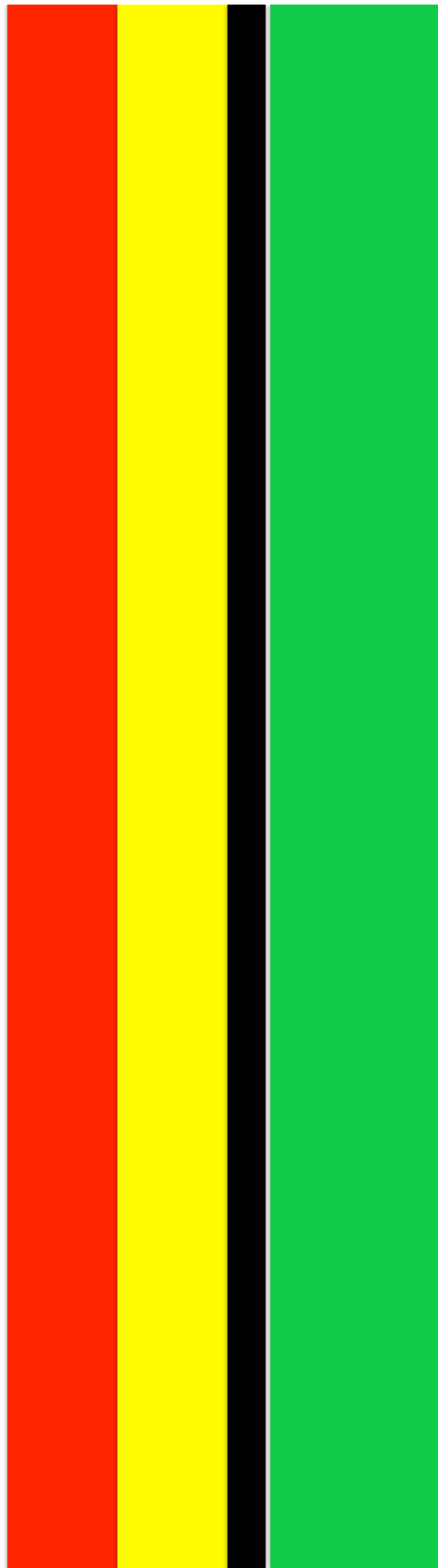




GHANA FREE ZONES BOARD

**ANNUAL REPORT
&
AUDITED ACCOUNTS**

2011



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.

CONTENTS

Pages

1.0 OVERVIEW OF GHANA FREE ZONES BOARD

- 1.1 Introduction
- 1.2 Functions of the Board
- 1.3 Concept
- 1.4 Purpose
- 1.5 Strategy
- 1.6 Achievements
- 1.7 Members of the Board

2.0 EXECUTIVE SUMMARY

3.0 REVIEW OF OPERATIONS

- 3.1 Human Resource Department
- 3.2 Marketing, Promotion & PR Department
- 3.3 Project Evaluation & Licensing Division
- 3.4 Estate & Enclave Development Department
- 3.5 Monitoring Department
- 3.6 Information Technology Department
- 3.7 Legal Department

4.0 DATA ANALYSIS

- 4.1 Investment Capital Schedule
- 4.2 Production Schedule Of Manufacturing And Service Enterprises
- 4.3 Import Schedule Of Commercial Enterprises
- 4.4 Export Schedule Of All Enterprises
- 4.5 Employment Schedule Of All Enterprises
- 4.6 Salary/Wage Schedule Of All Enterprises
- 4.7 Vat/Duties Paid On Sales Into The Domestic/Local Market
- 4.8 Training Schedule Of All Enterprises (Ghanaian Nationals)
- 4.9 Social Security Schedule Of Free Zone Employees
- 4.10 Income Tax Schedule Of Free Zone Employees

5.0 FINANCIAL REVIEW

- 5.1 Revenue
- 5.2 Expenditure

6.0 CONSTRAINTS

7.0 CONCLUDING REMARKS

APPENDICES

		Page
Appendix I	Free Zone Enterprises Licensed In 2011	
Appendix II	Occupancy at Tema EPZ/MPIP in 2011	
Appendix III	List of companies visited for Operational Audit in 2011	
Appendix IV	Capital Invested By Free Zone Enterprises 2011	
Appendix V	Production Schedule Of Manufacturing And Services Enterprises 2011	
Appendix VI	Import Schedule Of Free Zone Enterprises 2011	
Appendix VII	Export Schedule Of All Free Zone Enterprises 2011	
Appendix VIII	Employment Schedule Of Free Zone Enterprises 2011	
Appendix IX	Salary/Wage Schedule Of Free Zone Enterprises 2011	
Appendix X	Vat/Duties Paid On Local Sales By Free Zone Enterprises 2011	
Appendix XI	Training Schedule Of Free Zone Employees (Ghanaian Nationals) 2011	
Appendix XII	Social Security Schedule Of Employees Of Free Zone Enterprise 2011	
Appendix XIII	Income Tax Schedule Of Free Zone Employees 2011	
Appendix XIV	Audited Accounts	

TABLES

Table I	Registration of Companies	
Table II	Employment	
Table III	Production	
Table IV	Export	
Table V	Capital Invested	
Table VI	Employment Distribution by Sector	

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 licenses to applicants;
- ❑ Assist applicants for licenses 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 Programme is private sector driven. Government's role is limited to facilitating, regulating and monitoring activities of Free Zone Enterprises and Developers.

The Programme is designed primarily to promote processing and manufacturing of goods and services through the establishment of Export Processing Zones (EPZs), structured either as enclaves or single-factory enterprise schemes. The Programme also encourages the development of commercial and service activities in and around seaports and airports.

Under the Ghana Free Zones Programme, 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 Programme 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

Since the inception of the free zones programme, a number of companies have been licensed under the scheme in order to benefit from the incentives that render them competitive and also give them the opportunity to reach a large international market. The Ghana Free Zones Board has progressively registered new companies each year. Total number of registered free zone companies as at 2011 was 291, the yearly distribution of which is as follows:

Table I

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
Total	291

1.6.2 Employment

Total employment created under the Free Zone Programme as at the end of 2011 was 30,080, yearly distribution of which is as follows:

Table II

YEAR	EMPLOYMENT
1996/97	3,483
1998	3,968
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

1.6.3 Production

Annual production value of Free Zones Companies in 2011 was **US\$1,195.67M**. The yearly figures from 1996/97 to 2011 are as follow:

Table III

YEAR	PRODUCTION (US\$M)
1996/97	1.40.00
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
Total	7,517.57

1.6.4 Export

Annual total export value of free zone companies in 2011 was US\$1,966.72M. Aggregate exports of licensed Free Zone Enterprises from 1998 to 2011 amounted to **US\$10,104.63M**. The breakdown is given below:

Table IV

YEAR	VALUE (US\$M)
1998	145.40
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
Total	10,104.63

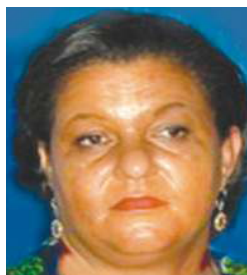
1.6.5 Capital Invested

During the year under review US\$224.64M was invested in various sectors of the free zone programme. The cumulative amount of capital invested in free zones since the inception of the programme in 1996/97 to the end of 2011 stands at **US\$2,157.94M**. The breakdown of investments over the years is as follows:

Table V

YEAR	VALUE (US\$M)
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
Total	2,157.94

1.7 MEMBERS OF THE BOARD



Hon. Hanna S. Tetteh

(Minister of Trade & Industry)

Chairperson



Mr. Kwadwo Twum Boafo

Ag. Executive Secretary



Mr. Joel Hyde (late)

Member



Mrs. Gifty Anku

Member



Mr. Raymod Neequaye Kotey

Member



Mr. Humphrey Quaye

Member



Hajia Laadi Ayii Ayamba

Member



Mrs Florence Hutchful

Member



Hon. Alhaji Ibrahim Dey Abubakari (MP)

Member



Ms. Sheila Acquah-Asare

Member

2.0 EXECUTIVE SUMMARY

The year 2011 was a difficult year for the Board due to the unfortunate loss of one of its most active and effective members Mr. Joel Hyde died on 18th October 2011. He was however not replaced thus the Board was made up of eight (8) members as at the end of the year. May his soul rest in peace.

The Ghana Free Zone Board (GFZB) entered its 15th year of establishment in 2011. Having been in existence for a decade and half, the Board reflected on the achievements so far chalked and ways to improve the implementation of the programme to make it relevant in modern times. The Board however continued to maintain its focus on its mandate of attracting export oriented investments into Ghana and strived to achieve the objectives for which it was established.

The number of employees at the Secretariat increased marginally during the year. As at 31st December 2011 the staff strength was at fifty-two (50).

During the year under review, the GFZB celebrated its 15th year in operation by organizing an open day to promote the free zones programme locally. Furthermore, the GFZB participated actively in local fairs and sponsored selected social programmes. Also, the documentary on the free zones programme was updated to showcase new investments in the free zones.

The Board received thirty-one (31) new applications during the year and had a backlog of five (5) applications from 2010 bringing taking the total number of applications to thirty-six (36). Out of this, the Board approved twenty-four (24) applications, declined seven (7), whilst five (5) were pending consideration.

The Ghana Free Zones Board did not revoke the license of any free zone enterprise during the year, however two (2) companies voluntarily opted out of the Free Zones due to operational difficulties and the appropriate front-line agencies such as CEPS, NTMC, VAT and IRS were informed for the appropriate exit audit to be conducted. The total number of licensed free zone enterprises therefore stood at two hundred and seventeen (217) as at the end of 2011.

In the year under review, no new export processing zone was acquired therefore the number of export processing zones remained four (4). The number of companies located at the Tema Export processing Zone (TEPZ) during the year increased from forty-three (43) in the previous year to forty-seven (47) with forty-one (41) companies located within the Multi-Purpose Industrial park (MPIP) and Six (6) within the buffer zone.

