon. Dr Ekwow Spio Garbrah
	Member	Mrs. Gifty Anku
	Member	Ms. Katherine Oduro
	Member	Ms. Eugenia Jackson - Cofie
	Member	Mr. William Adotei Addo
	Member	Mrs. Florence Hutchful
	Member	Ms. Anita De Sosoo
	Member	Mr. Kwabena Yeboah
	Member	ACP (Rtd) Alhaji Mahama Adams
Executive Secretary		Mr. Kwadwo Twum Boafo
Registered office		5 th Link Road East Cantonments P.O. Box M626 Ministries - Accra
Independent auditors		Gogoe & Associates 93 Dansoman Road, Asoredanho P.O. Box KN 5945 Kaneshie-Accra
Bankers		ADB Bank Limited GCB Bank Limited United Bank of Africa (GH) Limited Prudential Bank Limited Bank of Ghana Ecobank Ghana Limited Universal Merchant Bank Limited

Note:

In accordance with Ghana's constitution, a change in government on 7 January 2017 led to a dissolution of the Board of Directors of GFZA. New Directors were appointed from that date who will hold office for four (4) years. The Directors presented were those in office for the period of the financial statements and not when the audit was undertaken.

GHANA FREE ZONES AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Report of the Directors

The Directors submit their report together with the audited financial statements of Ghana Free Zones Authority for the year ended 31 December 2016, which disclose the state of affairs of the Authority.

Statement of Directors' responsibilities

The Companies Act 1963 (Act 179) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority at the end of the financial year and of the profit or loss of the Authority for that year.

The directors believe that in preparing the financial statements, they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Financial Reporting Standards (IFRS) which they consider to be appropriate have been followed.

The directors are responsible for ensuring that the Authority keeps accounting records which disclose with reasonable accuracy the financial position of the Authority and which enable them to ensure that the financial statements comply with the Companies Act, 1963 (Act 179), The Free Zones Act 1995 (Act 504) and other relevant laws and regulations.

They are also responsible for taking such steps as are reasonable to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.

The above statements which should be read in conjunction with the statement of the auditor's responsibilities is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditor in relation to the financial statements.

Principal activities

The principal activities carried out by the Authority during the year under review were within the limits permitted by its Regulations and consistent with its strategic focus. There were no changes in the principal activities of the Authority during the year.

Financial results

The financial results for the year ended 31 December are set out below:

	2016 GHS	2015 GHS
Surplus for the year is	50,392,147	18,464,632
When added to accumulated surplus	68,156,897	49,015,942
And other adjustments of	(348,730)	676,323
Leave a balance carried forward of	<u>118,200,314</u>	<u>68,156,897</u>

Auditor

In accordance with section 134(5) of the Companies Act 1963, (Act 179) the auditor, Gogoe and Associates, has expressed willingness to continue in office as auditors of the Authority.

By order of the board

Director: *K. J. Fosu*
Date: *04/04/2017*

Director
Date: *4/4/17*



GOGOE & ASSOCIATES

Chartered Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Ghana free Zones Authority which comprise the statement of financial position at 31 December 2016, the statement of income & expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, as well as notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Ghana Free Zones Authority at 31 December 2016, and of its financial performance and statement of cash flows for the year ended in accordance with International Financial Reporting Standards and generally comply with the Companies Act, 1963 (Act 179), and Free Zones Act 1995 (Act 504).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and the Directors' report, as required by the Companies Act 1963 (Act 179), but does not include the financial statements and our auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements and 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 concluded 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.

Directors' responsibility for the financial statements

The Authority's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and Free Zones Act 1995 (Act 504), Regulation L.I. 1618. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the Board of Directors is 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 Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 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 judgment and maintain professional skepticism throughout the audit. We also:

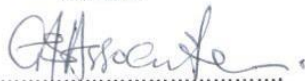
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 management.
- Conclude on the appropriateness of management's 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.
- 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, obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified from our audit.

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:

- 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;
- Proper books of account have been kept by the company, so far as appears from our examination of those books; and
- The company's statement of financial position and income statement are in agreement with the books of account.