The construction of the fence wall was completed during the year however the Board faced some challenges with regard to the security of the enclave due to the remaining gap in the fence wall. The Board could not acquire land for the improvement of water supply to the Tema EPZ. The Board liaised with the Ghana Police Service and Tema Development Corporation (TDC) to eject illegal tenants from the Community 21 land acquired by the Board for construction of a residential estate in which a Chinese developer had expressed interest.

During the year, the Board licensed another Chinese developer to develop the Sekondi EPZ.

Other challenges faced by the Board included the removal of illegal occupants at the frontage of the Tema EPZ and repairs of the Tema EPZ Administration Block (Red Sea Building) which caught fire. The contract for the drilling of a borehole at the Tema EPZ was completed during the year.

During the reporting year, monitoring visits were paid to eighty-one (81) licensed free zone enterprises to ensure that they comply with the Free Zone Act and Regulations. Various measures were instituted by the Board to shore up the revenue base of the GFZB in the previous year yielded results through the enforcement of sanction and penalties. The lack of legislative instrument spelling out the penalty points posed some challenges in enforcing some of the proposed penalties.

The Operation Audit Department was successfully created during the year to ensure compliance of Free Zone Enterprises and Developers to the Free Zone Act and Regulations. In all forty (40) Free Zone Enterprises were visited for Operational Audit during the year.

To improve the information and communication technology infrastructure at the Secretariat four (4) servers were rebuilt and installed with Windows Server 2008 in addition to a web driven application database. A nationwide e-Government telecommunication infrastructure for Ghana was also extended to the Secretariat during the year by the National Information Technology Agency (NITA).

In line with the e-Government policy a new domain name, **gfzb.gov.gh**, was registered for the Board with Ghana Dot Com Company.

The Legal Department gave advice to the Board and ensured that the Board was adequately represented in all legal suits.

Total capital invested in 2011 alone by Free Zone Enterprises amounted to US\$224.64 million while the cumulative capital invested since the inception of the Programme i.e. 1996/7-2011 stood at US\$2,157.94 million

The value of production by Free Zone Enterprises for the year under review amounted to US\$1,195.67 million while the value of Export for the same year amounted to US\$1,966.72 million

Total employment figures as at the end of the year 2011 was 30,080 comprising 29,216 nationals and 864 expatriates. Total value of salary/wages for the year under review was US\$94,583,775.00 with Ghanaian employees earning US\$71,758,676.00 and expatriates earning US\$22,825,099.00

Total duties/levies paid on sales into the local market as at the end of 2011 amounted to US\$4,927,029.13 whilst a total of US\$1,123,994.02 was spent on training Ghanaian employees. Also, Free Zone Enterprises paid a total amount of US\$9,394,538.79 in Social Security

contributions whilst US\$12,240,997.89 was paid as income tax in respect of their employees during the year under review.

The Board's total income generated in 2011 was Seven million, Four Hundred and Thirty-One Thousand, Five Hundred and Thirty-Four Ghana Cedis, (GHC 7,431,534) as against Five Million, Eight Hundred and Ten Thousand, One Hundred and Ninety-Nine Ghana Cedis (GHC 5,810,199) in 2010. This represents a 28% increase over revenue generated in 2010. The increase was mainly due to levies and penalties against companies who failed to operate according to the board's regulations, increased sale of Forms, payment of licence fees and renewal of licences.

The Board encountered some constraints in its operations during the reporting year. These included the lack of funds to develop the three (3) designated export processing zones, the unreliable supply of utilities, merging three separate databases into one centralized database due to the introduction of new software.

Going forward, the Board expects in the ensuing year to deploy strategic marketing plans to attract more investments in to the country, and also ensure strict compliance to operational regulations by Free Zone companies.

3.0 REVIEW OF OPERATION

3.1 HUMAN RESOURCE DEPARTMENT

3.1.1 Recruitment

The human resource capacity of the GFZB has been growing steadily to match the increasing workload at the Secretariat. During the period, a total of Nine (9) people were recruited; two (2) drivers and Seven (7) Assistant Officers were recruited to various departments. An Operational Audit Department was created and an Operational Audit Manager and an assistant were assigned to it. For the same period, four (4) national service persons were posted to the Secretariat.

3.1.2 Training and Development

Staff development is a major objective of the human resource department. Staffs were registered for courses to develop their capacities to increase their productivity and twelve (12) staff members participated in various training programmes.

Selected members of the Board and staff members also embarked on training programmes to be enlightened on managing investment promotion agencies, marketing and best practices.

The Board also participated in the World Free Zone Convention which sort to educate free zone Agencies on best practices, infrastructure & real estate investment planning and management for free zones and industrial/technology parks, investor attraction and investor aftercare.

3.1.3 Promotion

One (1) Clerk was promoted to the rank of Senior Clerk.

3.1.4 Staff Strength

The human resource capacity of the GFZB stood at Fifty (50) in 2011 with thirty-two (32) senior staff and eighteen (18) junior staff. In terms of gender distribution, there were nineteen (19) females and thirty one (31) males.

3.1.5 Human Resource Programme For 2012

In the ensuing year, the human resource department is expected to create value to the organization by way of:

- Training and Development
- Determine Staffing
- Orienting and training new employees
- Identifying training needs
- Designing and delivering training.
- Performance/ appraisal
- Rewarding and Motivating employees
- Evaluation
- Feedback

- HR system implementations
- Legal issues and Team performance

3.2 MARKETING DEPARTMENT

The Marketing, Promotion & Public Relation Department's plan for 2011 was to concentrate more on local promotions to create awareness of the Ghana Free Zone Programme and its offering. In this regard, the Secretariat organized its first open day programme, participated actively in local fairs and sponsored selected social programmes to enhance its image. The Department also continued to pursue the GFZB's mandate of promoting and enhancing foreign investment. Below are some of the major activities carried out during the year 2011.

3.2.1 Local Fairs

During the year, the Board participated in five (5) local fairs i.e. Greater Accra Regional Policy Fair, Ashanti Regional Policy Fair, Kumasi, Volta Regional Policy Fair, Ho, Northern Regional policy Fair, Tamale, 15th Ghana International Trade Fair in Accra and International Conference and Exhibition on Food Processing organized by Ridmut Consult.

3.2.2 International Fairs

The Board also participated in three (3) international trade fairs. They are the US-Africa Summit Exhibition, Washington, USA; Salon du Chocolate Fair –Paris, France and Ecowas International Trade Fair- Lome, Togo.

3.2.3 Investment promotion Missions

The Board in collaboration with the GIPC, embarked on several investment promotion missions and business fora. In all about 15 countries were visited. They are;

- Kigali, Rwanda
- UAE, Dubai
- New Delhi, India
- Tel Aviv, Israel
- Dar Es Salaam, Tanzania
- Moscow, Russia
- Seoul, South Korea
- Kuala Lumpur, Malaysia
- Orlando, United States of America
- Washington DC/New York, USA
- Paris, France
- Perth, Australia
- Lagos, Nigeria
- Lome -Togo
- London, United Kingdom

From the Investment promotion missions embarked on, the Board received various delegations from around the world on follow up missions. The delegations were from India, Morocco, UK, Israel, USA, Iran, Gambia, Israel, Sri Lanka, Italy and Kenya. Alteco Chemical Limited, a Glue Manufacturing Company from Singapore commenced research on the possibility of locating a subsidiary in Ghana.

Members of these delegations were provided with information on the investment opportunities available under free zones programme. The Department organized visits to selected Free Zone Enterprises for some of the delegations.

3.2.4 Promotional Materials

In the year 2011, the department printed additional brochures as a result of increase in number of enquiries received and participation in local and foreign fairs. The department also printed brochures in French and Korean for the Salon Du Chocolate Fair in France and for the investment promotion Mission to South Korea respectively. Promotional materials were also forwarded to Ghana Missions abroad through the Information Service Department and some were directly forwarded to Missions that hosted investment programmes.

Attractive banners were also produced highlighting information which were deemed essential to investors to enable the Board market itself effectively during investment promotion missions and conferences. Banners were also printed in French and others were printed for specific investment programmes in various countries to provide more personalized messages to investors.

3.2.5 Study Tours

The Board in 2011 received two delegations from Togo and Gambia on study tour visits. These groups had discussions on the development of free Zone enclaves and exchanged ideas on investment Promotion management. They also visited the Tema Export Processing Zone to acquaint themselves with activities at the Enclave.

3.2.6 Open Day Event

The objective of the event was to give GFZB the opportunity to inform, as well as make a high impact impression, particularly among the press, prospective Free Zone subscribers, stakeholders, policy makers, and the general public about its functions, services, goals, achievements & challenges, and the way forward.

The organization of the open day event gave the GFZB the opportunity to showcase itself and operating Free Zone Enterprises to the public through media discussions, documentaries, conference presentations and dialogue. The new interactive website was also launched. There was an exhibition to also showcase products of the Free Zone enterprises, a tour of the Tema EPZ enclave as well as visit to selected single factory companies was also broadcasted on the local TV. The open day event concluded with a grand Banquet at Movenpick Ambassador Hotel which presented a platform for bringing together top government officials, key regulators,

diplomatic missions, free zone operators, corporate heads of international and local firms, potential investors, and the media.

3.2.7 Documentary

The Board also produced a documentary to tell the success story of the Free Zones programme during the open day event. The documentary took the form of testimonials from Heads of Free Zone Enterprises who testified on the incentives that the Ghana Free Zones offer and how it has aided their business. Some of the Free Zone Companies who gave testimonials were Commodity Processing Industry (CPI), Golden Exotics, RedSea Housing Services Limited, Cargill Ghana Limited, Blue Skies products, Hasan Investments.

3.2.8 Publicity

Attention given to the Ghana Free Zones Board was unprecedented during the year. This is mainly due to organization of the open day event and a well-managed relationship with the media by the department

The Board was featured in the following magazines and newspapers;

- *The Ghana Report 2011 Edition*
- *Smart People Magazine 2011 ,Vol.2*
- *Agoo Magazine ,4th Edition 2011,Vol.10*
- *Global Trader by British Chamber Magazine 2011 Edition*
- *The Commonwealth Year book 2011 Edition*
- *Ghana Business and Finance, September-October 2011 Issue 009*
- *The Chronicle, August 2011 Vol.20 No.155*
- *Daily Dispatch, August 2011 Vol.29 No.1*
- *The Enquirer, August 2011 Vol. 13 No.0751,No.083 No.090,pg 8-9*
- *The New Ghanaian Voice, August 2011Vol.2 Edition 008/2010*
- *The Business Analyst, August 2011,Vol.No.67,68*
- *Economy Times, August 2011.Et0064*
- *The Citizen, August 2011,pg 7*
- *The Ghanaian Times, September 2011,pg 27 issue No.156,130,679,0855-1502*
- *Daily Graphic, August 2011,Issue no.18607,18601,18613*
- *The Democrat, August 2011*
- *Daily Guide*
- *Daily Post, August 2011,pg 6-7,Vol.1 Issue No.509*
- *The Informer, August 2011 No.442*
- *The Spectator*
- *Africa Watch Magazine,2011 Edition*
- *Business Week Magazine,2011 Edition*
- *Al -Hajj, August 2011, vol.1 No.59*
- *Business Enquirer, August 2011 Vol.13 No.087*
- *The Mirror, Female FZ Entrepreneur,feature*

Also there were some television and radio publications such as;

- *Ghana Television (GTV) (Morning Show, TV Announcements)*
- *Radio Gold,(Morning Show, LPMS, Prime Time Business Segment)*
- *Peace FM(Morning Show, Interview, Prime Time Business Segment)*
- *TV3(Business Advocate, Breakfast Show, TV Announcements)*
- *Citi FM*
- *Asempa FM(Drive Time)*
- *Joy FM(Morning Show, Prime Time Business Segment)*
- *Adom FM*
- *Oman FM*
- *Atlantis*
- *Hot Radio(News Coverage)*
- *Sunny FM*
- *TV Africa (TV Announcements)*
- *Net 2*
- *ETV (News Coverage)*
- *Skyy (News Coverage)*

The new documentary was also aired on Metro TV, TV3 and TV Africa

From the above publications made before and during the open day event, it is evident that the Board was given extensive attention by the media and thus was able to market the Board effectively to the Ghanaian public. As a result of the open day event, and advertisement enquiries for the local investment has soared significantly.

The Board also advertised in the Presidential Dairy 2012. The Department also produced corporate dairies for the year 2012 and distributed to stakeholders, Ghana Missions Abroad and selected agencies that the Board came into contact with during the year.

3.2.9 Enquiries

During the period, over 800 enquiries were received excluding telephone calls and emails. The department gave guidance and support to investors who purchased application forms. It assisted in some cases with registration of the business, securing provisional permits from EPA, and other governmental agencies and tracked the entire application. Some applications were successful but others were not.

The department provided information or request to academia for research purposes. Selected non- governmental organizations also visited the secretariat for information on the free zones for policy planning purposes.

The department also adapted a different approach to responding to emails. Emails were responded to immediately and in some cases follow up with officials who were charged with certain tasks to enable the Secretariat build its image by being more responsive.

3.2.10 Investor Aftercare

The Department during the year under review did not have a routine schedule for investor aftercare. It is hoped that it would liaise better in 2012 with the Monitoring Department to organize investor aftercare services to exiting Free Zones Enterprises and also organize a stakeholder forum.

3.2.11 Way forward

For the year 2012 the department would have to

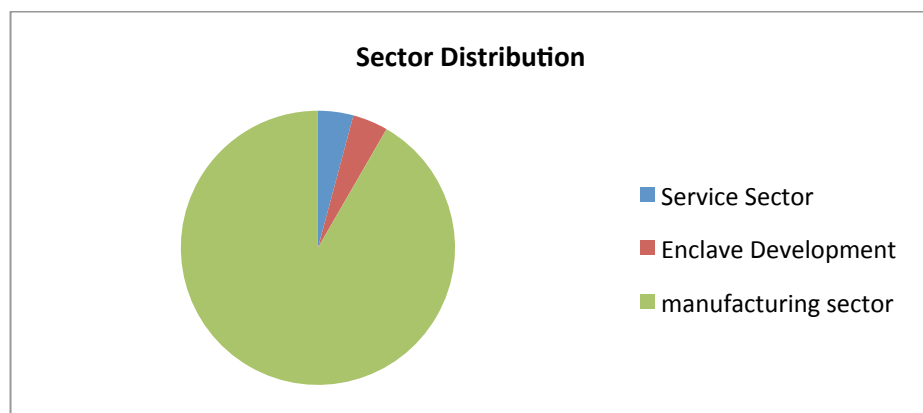
- Develop an effective system of solving problems facing the Free Zones Enterprises.
- Redesign and update information on the economy in the current GFZB brochure
- Produce a documentary on Ghana to better market Ghana as a conducive investment location
- Organise a Free Zones exhibition to market the Board, educate the public and attract more local enterprises into the Free Zones.
- Instigate an effective collaboration with the monitoring department to visit licensed free zones enterprises and ensure that they are operating smoothly.
- Plan for the organization of yearly focus group meetings with heads of licensed free zones enterprises and other revenue agencies.

3.3 PROJECT EVALUATION AND LICENSING DIVISION

The Ghana Free Zones Board received thirty one (31) new applications from prospective investors and had a backlog of five (5) applications from 2010 which brought the total number of applications for consideration to thirty six (36). Out of this number the Board approved twenty four (24), declined seven and five are pending for consideration.

3.3.1 Approved Applications

The licensed companies were made up of one (1) from the service sector representing 4.17%, one (1) for enclave development (4.17%) and twenty-two (22) from the manufacturing sector representing (91.66%). Thus comparing the number of applications approved in 2011 to 2010, the number increased by 4 representing 20% increment.



Details of the approved companies and their respective sectors /subsectors are attached as Appendix I.

3.3.2 Declined Applications

The Board declined four (4) applications for reason that the nature of the companies' activities would pose a challenge and the Board would not be able to monitor their activities effectively to ensure that they comply with the Free Zones Act. The other three (3) were declined for reasons that one of the company's application did not reflect the nature of business it intended to engage in, the other company would not provide the needed employment and the last company's MOU submitted as evidence of export was not convincing.

3.3.3 Pending Applications

There are five (5) applications pending for consideration. The companies and their nature of business are as follows:

Table 1.1

Name of Company	Nature of business
Nsawam Cannery LLC	Canning of fruits and vegetables
Lindra Seafood Ltd	Manufacturing of canned tuna
G C Resources Ltd	Processing of cocoa husk into postash
Sustainable Biomass Solutions Gh. Ltd	Processing of wood waste into briquette
Afia Petroleum Resources Ltd	Processing of crude oil into petroleum products

3.4 ESTATE & ENCLAVE DEVELOPMENT DEPARTMENT

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

This Department has its key functions as the following:

1. Planning and monitoring of infrastructure development projects to upgrade the Board's enclaves to world class industrial estates for investment growth.
2. Coordination of utility supplies and services to ensure maximum productivity by operators.
3. Enforcement of estate development and production standards to ensure good industrial harmony and environmental safety.
4. Management of Board's property- Secretariat building, equipment servicing (air conditioners, fire extinguishers etc)

3.4.1 Export Processing Zones

The number of declared Free Zones Enclaves still stands at four (4);

- Tema Export Processing Zone (EPZ)
- Sekondi EPZ
- Shama EPZ
- Ashanti EPZ

3.4.1.1 Tema Export Processing Zone

➤ **Occupancy**

The current occupancy of the Tema EPZ/MPIP is Forty five (45). The detail breakdown is attached as Appendix II.

➤ **Infrastructure Development**

❖ *Water / Electricity Connections*

During the period of reporting, the under listed companies within the Multipurpose Industrial Park (MPIP) applied for water and electricity connections to their premises.

The Department duly liaise with the Ghana Water Company Ltd (Tema) and GRIDCo/VRA/AV Hermon Ltd to connect them to the utilities. The companies were;

- Niche Cocoa Processing Ltd
- Top Industries Ghana Ltd
- Vehrad Ltd
- Octoglow Ltd
- Sanbao Pharmaceutical Ltd
- Lewadis Ltd
- Comet Ghana

- Polypet

Three (3) other companies i.e. Commodities Processing Industries Ltd, GC Bio Chemicals Ltd and Bear Machines Ltd which are all located within the former Business Focus Ltd area and were on the Prampram Electricity Company of Ghana Feeder (domestic) were all migrated to the permanent TEPZ power feeders.

❖ *Construction Of Fence Wall*

The contract for the Construction of part of the Security fence wall at the TEPZ/MPIP was satisfactory done. Though the Board funded the construction of parts of the security fence wall there is the other side (ILDC) area where the entire old fence wall has collapsed. There is therefore the need to construct the other side to make the TEPZ/MPIP fully enclosed.

❖ *Resurvey Of MPIP Land*

On the directives of the Board, the Department worked closely with a Land Surveyor to resurvey the whole of the MPIP land and the size of the individual land for tenants. A draft new site plan has been submitted, showing the well demarcated areas of all tenants

❖ *Water Improvement At TEPZ/MPIP*

During the year under review, the Department together with Messrs SAL Consult Ltd, the Consultants hired by the World Bank/MSME project on the above project, met with one Mr. Ben Adjei, whose land the Board intends to acquire for the development of water booster station near the Tema end of the Motorway. Following the failure of Mr. Adjei to voluntarily release the land, the Department in collaboration with the Legal Department generated a letter to Lands Commission for compulsory acquisition.

Meanwhile, the Board and the MSME (MOTI) has started negotiations with the land owner for possible amicable release of the land.

❖ *General Water Supply To TEPZ/MPIP*

Between January – March, 2011 the TEPZ/MPIP experienced periodic shortage of water supply, due to the breakdown of facilities at the Kpong Headwater Works.

The situation, however improved significantly since April-May due to the good working relationship between the Department and Ghana Water Company at Tema.