Signed by: Charles Amoafu -Gogoe (ICAG/P/1027)

For and on behalf of:

Gogoe & Associates (ICAG/F/2019/044)

Chartered Accountants

Accra, Ghana.

GOGOE & ASSOCIATES
Chartered Accountants &
Business Consultants

08-04-2019

GHANA FREE ZONE AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF INCOME & EXPENDITURE AND OTHER COMPREHENSIVE INCOME

(All amounts are in Ghana cedis)

	Notes	2016 GHS	2015 GHS
INCOME			
Operating income	4	73,821,200	27,149,588
Other income	5	2,339,181	7,759,081
Released from construction fund	6	<u>348,730</u>	<u>348,730</u>
		<u>76,509,111</u>	<u>35,257,399</u>
EXPENDITURE			
Operational expenses	7	8,372,717	2,754,080
Employee costs	8	4,685,213	3,881,926
Board and committee expenses	9	1,588,292	966,051
Financial and professional charges	10	470,412	294,784
Travelling & transport	11	2,829,710	2,789,235
Repairs and maintenance	12	2,253,405	1,360,614
Administrative and general expenses	13	<u>5,917,215</u>	<u>4,746,077</u>
		<u>26,116,964</u>	<u>16,792,767</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>50,392,147</u>	<u>18,464,632</u>
TOTAL COMPREHENSIVE INCOME		<u>50,392,147</u>	<u>18,464,632</u>

GHANA FREE ZONES AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana cedis)

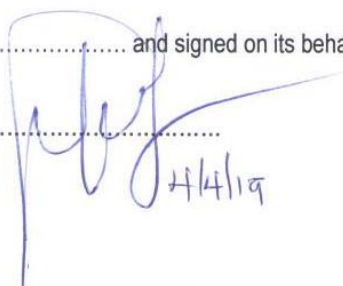
		2016	2015
		GHS	GHS
Non-Current assets	Notes		
Property, plant and equipment	20	<u>51,253,922</u>	<u>37,372,988</u>
Current assets			
Held-for-trading	14	8,376,060	8,376,060
Trade and other receivables	15	48,888,349	10,706,528
Available for sales assets	16	1,939,364	21,858,429
Cash and cash equivalent	17	<u>30,469,840</u>	<u>18,947,409</u>
		<u>89,673,613</u>	<u>59,888,426</u>
Total assets		<u>140,927,535</u>	<u>97,261,414</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	18	<u>22,727,221</u>	<u>29,104,517</u>
Net current assets		<u>66,946,392</u>	<u>30,783,909</u>
Net Assets		<u>118,200,314</u>	<u>68,156,897</u>
Equity			
Donors' Fund	19	394,956	394,956
Construction fund	6	2,092,379	2,441,109
Accumulated fund		<u>115,712,979</u>	<u>65,320,832</u>
		<u>118,200,314</u>	<u>68,156,897</u>
Total liabilities and equity		<u>140,927,535</u>	<u>97,261,414</u>

The financial statements were approved by the Board of Directors on and signed on its behalf by:



Director: K. J. Fosu
04/04/2019

Director


4/4/19

GHANA FREE ZONES AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CHANGES IN EQUITY (FUNDS)

2016

	Donors' fund	Construction fund	Accumulated fund	Total
	GHS	GHS	GHS	GHS
At 1 January	394,956	2,441,109	65,320,832	68,156,897
Excess of income over expenditure	-	-	50,392,147	50,392,147
Released during the year	-	(348,730)	-	(348,730)
At 31 December	<u>394,956</u>	<u>2,092,379</u>	<u>115,712,979</u>	<u>118,200,314</u>

2015

	Donors' fund	Construction fund	Accumulated fund	Total
	GHS	GHS	GHS	GHS
At 1 January	394,956	2,789,839	45,831,147	49,015,942
Excess of income over expenditure	-	-	18,464,632	18,464,632
Released during the year	-	(348,730)	-	(348,730)
*Prior year adjustment	-	-	1,025,053	1,025,053
At 31 December	<u>394,956</u>	<u>2,441,109</u>	<u>65,320,832</u>	<u>68,156,897</u>

*Correction of building cost expensed in 2015, capitalized in 2016.