➤ **Other Activities**

❖ *Removal Notices (Illegal Occupants)*

In May, 2011, an ejection notice was issued to a number of illegal occupants at the frontage of the Tema EPZ/MPIP, to pave way for its development. The Department with the assistance of Kpone Divisional Police supervise the ejection of all such squatters.

❖ *Fire Outbreak*

During the latter part of the year, the Tema Export Processing Zone Administrative Block (Red Sea Building) caught fire; it was the Top floor of the block (prefabricated block). The meter and

all electrical cables to the area were destroyed as well as some panels and ceiling materials. In the meantime, electricity supply to the block has been cut off. Red Sea Housing Ltd has been requested to submit estimates for the repairs for the building.

❖ *Landscaping At TEPZ Entrance*

The contract for the Drilling of a Borehole at the entrance of the Tema Export Processing Zone has been satisfactory completed.

❖ *Security*

To boost up security at the TEPZ/MPIP, the Board on the recommendation of the Department procured a brand new Tata Pick-up for the Kpone Divisional Police for enclave patrol duties.

❖ *Outstanding Payment Of Premium For Land*

The Department in consultation with the Accounts and Legal Department compiled the list of all debtors in relation to land allocation at the MPIP. Defaulters were written to settle their indebtedness.

➤ **Visits**

❖ *EDIF Management*

Management of EDIF visited the TEPZ/MPIP during the period of reporting. The visit was to enable them have a firsthand information on part of the Storm Drain, the Agency will be providing fund for construction. It is worth mentioning that EDIF is funding the construction of the first phase of the internal storm drain.

❖ *World Bank Team*

A three man delegation from the World Bank-Accra and Washington office led by Mr. Kofi Boateng Agyen visited the TEPZ.

❖ *Togo Freezone*

A delegation from Togo Free zone visited the TEPZ /MPIP during the period under review. The visit was to enable them have a firsthand information on our activities at the Free zones Enclave.

❖ *Visit To TEPZ By The Press*

As part of the 15th Open Day celebration of the Ghana Free Zones Board, the Department conducted a cross section of Pressmen to the Tema EPZ. Among the companies visited were Cargill Ghana Ltd, Red Sea Housing Ltd and Lucky 1888.

3.4.1.2 Sekondi EPZ

In February 2011, top executives of Hasan Int. Group from China visited the Sekondi EPZ. The Hasan Int. Group is the strategic investors who have been licensed by the GFZB to develop the Sekondi EPZ. During the visit of the Executives, they interacted with the chiefs and people of

the project catchment area and interacted with the press to outline their vision and strategy for the development of the enclave. Meanwhile, Hasan Investments Gh. Ltd has engaged an Environmental consultant to undertake the environmental assessment on the land.

3.4.2 Tema Community 21 Residential Land

During the latter part of the reporting year, the Department held series of meetings with the Ghana Police (Community 21) and the Tema Development Corporation (TDC) on the issue of ejecting all existing illegal/encroachers on the above land. Letters were sent to TDC, Ashaiman Municipal and the Police to that effect. The Department is working with a private Surveyor to properly identify and demarcate all boundaries of the Community 21 land, to ensure that any demolition will be confined to our assigned area. Meanwhile, the Department visited the land with Chinese investors who have expressed interest to develop the land. During the period under review, the Department collaborated with a Land Evaluator to value the Tema Community 21 land.

3.4.3 Renovation Works At The Secretariat

The renovation works at the Secretariat was completed during the year under review. It involves re-roofing of parts of the building, tiling of all offices, fixing of new doors and windows, curtain blinds, ceiling and painting of the entire Secretariat. Others are, landscaping as well as new pavement blocks for parts of the compound.

3.5 MONITORING DEPARTMENT

The Monitoring Department continued its watchdog role of ensuring compliance by free zone enterprises and developers of the rules and regulations as stipulated in the Free Zones Act 1995, Act 504 and Regulations (L.I 1618). In pursuance of this role, the department undertook various activities for the year 2011 of which the major ones are as follows:

3.5.1 Monitoring Visits To Licensed Companies

In the period, a total number of eighty one (81) licensed companies were visited to monitor their operations and also ensure that, they conform to the Free Zones Act and Regulations. The specific purposes of these visits were as follows:

- To authenticate the appropriate documents supporting the quarterly returns sent to the Board.
- To ascertain the level of compliance by licensed companies, with the rules and regulations governing their operations.
- To seek justification for exemption applications submitted by various licensed companies and to authenticate the usage of the items for which the request for exemption were made.
- To identify and assist in addressing any operational difficulties facing licensed companies.

In the course of these visits, operators were educated on the Free Zones Act and Regulations and were advised and directed as to how to conduct their operations in order not to infringe on the laws.

Some shortfalls were detected in the books of some companies as well as some infractions of the law and recommendations were made in the monthly reports for consideration by the Board's Committee on Monitoring. These led to sanctioning of some companies.

Monitoring exercises revealed that, some licensed companies were found to have exempted themselves from paying appropriate taxes without the use of the appropriate GFZB Form 9s. Such defaulting companies were made to pay for the cost of these Form 9s and in some cases made to pay appropriate penalties.

The monitoring officers in all cases educated these companies on their obligation to use appropriate GFZB Form 9 to cover all forms of transactions.

3.5.2 Collaboration with Other Front Line Agencies

The department continued with its collaborative work with other front line agencies such as Ghana Revenue Authority (Customs and Domestic Tax Division) and National Technical Monitoring Committee (NTMC) The department shared information continuously with these agencies especially Customs and NTMC on the operations of licensed companies.

One Officer of the department, who is a member of the National Technical Monitoring Committee, collaborated with the Committee to conduct financial audit in some selected companies in the Greater Accra Regions for the period. Various findings were made with regards to short collections and infractions of the law and reports were issued to the Heads of various frontline agencies for appropriate remedial actions to be taken.

3.5.3 Department Staff Strength and Training

Over the past years, there has been conscious effort to augment the staff strength of the department and for the period, two Officers were employed to augment the monitoring role of the department however one of them had to leave the organisation to further his education in the latter part of the year.

The three monitoring teams which were constituted in the previous year were operational during the period to enhance and fast-track the work of the department. The department conducted in-house training for the entire monitoring officers to be abreast with their responsibilities in a way and manner to conduct monitoring exercises and also monitoring officers were introduced to a new format for reporting.

During this period, Officers were assigned to the various companies to be responsible for them in terms of compliance.

3.5.4 Revenue Generation Measures

Due to the strict enforcement of the penalties and sanctions spelt out in the Act 504 and Regulation L.I 1618, and other operational measures geared towards the increase in revenue base for the Board, the department was able to realize a substantial amount for the Board being sanctions and penalties placed on companies who did not comply with the regulations.

3.5.5 Way Forward

The department has scheduled to have a training seminar for all the Free Zones enterprises for the first half of year 2012 on how to file the quarterly returns and other responsibilities.

3.6 OPERATIONAL AUDIT DEPARTMENT

The Department was set up in January 2011. The purpose of the Department was to strengthen the capacity building of the Board by ensuring compliance of the free zone enterprises and developers as enshrined in section 3 (e) of the Free Zones Act, 1955 (Act 504).

The following activities were carried out during the year:

- Systems Review and documenting the system
- Drawing up of Operational Audit plans and strategies
- Development of Operational Audit manual
- Designed internal training programme for staff.

3.6.1 Internal Training

The Department organized an internal training programme for staff of the monitoring Department.

Key topics discussed at the training included the following.

- Elements of Operational Audit
- Distinction between monitoring and Operational Audit
- Regulatory framework of Free Zone Enterprises
- Ethical requirements of Operational and Monitoring officers.
- Steps to employ in the audit and review of operations of Free Zones Enterprises
- Internal Control Questionnaire
- Case studies

3.6.2 On Site Audits

The second to fourth quarters of the year was devoted for onsite Operational audits. A total of 40 Free Zones Enterprises were visited.

Appendix V details companies visited according to regional classification.

3.6.3 Concerns

The following concerns were generally noted during the Operational audits.

- Non filing of annual returns with the Registrar of companies
- Withholding taxes were not held and paid to the Revenue Agencies
- Prudential Returns to the secretariat were not generally reliable
- Business /Corporate plans objectives were not met.

3.7 INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology Department of the Ghana Free Zones Board continued performing its key role of providing efficient technical support to all staff. Other major activities that have taken place from the beginning of the year include:

- Regularly updating the GFZB website
- Updating of the Free Zone Enterprises' database
- Managing the internet connectivity and operating the corporate email system
- Operating the GCNet System
- Ensuring data security and backing up of important data
- Managing the network infrastructure

3.7.1 Hardware

The Data Centre at the Secretariat which has been in place for three years was given a facelift. The hard drives and RAM of all five servers were upgraded from 72GB and 1GB to 250GB and 4GB respectively. This has improved the capacity of the servers drastically.

Contract has been awarded for the procurement of new computers, printers and other accessories for staff. Supply of the items would be done in early January 2012.

3.7.2 Software

Four of the servers have been rebuilt with installation of Windows Server 2008. In addition, a web driven application database has been developed for the Secretariat. With the development of the new database, the IT department ensures that data is captured on timely basis to provide real time information on free zone investors.

3.7.3 Network Infrastructure

A nationwide e-Government telecommunication infrastructure for Ghana was extended to the Secretariat during the last quarter of the year by the National Information Technology Agency (NITA). The proposed infrastructure would extend the national backbone infrastructure to all districts in the country and provide a national data centre and a secondary data centre facility for disaster recovery capability, and ultimately connect all public institutions and MDAs and MMDAs to a single shared communications and computing infrastructure to facilitate effective delivery of government services to citizens, businesses and others. The network is also

expected to provide a single secure gateway to the internet and implement services such as access control, spam filtering, firewalls and anti-virus defences for the government network as a whole and between the individual MDAs as may be required.

3.7.4 Operation Of The GCNet

The operation of the GCNet system was very smooth for most part of the year. On the average about twenty-five (25) exemptions are granted through the GCNet system in a day.