The notes form an integral part of these financial statements

GHANA FREE ZONES AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF CASHFLOW
(All amounts are in Ghana cedis)

OPERATING ACTIVITIES	Notes	2016	2015
Excess income over expenditure		50,392,147	18,464,632
Adjustment for:			
Depreciation	20	1,765,901	1,246,326
Released from construction fund	6	(348,730)	(348,730)
Profit on disposal		(70,300)	-
		51,739,018	19,362,228
Changes in working capital			
Decrease/ (Increase) in account receivables	15	(38,140,420)	1,277,638
Decrease/ (Increase) in available-for-sale assets	16	19,919,065	6,014,142
(Decrease)/ Increase in account payables	18	<u>(6,377,296)</u>	<u>10,087,908</u>
		(24,598,651)	<u>17,379,688</u>
Cash flow from operating activities		<u>27,140,367</u>	<u>36,741,916</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	20	(15,646,836)	(30,445,413)
Proceeds from sale of assets		28,900	-
Purchase of Investment		<u>-</u>	<u>(12,218,893)</u>
Net cash flow from investing activities		(15,617,936)	(42,664,306)
Net changes in cash and cash equivalent before financing activities		<u>11,522,431</u>	<u>(5,922,390)</u>
ANALYSIS OF CASH AND CASH EQUIVALENT			
Balance at 1 January		18,947,409	24,869,799
Net increase in cash and cash equivalent		<u>11,522,431</u>	<u>(5,922,390)</u>
Balance at 31 December	17	<u>30,469,840</u>	<u>18,947,409</u>

The notes form an integral part of these financial statements

GHANA FREE ZONES AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements:

(a) Basis of accounting

The financial statements have been prepared on the historical cost basis. They have been prepared in accordance with International Financial Reporting Standards (IFRS). The management considers the following to be the most important accounting policies for the organization. In applying these accounting policies, management makes certain judgments and estimates that affect the reported amounts of assets and liabilities at the year-end date and the reported revenues and expenses during the financial year. The financial statements have been prepared in accordance with the organization's accounting policies described below. The financial statements are presented in Ghana cedis.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Depreciation is calculated to write off the cost of property, plant and equipment on the straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

Improvement of land banks	10%
Plant & machinery	20%
Motor vehicles	20%
Office equipment	20%
Furniture and fittings	20%
Building	10%
Leasehold land	0%

(c) Trade and other receivable

Trade and other receivables are stated net of provision for bad or doubtful debts as approved in accordance with the Public Financial Management Act 2016 (Act 921).

(d) Inventories

These are stated at the lower of cost and net realizable values.

(e) Foreign currency translation

Transactions in foreign currencies are converted to local currency (Ghana cedis) at the rate ruling at the date on which the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated into Ghana cedis at the rate of exchange ruling at that date. Gains or losses arising on foreign currency transactions are dealt with in the income statement.

(f) Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown separately under current liabilities on the statement of financial position.

**GHANA FREE ZONES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

(g) Other liabilities

Other liabilities are initially recognised at fair value and subsequently measured at amortized cost.

(h) Income tax

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those enacted or substantially enacted by the statement of financial position date.

GFZA is a government institution not liable for income tax. Accordingly, income tax and deferred taxes are not computed and included in the financial statements.

Sales tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable when receivables and payables are stated with the amount of sales tax included.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease involve the substantial transfer of all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between financing charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised with the organization's policy on borrowing costs. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of such assets or the lease period. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

(j) Provisions

Provisions are recognised when a present legal or constructive obligation exists as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. When the organization expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income & expenditure net of any reimbursement.

(k) Operating income

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

**GHANA FREE ZONES AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Revenue represents invoice value of goods and services rendered to customers less returns, discounts and allowances.

(l) Dividend

Dividends on ordinary shares are charged to equity in the period in which they are declared.

(m) Post statement of financial position events

Events subsequent to the statement of financial position date are reflected only to the extent that they relate directly to the financial statements and the effect is material.

(n) Contingent liabilities

Contingent liabilities are potential liabilities that arise from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Company.

Provisions for liabilities are recorded when a loss is considered probable and can be reasonably estimated. The determination of whether or not a provision should be recorded for any potential liabilities is based on management's judgment.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. In addition, significant estimates are involved in the determination of provisions related to taxes and litigation risks. These estimates are subject to change as new information becomes available and changes subsequent to these estimates may significantly affect future operating results.

(o) Income taxes

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

(p) Critical judgments in applying the entity's accounting policies

In the process of applying the company's accounting policies, management has made judgment in determining:

- the classification of non-current assets
- whether assets are impaired
- provisions and contingent liabilities

3. TRANSITION TO IFRS

3.1. Basis of transition to the IFRS

Ghana free Zone Authority financial statements for the previous years were prepared under the Ghana National Accounting Standards (GNAS). The institution adopted the International Financial Reporting Standards (IFRS) in preparing its financial statements for the year ended 31 December 2016.

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The transition date to the International Financial Reporting Standards (IFRS) was 1 January 2015.

In preparing the financial statements in accordance with the IFRS, GFZA has applied all the mandatory exceptions from full retrospective application of the IFRS.

3.2. Reconciliations

There were material adjustments that affect both 1 January 2015 net asset as well as the 31 December 2015 financial statements as a result of the adoption of IFRS. Reclassification was done to realign the local GAAP (GNAS) financial statements headings to the IFRS headings.

3.2.1 Deferred tax

Under GNAS deferred tax assets and liabilities were not recognised. Under IAS 12 Income Taxes, full provision is made for deferred tax assets and liabilities arising from temporary differences between the recognition of gains and losses in the financial statements and their recognition in the income tax return. However, the institution is not liable for payment of income taxes; hence, deferred tax has not been computed.

3.2.2 Held-for-trading assets

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the statement of profit or loss and other comprehensive income.

Under GNAS, payments made for assets that were held for subsequent sale, including land, were expensed. Under IFRS 7, such assets are recognized as held-for-trading.

3.2.3 Available-for-sale financial assets fair value adjustment

Under GNAS, some available-for-sale (AFS) financial assets were seen as investments measured at fair value at each reporting date, with changes recorded in the income statement. Under IAS 39: Financial Instruments: Recognition and Measurement, fair value adjustments are recorded in the statement of changes in equity through the other comprehensive income.

3.2.4 Statement of income & expenditure and other comprehensive income

The transition from local GAAP (GNAS) to IFRS has not had a material impact on the statement of income & expenditure and other comprehensive income.

3.2.5 Cash flow statement

The transition from local GAAP (GNAS) to IFRS has not had a material impact on the statement of cash flows.

**(a) Reconciliation of equity reported under GNAS to equity reported under IFRS as at 1 January 2015
(date of transition to IFRS)**

	Note	GNASB	Reclassification	Remeasurement	As at 1 JAN 2015
Assets		GHS	GHS	GHS	IFRS GHS
Property, Plant, and Equipment		7,148,848			7,148,848
Accounts Receivable		20,360,225	(20,360,225)		-
Short term investment		15,653,678	(15,653,678)		-
Cash at Bank		24,869,799	(24,869,799)		-
Trade and other receivables			20,360,225		20,360,225
Available for sale asset			15,653,678		15,653,678
Cash and cash equivalent			24,869,799		24,869,799

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Total Assets	68,032,550	-	-	68,032,550
Liabilities and Equity				
Equity				
Donors' Fund	394,956			394,956
Income Surplus account	45,831,146			45,831,146
Construction Funds	2,789,839			2,789,839
Total Equity	49,015,941	-	-	49,015,941
Current Liabilities				
Accounts Payable	19,016,609	(19,016,609)		38,033,218
Trade & other payables		19,016,609		(19,016,609)
Total current Liabilities	19,016,609	-	-	19,016,609
Total liabilities and Equity	68,032,550	-		68,032,550