3.7.5 GFZB Web Portal

In line with the e-Government policy where all MDAs are to conform to the government of Ghana domain name standards (ie. gov.gh for all MDA), a new domain name has been registered for the Board with Ghana Dot Com company. The domain name is **gfzb.gov.gh**

A contract to revamp the GFZB website was awarded later part of year 2010. The IT department in collaboration with the Marketing department ensured that the project was executed successfully. The web portal which would be used to promote the activities of the Board and attract potential export oriented enterprises to Ghana under the Free Zone Act was launched during the GFZB Open Day press conference in August 2011. The web portal would also serve as a one-stop-shop for inquires and a source of useful information about Ghana Fee Zones programme as well as ability to submit Free Zone Enterprise (FZE) applications on-line. The portal would also facilitate the issuance of electronic forms and the electronic submission of applications for license by FZEs wishing to undertake various business transactions. Again, all circulars from the Board to the Free Zone Enterprises shall be made available online and could be accessed through the web portal.

All Free Zone Enterprises shall be trained to use the Portal to submit their quarterly returns online.

3.7.6 Way Forward

Recent trends show that majority of organizations are redefining marketing by incorporating mobile marketing techniques into their marketing campaign strategy, simply because it provides high rate of readability. It is in this direction that the IT department proposes that the Board utilizes the Bulk SMS technology to send text messages to Free Zone Enterprises.

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

3.8 LEGAL DEPARTMENT

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

1. Offering legal counsel to the Board and Secretariat

2. Prosecuting and defending all suits on behalf of the Board with assistance from the Attorney General's Department.
3. Dealing and answering requests from licensed free zone companies and the general public for its opinion on certain sections of the Free Zones Act, 1995 (Act 504).
4. Drafting legal documents such as Sub- Leases.
5. Conducting legal research for the Board and the Secretariat

3.8.1 Land Matters

➤ **Litigation**

During the year under review, the Board together with the Attorney General was served with a writ issued by the Ejisu Traditional Council from the Kumasi High Court (Commercial Division) for payment of compensation due on land earmarked for the Ashanti Technology Park. The department liaised with the Attorney General's Department and ensured that the Board was well represented in the suit.

➤ **Community 21, Tema**

A Court of Appeal decision, adjudging the Board owner of Community 21, has not been sufficient to deter illegal scatters and trespassers from encroachment of the land. The Board, during the year under review liaised with the Security Agencies in its bid to stop the encroachment.

3.8.2 Way Forward

The Legal Department would seek to deepen its collaboration with the Security Agencies, particularly the Police Service to ensure that the armed trespassers in occupation of any of the Board's land banks are arrested and prosecuted under the Public Lands ((Protection) Act, 1974 (N.R.C.D. 240).

4.0 DATA ANALYSIS

4.1 INVESTMENT CAPITAL SCHEDULE

The total capital investment made by licensed Free Zone Enterprises during the year amounted to **US\$224.64 million** an increase of **5.8%** over the 2010 figure of **US\$212.33 million**. The cumulative amount of investment capital in the free zones since inception of the programme in 1996/97 to the end of 2011 now stands at **US\$2,156.92 million** (refer to appendix vi)

4.2 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\$1,195.67 million** representing a **10.03%** decrease over the 2010 figure of **US\$1,329.00 million** (Refer to appendix vii)

4.3 IMPORT SCHEDULE OF COMMERCIAL ENTERPRISES

Commercial Free Zone Enterprises imported semi-finished and finished goods at a total value of **US\$71,675,211.25** for re-packaging and re-export to the ECOWAS region and beyond. This represents an increase of **114%** over the previous year's figure of **US\$33,387,984.98** (Refer to Appendix VIII.)

4.4 EXPORT SCHEDULE OF ALL ENTERPRISES

Total ex-factory value of exports of all Free Zone Enterprises (manufacturing, Service and Commercial) amounted to **US\$1,966.72 million** representing an increase of **16.35%** over the 2010 figure of **US\$1,690.70 million** (Refer to Appendix IX)

4.5 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 **29,216**. This represents an increase of **16.36%** over the 2010 figure of **25,109**

The distribution of national employees according to gender indicates that **22,808** i.e **78.07%** were male whereas **6,408** i.e. **21.93%** were female.

The number of expatriates employed by Free Zone Enterprises was **864** representing **2.87%** of total employment. The total employment generated by the Free Zones Programme as at 2011 was **30,080** (Refer to Appendix X).

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

Table

Sector	Number employed
Developer	16
Manufacturing	27,970
Service	1,596
Commercial	498

4.6 SALARY/WAGE SCHEDULE OF ALL ENTERPRISES

The free zones programme contributes greatly in the economic empowerment of the Ghanaian workforce. Total value of salary/wages for 2011 amounted to **US\$94,583,775.00** an increase of **7.62%** over the 2010 figure of **US\$87,888,997.31'**

The total salary/wage paid to Ghanaian Nationals working with Free Zone Enterprises amounted to **US\$71,758,676.00**. This represents an increase of **5.44%** over the 2010 value of **US\$68,057,840.41**. Expatriates working under the free zones programme earned **US\$22,825,099.00** (Refer to Appendix XI).

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

Total duties/levies paid on sales into the local market amounted to **US\$4,927,029.13** representing an increase of about **96%** on the previous year's figure of **US\$2,511,097.16** (Refer to Appendix XII)

4.8 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 2011, a total amount of **US\$1,123,994.02** was spent on training national employees representing **1.5%** of the total salary wage bill indicated above. Even though the minimum requirement was achieved, only **71** Free Zone Enterprises actually offered training to their employees. (Ref. Appendix XIII)

The Board needs to take steps in the ensuing year to ensure that more training programmes are implemented for Ghanaian staff working under the free zones.

4.9 SOCIAL SECURITY SCHEDULE OF FREE ZONE EMPLOYEES

In 2011, **127** Free Zone Enterprises contributed a total of **US\$9,394,538.79** in Social Security contributions to the Social Security and National Insurance Trust. (Ref. Appendix XIV)

4.10 INCOME TAX SCHEDULE OF FREE ZONE EMPLOYEES

In the reporting year, **128** companies contributed a total of **US\$12,240,997.89** in Income Tax in respect of their employees. (Ref. Appendix XV)

5.0 FINANCIAL REVIEW

The financial position of the Board as at 31st December 2011 is as follows:

5.1 REVENUE

Total income generated in 2011 was Seven Million, Four Hundred and Thirty-One Thousand, Five Hundred and Thirty-Four Ghana Cedis (GH¢7,431,534) as against Five Million, Eight Hundred and Ten Thousand, One Hundred and Ninety-Nine Ghana Cedis (GH¢5,810,199) in 2010. This represents a 28% increase over revenue generated in 2010. The increase was mainly due to levies and penalties on companies who do not comply with the board operational regulations, increased sales of Forms, License Fees and renewals.

5.2 EXPENDITURE

Total expenditure in 2011 amounted to Four Million, Sixty-Three Thousand, Twenty-One Ghana Cedis (GH¢4,063,021) as against Three Million, Eight Hundred and Twenty-one Thousand, Four Hundred and Seventy-Six Ghana Cedis (GH¢3,821,476) in 2010. The marginal increase in expenditure was mainly due to increase in administrative & other expenses.

Excess income over expenditure was Three million, Three Hundred and Sixty-Eight thousand, Five Hundred and Fourteen Ghana Cedis (GH¢3,368,514) in 2011 as against One million, Nine Hundred Hundred and Eighty-Eight Thousand, Seven Hundred and Twenty-Two Ghana Cedis (GH¢1,988,722) in 2010.

The Audited Accounts is attached as Appendix XVI.

6.0 CONSTRAINTS

There was still no physical development at the three (3) designated enclaves in Boankra, Sekondi and Shama thus affecting the Board's ability to attract investors into these enclaves.

The unreliable supply of utilities also affected the operations of licensed Free Zone enterprises. The Board faced a major challenge in this respect, especially with regard to the companies located in the Tema Export Processing Zone.

Furthermore, the Marketing/Promotion Division could not implement all its scheduled investment promotion missions due to lack of funding. The Department could also not implement activities in the Marketing Communication Plan during the year.

There was delay in the implementation of the Management Information System to support the operations of the Board.

The communications network infrastructure made of Local Area Networks (LANs) and interfaces for a Wide Area Networks (WAN) through which various users gain access to the Information Systems of the GFZB were under-utilized. Most users hardly used the corporate email for correspondence.

Another major challenge was converting and merging three separate databases on licensed Free Zone companies into one centralized database (i.e. FZMS). With the assistance of Persol Systems Limited, the contracted software developers, the IT Department was somewhat successful in the data transfer.

Again, there were constraints in improving the operational environment at the Tema EPZ with regard to:

- Arranging with operators and hawkers to provide and use litter bins and organise refuse collection.
- Landscaping improvement around the entrance,
- Ensuring proper maintenance of verge lawns planted by ILDC and PSI.
- Monitoring proper location of directional signs by operators so as to avoid clutter.
- Failure of contractors to meet the deadlines for the completion of projects
- People without permits managing to access the enclave which poses threat to security at the enclave.

Also, the Secretariat faced the challenge of not having a clear Legislative Instrument on various penalty points to be applied whenever Free Zones enterprises fail to comply with the rules and regulations making it very difficult to apply the necessary sanctions.

Again, the inability of the Board to raise the requisite funds for payment of compensation assessed by Lands Commission on land banks makes the Board predisposed to suits instituted by claimants.

The Board was also confronted with illegally armed occupants (land guards) on its Community 21 land. This posed a serious threat of bodily harm to officers, representatives and agents of the Board, who may in the course of execution of their duties, have to physically work on the land.