(b) Reconciliation of Equity reported under GNAS to equity reported under IFRS as at 31 December 2015

	Note	GNASB GHS	Reclassification GHS	Remeasurement GHS	As at 31 DEC 2015 IFRS GHS
Assets					
Property, plant, and Equipment		37,372,987			37,372,987
Accounts Receivable		10,706,528	(10,706,528)		-
- Deferred expenditure		8,376,060	(8,376,060)		-
Short term investment		21,858,429	(21,858,429)		-
Cash at bank		18,947,409	(18,947,409)		-
Held for trading			8,376,060		8,376,060
Trade & other receivables			10,706,528		10,706,528
Available for sale asset			21,858,429		21,858,429
Cash and cash equivalent			18,947,409		18,947,409
Total Assets		97,261,414	-	-	97,261,414
Liabilities and Equity					
Equity					
Donors' fund		394,956			394,956
Income surplus account		65,320,832			65,320,832
Construction funds		2,441,109			2,441,109
Total Equity		68,156,897	-	-	68,156,897
Current Liabilities					
Account payables		29,104,517	(29,104,517)		-
Trade & other payables			29,104,517		29,104,517
Total current Liabilities		29,104,517	-	-	29,104,517
Total liabilities and Equity		97,261,414	-	-	97,261,414

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4. OPERATING INCOME

	2016 GHS	2015 GHS
Ground rent income	5,144,453	3,750,393
Form 9	5,150,989	4,885,225
Form 9A	127,875	113,422
Form 9B	48,140	73,855
Form 9E	357,510	249,324
Form 9F	85,358	82,223
Application fee	18,531	-
Resident permit fee form 11	4,674,897	5,122,798
Licenses	190,450	217,500
Vehicle clearing fee	1,481,530	1,483,556
Vehicle registration fees	453,190	447,160
License renewal	2,612,000	2,121,920
Premium on land	<u>53,476,277</u>	<u>8,602,212</u>
	<u>73,821,200</u>	<u>27,149,588</u>

5. OTHER INCOME

Sundry	155,228	29,150
Investment income	362,478	1,355,678
Request for information	1,000	780
Advert in diary-sponsorship	7,450	3,500
Identity cards	1,430	45,019
Tender documents sales	750	800
Stickers	2,450	3,875
Rental of office building	109,153	192,412
Rental of factory shelve	158,400	-
Penalty-non training of personnel	134,882	52,703
Penalty -non usage of forms	108,828	55,287
Exchange gain	1,226,832	6,014,742
Profit on disposal	<u>70,300</u>	<u>2,135</u>
	<u>2,339,181</u>	<u>7,756,081</u>

6. RELEASED FROM CONSTRUCTION FUND

This represents annual amount released from receipts of funds approved by Export Development and Investment Fund (EDIF) for construction of storm drain at the Tema Export Processing Zone. The receipts were capitalized and equivalent portion of annual amount released to income. The amount will be fully charged to income by 2022. The balance on the fund is as follows:

Balance at beginning	2,441,109	2,789,839
Released to income	<u>(348,730)</u>	<u>(348,730)</u>
Balance at end	<u>2,092,379</u>	<u>2,441,109</u>

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7. OPERATIONAL EXPENSES

	2016 GHS	2015 GHS
Ground Rent	1,226,030	178,700
Vehicle Registration Fees	99,822	100,746
Resident Permit Paid	1,795,290	1,771,834
Compensation On Land	<u>5,251,575</u>	<u>702,800</u>
	<u>8,372,717</u>	<u>2,754,080</u>

8. EMPLOYEE COSTS

Wages & Salaries	2,883,834	2,103,061
Staff Bonuses	208,967	324,885
SSNIT	330,978	261,019
Provident Fund	253,412	200,784
Medical Charges	46,845	87,188
Fuel Allowance	252,425	214,759
Clothing Allowance	180,657	171,118
Training & Development	<u>528,095</u>	<u>519,112</u>
	<u>4,685,213</u>	<u>3,881,926</u>