7.0 CONCLUDING REMARKS

Substantial progress was made in the implementation of the Free zones Programme during the year under review in spite of the constraints. The board will adopt international best practices and strategies of attracting both domestic and international

Appendices

Appendix I - Free Zone Enterprises Licensed In 2011

NAME OF COMPANY	NATIONALITY	SECTOR /SUBSECTOR
Vegpro Ghana Ltd	British/Kenyan	Manufacturing (Commercial farming, horticultural crops)
Hasan Investment Ghana Ltd	Chinese	Developer (Sekondi Export Processing Zone)
Entrance Industries Ghana Ltd	Ghanaian	Manufacturing(Pharmaceutical products)
PBC –Shea Ltd	Ghanaian	Manufacturing (sheabutter)
Air Liquide Africa Services Ltd	French	Manufacturing (medical and industrial gases)
Unifruit Ltd	Ghanaian	Manufacturing (processing pineapple)
Servair Ghana Company Ltd	Ghanaian/ French	Service(Airline catering and related services)
World Clothing Company Ltd	American	Manufacturing (Garment manufacturing)
Kimminic Oil Ltd	Ghanaian	Manufacturing (Crude Vegetable Oil Into biodiesel)
Shebu Industries Ltd	Ghanaian/Dutch	Manufacturing (Shea nut into sheabutter)
Blackstar Foods Ltd	Ghanaian	Manufacturing (processing cashew nuts)
Starlight West Africa Natural Resources Ltd	French	Manufacturing(Processing natural plants products)
Abellon Cleanenergy Ghana Ltd	Indian	Manufacturing(wood pellets and solid bio fuel)
Takoradi Renewable Energy Ltd	French/Ivorian	Manufacturing(wood chips)
CCT Ropes and Twines	Ghanaian	Manufacturing (Ropes and twines)
Rider Steel Ghana Ltd	Chinese	Manufacturing (steel products)
Wad African Foods Ltd	Ghanaian	Manufacturing(Fruit Processing)
Canada Optical Laboratories Ltd	British-Canadian	Manufacturing (optical lenses)
S.F. International Commodity Co. Ltd	Chinese	Manufacturing(coloured steel products)
Agrona Company Ltd	Dutch	Manufacturing (fruit Processing)
Ecologistics Ltd	Ghanaian-Italian	Manufacturing (palm oil processing)
Chidwell Ltd	British	Manufacturing (bulk fragrance compounds)
Ghana Oil Palm Development Company Ltd	Ghanaian-Belgian	Manufacturing (Palm oil processing)
GNFoods Ltd	Ghanaian-Chinese	Manufacturing (tomato paste)

Appendix II - Occupancy at Tema EPZ/MPIP in 2011

NO.	NAME OF COMPANY	ACTIVITY/PRODUCT	STATUS
1	3F GHANA LIMITED	PROCESSING OF SHEANUTS AND OTHER OIL SEEDS	OPERATING
2	BARRY CALLEBAUT	COCOA PROCESSING	OPERATING
3	BEAR MACHINES W/A LIMITED	MANUFACTURE OF FOOD PROCESSING MACHINE/EQUIPMENT	TEST RUN
4	CARGILL GHANA LIMITED	COCOA PROCESSING	OPERATING
5	COMMODITY PROCESSING INDUSTRIES LTD.	COCOA PROCESSING	OPERATING
6	DECORPLAST LIMITED	HOUSEHOLD PLASTICWARE	TEST TRIAL OF EQUIPMENTS
7	DISCTRONIC MANUFACTURING LIMITED	DVD,VCD,CDS MANUFACTURING	SUSPENDED OPERATIONS
8	G.C. BIO CHEMICALS LTD	CHEMICAL EXTRACTION FROM MED. PLANTS	START UP
9	GHANA SPECIALTY FATS INDUSTRIES LTD	SHEA BUTTER PROCESING	OPERATING
10	HUFRA-COMPU-TECHS LTD	MACHINERY & MECHANICAL PRECISION PARTS	OPERATION SUSPENDED
11	GLOBAL GARMENTS	GARMENT	OPERATION SUSPENDED
12	PREMIER QUALITY LTD	GARMENT	OPERATION SUSPENDED
13	LUCKY 1888	GARMENT	OPERATING
14	RED SEA HOUSING SERVICES (GH) LTD	PREFABRICATED BUILDING	OPERATING
15	SITOS GH LTD	WAREHOUSING/COMMERCIAL	OPERATING
16	ILDC	ENCLAVE DEVPT	OPERATING
17	OCTOGLOW GHANA LIMITED	ENCLAVE DEVPT	OPERATING
18	NICHIE COCOA INDUSTRIES LTD	PROCESSING OF COCOA LIQUOR	OPERATING

19	REBECCA FASHION	MANUFACTURING OF SYNTHETIC HAIR PRODUCTS	OPERATING
20	B. D ASSOCIATES	COCOA PROCESSING	TEST TRIAL OF EQUIPMENTS
21.	A-Z PETROLEUM PRODUCTS GHANA LTD	LUBRICANTS AND TANK FARMING	PROCESSING LAND DOCUMENTS
22.	MINISTRY OF COMMUNICATION	ICT	PROCESSING LAND DOCUMENTS
23.	SANBAO PHARMACEUTICALS LTD	PHARMACEUTICALS	BUILDING FACTORY
24.	XARA DEVELOPERS GH. LTD.		PROCESSING LAND DOCUMENTS
25.	BLOWPACK LIMITED	MANUFACTURING TAKE AWAY CONTAINER	PROCESSING LAND DOCUMENTS
26.	COMMODITIES PROCESSING INDUSTRIES LTD	COCOA PROCESSING	OPERATING
27.	TOP INDUSTRIES LTD.	PLASTIC AND PACKAGING PRODUCTS	OPERATING
28.	ONE GHANA LOGISTICS LTD.	MANUFACTURING PACKAGING CURTAINS	PROCESSING LAND DOCUMENTS
29.	VEHRAD TRANSPORT LTD.	HAULAGE/LOGISTICS/FREIGHT HANDLING	BUILDING FACTORY
30.	SIKELELE LTD.	HEALTH PRODUCTS	BUILDING FACTORY
31.	LEWADIS	COMMERCIAL	BUILDING FACTORY
32.	HOME FOODS LTD.	FOOD PROCESSING	PROCESSING LAND DOCUMENTS
33.	ALPHA COMMODITIES LTD.	COCOA PROCESSING	PROCESSING LAND DOCUMENTS
34.	POLYPET LTD.	PLASTIC PRODUCTS	PROCESSING LAND

			DOCUMENTS
35.	KGM INDUSTRIES	PLASTIC HOUSEHOLD WARES	PROCESSING LAND DOCUMENTS
36.	COMET GHANA LTD	WAREHOUSING	BUILDING FACTORY
37.	ARVNASH INDUSTRIES LTD.	FURNITURE	PROCESSING LAND DOCUMENTS
38.	ELAR LTD.	FLEXIBLE PACKAGING MATERIALS	PROCESSING LAND DOCUMENTS
39.	UNIWELL LTD		PROCESSING LAND DOCUMENTS
40.	RIDGE ENERGY		PROCESSING LAND DOCUMENTS
41.	ELECTRO ABOU SAMRA CO LTD	GENERAL ELECTRICAL REWINDING MOTORS AND GENERATORS	PROCESSING LAND DOCUMENTS
42.	POTRODOM INT PVT	EXPORTATION OF CASHEW NETS, SHEAR NUTS ETC	PROCESSING LAND DOCUMENTS
43.	SUCCESS PLASTICS LTD	MANUFACTURE AND TRADE IN HOUSEHOLD PLASTIC PACKING	PROCESSING LAND DOCUMENTS
44.	MARS INTERNATIONAL	PROVISION OF INNOVATIVE RECORDS MANAGEMENT	PROCESSING LAND DOCUMENTS
45.	AFRIC-AMERICAN TRADEX CO. LTD	FOOD PROCESSING	SUSPENDED OPERATION
46.	S.F INTERNATIONAL COMMODITY CO. LTD	COLOURED STEEL TILES	BUILDING FACTORY
47.	RAILIT TOTAL TRANSPORTATION GH. LTD	WAREHOUSING OF ANTIVIRAL DRUGS	OPERATING

MPIP OCCUPANCY

	COMPANY NAME	TYPE OF ACTIVITY	OPERATIONAL STATUS
1.	XARA DEVELOPERS GH. LTD.		PROCESSING LAND DOCUMENTS
2.	BLOWPACK LTD	MANUFACTURING TAKE AWAY CONTAINERS	PROCESSING LAND DOCUMENTS
3.	NICHE COCOA LTD	PROCESSING OF COCOA LIQUOR	TEST-TRIAL OF EQUIPMENTS
4.	TOP INDUSTRIES LTD	PLASTIC AND PACKAGING PRODUCTS	OPERATING
5.	ONE GHANA LOGISTICS LTD	MANUFACTURING PACKAGING CURTAINS	BUILDING WAREHOUSE
6.	VEHRAD TRANSPORT LTD	HAULAGE/LOGISTICS/FREIGHT HANDLING	BUILDING WAREHOUSE
7.	SIKELELE LTD	HEALTH PRODUCTS	BUILDING FACTORY
8.	RIDGE ENERGY		PROCESSING LAND DOCUMENTS
9.	COMET GHANA LTD	WAREHOUSING	BUILDING FACTORY
10.	LEWADIS	WAREHOUSING	BUILDING FACTORY
11.	HOMEFOODS	FOOD PROCESSING	PROCESSING DOCUMENTS
12.	AVNASH INDUSTRIES LTD	FURNITURE	BUILDING FACTORY
13.	ALPHA COMMODITIES LTD	COCOA PROCESSING	PROCESSING LAND DOCUMENTS
14.	POLYPET LTD	PLASTIC PRODUCTS	PROCESSING LAND DOCUMENTS
15.	ELAR LTD	FLEXIBLE PACKAGING MATERIALS	PROCESSING LAND DOCUMENTS