9. BOARD AND COMMITTEE EXPENSES

Board Allowance	224,574	258,675
Board Expenses	824,693	433,943
Board Bonus	123,750	56,250
Board Ex-Gratia	185,000	-
Committee Allowances	<u>230,275</u>	<u>217,183</u>
	<u>1,588,292</u>	<u>966,051</u>

10. FINANCIAL AND PROFESSIONAL CHARGES

Audit Fee	50,819	29,375
Consultancy Fee	419,343	265,159
Professional Subscription	<u>250</u>	<u>250</u>
	<u>470,412</u>	<u>294,784</u>

11. TRAVELLING AND TRANSPORT

T&T/ Per diem allowance	80,187	100,197
Honorarium	133,637	67,065
Running cost of vehicles	100,322	101,323
Fuel	346,400	231,547
Overseas travels	<u>2,169,164</u>	<u>2,289,103</u>
	<u>2,829,710</u>	<u>2,789,235</u>

**GHANA FREE ZONES AUTHORITY
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12. REPAIRS AND MAINTENANCE

	2016 GHS	2015 GHS
Maintenance of equipment	232,168	133,291
Maintenance of vehicles	226,880	121,207
Maintenance of office	58,121	107,413
Maintenance of grounds	23,880	21,000
Maintenance of enclave	1,679,727	959,902
Maintenance of pumps	<u>32,629</u>	<u>17,801</u>
	<u>2,253,405</u>	<u>1,360,614</u>

13. ADMINISTRATIVE AND GENERAL EXPENSES

Electricity	102,605	101,538
Group Team Accident Policy	11,216	2,619
Water	17,421	8,940
Postal Charges	5,629	3,034
Telecommunication	129,484	94,645
Cleaning	1,278	1,333
Stationery	106,214	208,405
Hospitality	69,844	87,755
Printing & Publication	264,579	187,553
Security	102,060	112,940
Insurance	147,211	109,270
Running Cost Of Generators	36,610	13,013
Entity Tender Committee	62,252	42,692
Bank Charges	26,759	2,620
Marketing & Promotion	1,314,608	839,356
Compliance Audit Exp	129,769	166,356
Public Relations	167,304	321,069
Depreciation	1,765,901	1,246,326
Donations /Sponsorship	827,700	688,980
Rent Office Accommodation	<u>628,770</u>	<u>507,633</u>
	<u>5,917,216</u>	<u>4,746,077</u>

14. HELD FOR TRADING

This represents inventory of land designated as free zones land banks for which compensation has been paid or contingent liability probable. The amount paid as compensation will be recovered when the land is leased to companies in a future date. Any profit realized will be recognized through profit or loss. The inventory of land is as follows:

Boankra land bank	8,376,060	8,376,060
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**GHANA FREE ZONES AUTHORITY
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15. TRADE AND OTHER RECEIVABLES

	2016	2015
	GHS	GHS
Premium on land – receivable	41,924,784	4,173,939
Rent income receivable	33,658	-
Ground rent receivable	3,678,910	4,081,792
Power supply receivables	1,228,606	1,287,181
Interest receivable	73,817	69,067
License renewals receivable	1,532,047	790,773
Prepayments	270,550	269,110
Staff receivables	28,199	34,666
Insurance	76,378	-
Other receivables – vehicle sales	41,400	-
	<u>48,888,349</u>	<u>10,706,528</u>

16. AVAILABLE FOR SALE ASSETS

This is made up of 3 to 12 months investments with financial institutions as follows:

Short term investments	1,939,364	21,858,429
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17. CASH AND CASH EQUIVALENT

Bank of Ghana	460,124	158,841
Bank of Ghana US\$	131,375	35,888
Bank of Ghana -Holding	336,345	336,345
*GCB Bank –In Transit	62,837	62,837
GCB Bank 2	37,189	37,289
GCB Bank 3	39,846	32,156
ADB Bank	19,652	21,283
ADB Bank US\$	256	233
Prudential Bank 1	692,487	692,546
Prudential Bank 2	9,255	1,643,178
Prudential Bank- Call	19,573	18,470
Ecobank	193,650	218,117
Ecobank US\$	16,300,340	12,032,377
Ecobank Collections	4,904,381	3,224,113
Ecobank TIP- Cedi Account	155,742	150,143
Cash Accounts – GHS & US\$	-	15,703
UBA	11,449	11,579
Universal Merchant Bank	50	-
Universal Merchant Bank –US\$	267,802	243,573
GT Bank	77,858	8,316
UT Bank	6,369,222	-
UT Bank US\$	376,943	4,422
	<u>30,469,840</u>	<u>18,947,409</u>