16.	KGM INDUSTRIES	PLASTIC HOUSEHOLD WARES	PROCESSING DOCUMENTS	LAND
17.	SANBAO PHARMACEUTICALS LTD	PHARMACEUTICALS	BUILDING FACTORY	
18.	LUCKY 1888	GARMENTS	OPERATING	
19.	GLOBAL GARMENTS	GARMENTS	OPERATING	
20.	PREMIER QUALITY LTD	GARMENTS	SUSPENDED OPERATIONS	
21.	OAK BROOK LTD	GARMENTS	SUSPENDED OPERATIONS	

BUFFER ZONE

	COMPANY NAME	TYPE OF ACTIVITY	OPERATIONAL STATUS	
1.	UNIWELL		PROCESSING DOCUMENTS	LAND
2.	A-Z PETROLEUM PRODUCTS GHANA LTD	LUBRICANTS AND TANK FARMING	PROCESSING DOCUMENTS	LAND
3.	ELECTRO ABOU SAMRA CO LTD	GENERAL ELECTRICAL REWINDING MOTORS AND GENERATORS	PROCESSING DOCUMENTS	LAND
4.	POTRODOM INT PVT	EXPORTATION OF CASHEW NETS, SHEAR NUTS ETC	PROCESSING DOCUMENTS	LAND
5.	SUCCESS PLASTICS LTD	MANUFACTURE AND TRADE IN HOUSEHOLD PLASTIC PACKING	PROCESSING DOCUMENTS	LAND
6.	MARS INTERNATIONAL	PROVISION OF INNOVATIVE RECORDS MANAGEMENT	PROCESSING DOCUMENTS	LAND
7.	IMEXCO INVESTMENTS	WARE HOUSING	PROCESSING DOCUMENTS	LAND

8.	FNJ INVESTMENTS	TANK FARMS	PROCESSING DOCUMENTS	LAND
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Appendix III – List of companies visited for Operational Audit in 2011

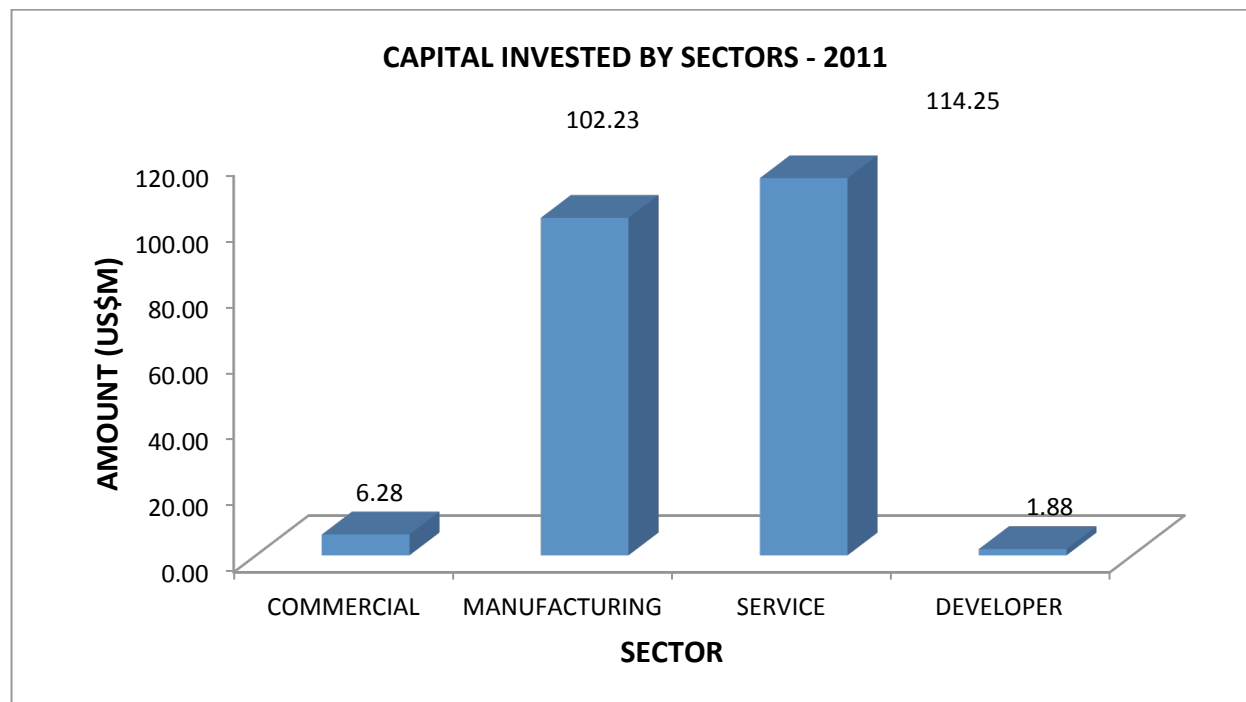
(a) ACCRA/ TEMA

1. Bomart Farms
2. Danica Plastics
3. Home Foods Ltd
4. Gravita
5. Arrow Network
6. Socomex
7. Newrest Catering
8. Lewadis
9. Fleming International
10. Red Sea Housing
11. F. A Fally
12. ARN Manufacturing
13. Sitos Commodities
14. Vehrad Imports & Exports
15. Intelligent Card Production
16. Pakmart
17. Non Ferrous Metals
18. Asanska Jewellery
19. L'oreal
20. Praise Exports
21. Air Liquide Services
22. Busylab
23. Interpack
24. E-process International
25. Gold Recovery
26. Ghana Flowers
27. Sterling International
28. Myroc Food Processing
29. Mahob Holdings
30. Kpone Lobsters
31. Continental Exports
32. Lubcon
33. 3F(GH) Ltd
34. Edward Snell

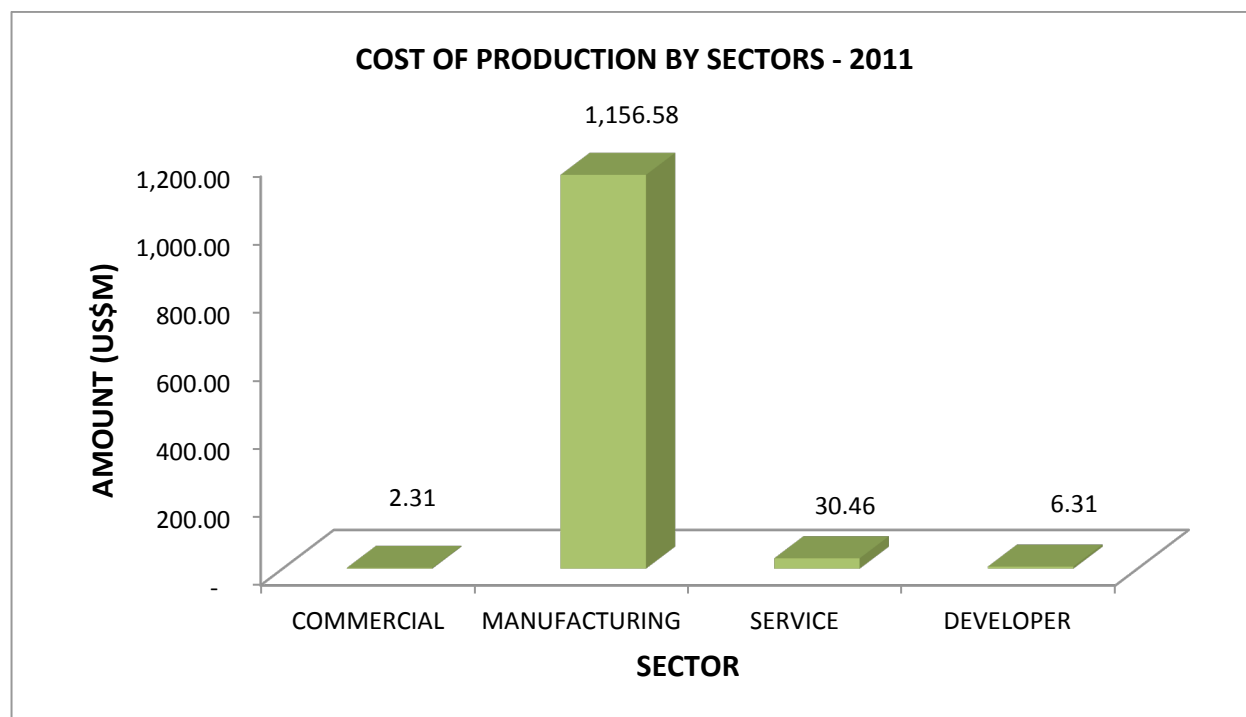
(b) WESTERN REGION

1. Wienco
2. Samartex
3. Unicontrol Commodities
4. John Bitar
5. Mondial Venner

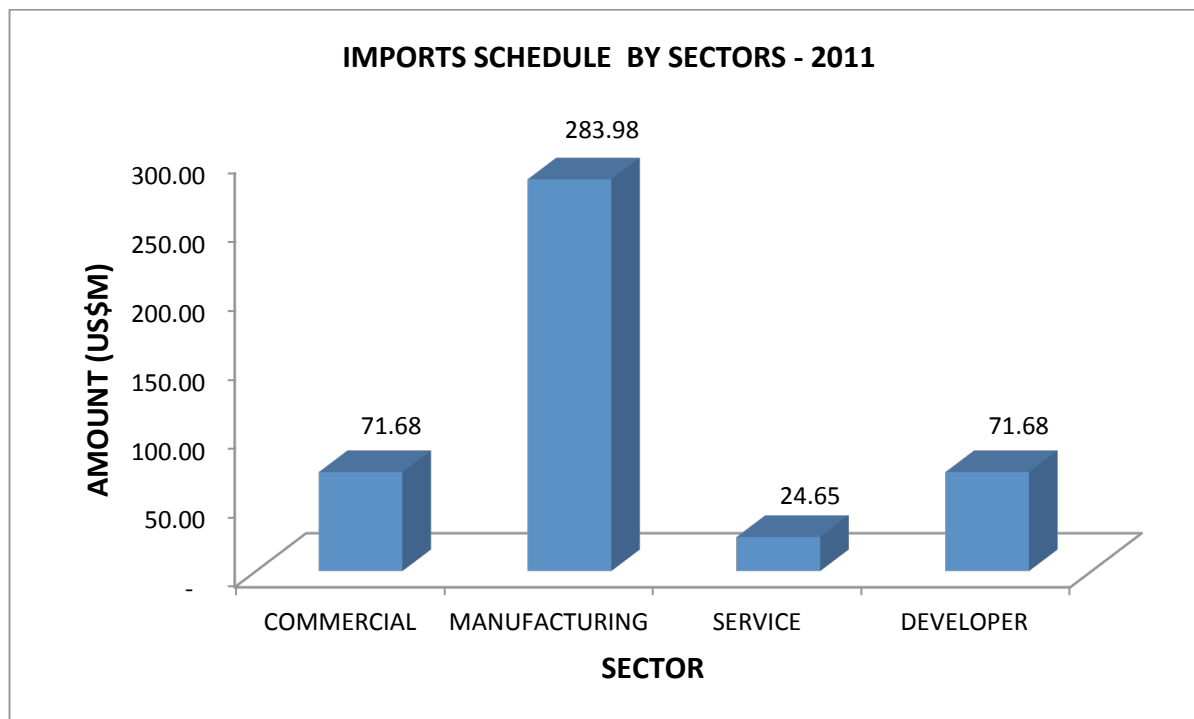
Appendix IV - Capital Invested By Free Zone Enterprises 2011