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*The amount represents transfer of bank account balance with GCB Bank to Bank of Ghana not yet credited to the institution's bank account with Bank of Ghana. The issue is being resolved with GCB Bank and Bank of Ghana.

18. TRADE AND OTHER PAYABLES

	2016 GHS	2015 GHS
Ground rent payable -Lands Commission	2,000,528	1,151,093
GRIDCO	168,023	159,622
Ground rent income - advance payment	2,395,867	1,915,331
License renewals	19,600	40,939
¹ Staff provident fund	32,223	26,203
Marketing and promotion	35,519	67,647
Head office building	8,374,138	16,492,364
Audit fee	50,819	162,805
² Provision for contingent liability	8,376,000	8,376,000
³ Deferred income	824,756	512,206
Other accounts payable - sundry	406,337	38,355
Accrued SSF – Tier 1	29,208	32,275
Welfare fund	3,720	-
Pension Alliance Trust – Tier 2	10,483	-
Medicals	-	55,933
Honorarium	-	3,000
Committee allowances	-	26,000
Accrued staff welfare	-	1,031
Accrued PAYE	-	43,713
	<u>22,727,221</u>	<u>29,104,517</u>

19. DONORS' FUND

This represents financing support for GFZA's operations as follows:

Government of Ghana	62,149	62,149
Ministry of Trade and Industry	206,103	206,103
Tema Export Processing Zone Gateway project	126,704	126,704
	<u>394,956</u>	<u>394,956</u>

¹ Represents amount owed on staff provident fund contributions, which is held in a fixed deposit account maintained at Fidelity Bank.

² Represents provision for compensation on land bank at Boankra.

³ Represents funds deposited into Bank account but yet to be attributed to particular clients/ income lines because depositors are yet to submit pay-in slip and details of the deposit.

GHANA FREE ZONES AUTHORITY
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20. PROPERTY, PLANT AND EQUIPMENT

Cost / valuation	Building - WIP GHS	Leasehold land GHS	Improvement of land banks GHS	Plant and machinery GHS	Motor vehicle GHS	Furniture and fittings GHS	Office equipment GHS	Total GHS
Balance at 1 January	31,001,267	1,235,507	6,277,889	31,791	2,583,328	471,191	870,617	42,471,590
Additions	12,659,767	-	2,029,674	-	747,095	57,060	153,239	15,646,836
Disposal	-	-	-	-	(206,801)	-	-	(206,801)
Balance at 31 December	<u>43,661,034</u>	<u>1,235,507</u>	<u>8,307,563</u>	<u>31,791</u>	<u>3,123,622</u>	<u>528,251</u>	<u>1,023,856</u>	<u>57,911,625</u>
Depreciation								
Balance at 1 January	-	-	2,481,549	31,791	1,671,406	305,260	608,597	5,098,603
Charge for the year	-	-	830,756	-	624,724	105,650	204,771	1,765,901
Disposal	-	-	-	-	(206,801)	-	-	(206,801)
Balance at 31 December	-	-	<u>3,312,305</u>	<u>31,791</u>	<u>2,089,329</u>	<u>410,910</u>	<u>813,368</u>	<u>6,657,703</u>
NBV – 2016	<u>43,661,034</u>	<u>1,235,507</u>	<u>4,995,258</u>	-	<u>1,034,293</u>	<u>117,341</u>	<u>210,488</u>	<u>51,253,922</u>
NBV – 2015	<u>31,001,267</u>	<u>1,235,507</u>	<u>3,796,340</u>	-	<u>911,922</u>	<u>165,931</u>	<u>262,020</u>	<u>37,372,987</u>