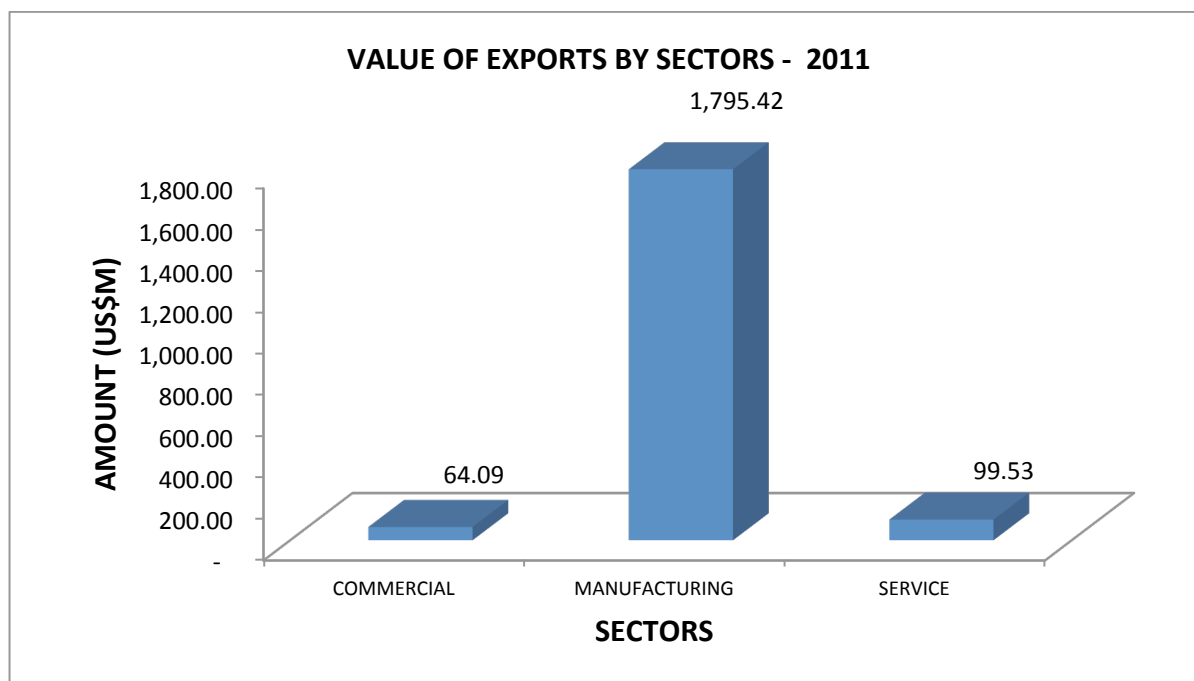
Appendix V –Cost of Production Of Enterprises 2011



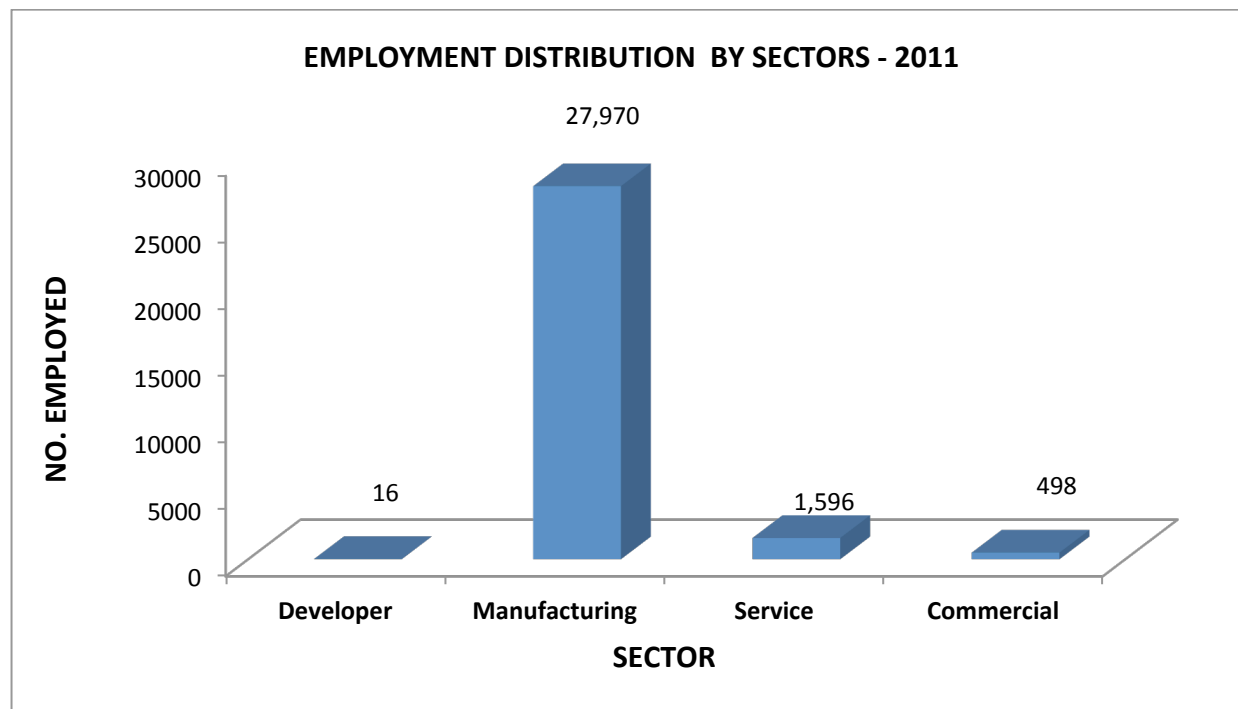
Appendix VI - Import Schedule Of Free Zone Enterprises 2011



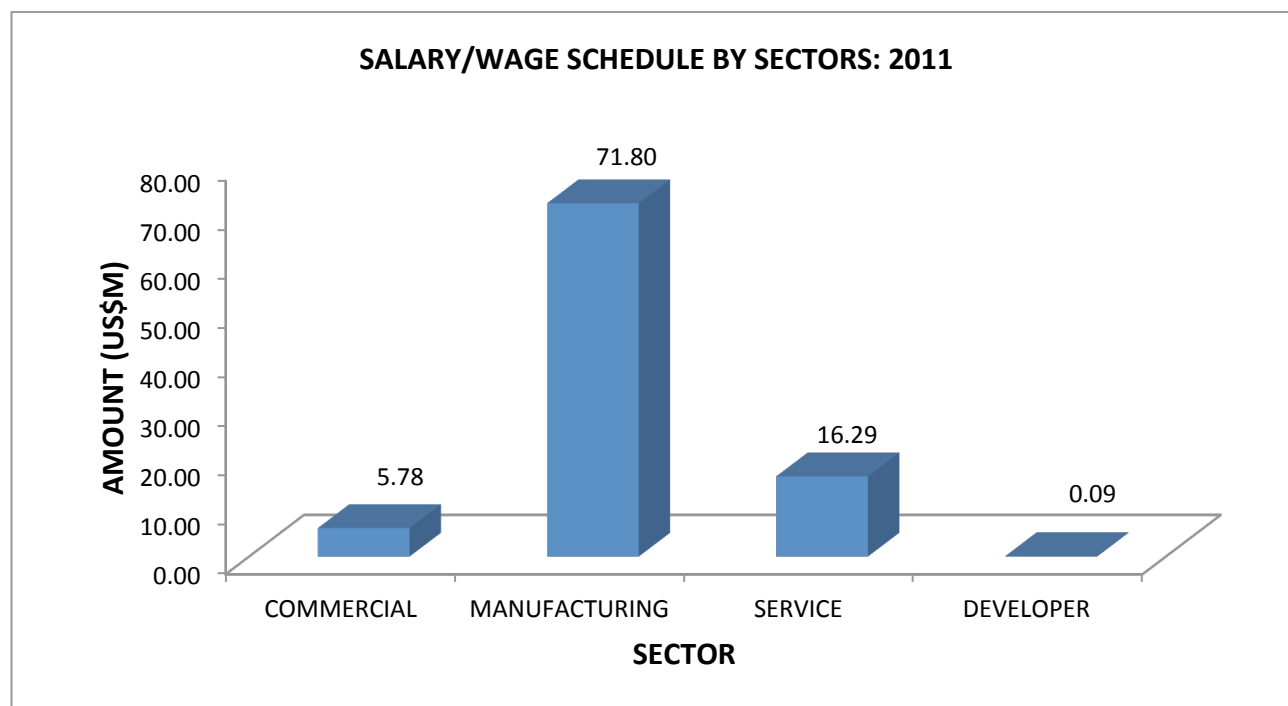
Appendix VII - Export Schedule Of All Free Zone Enterprises 2011



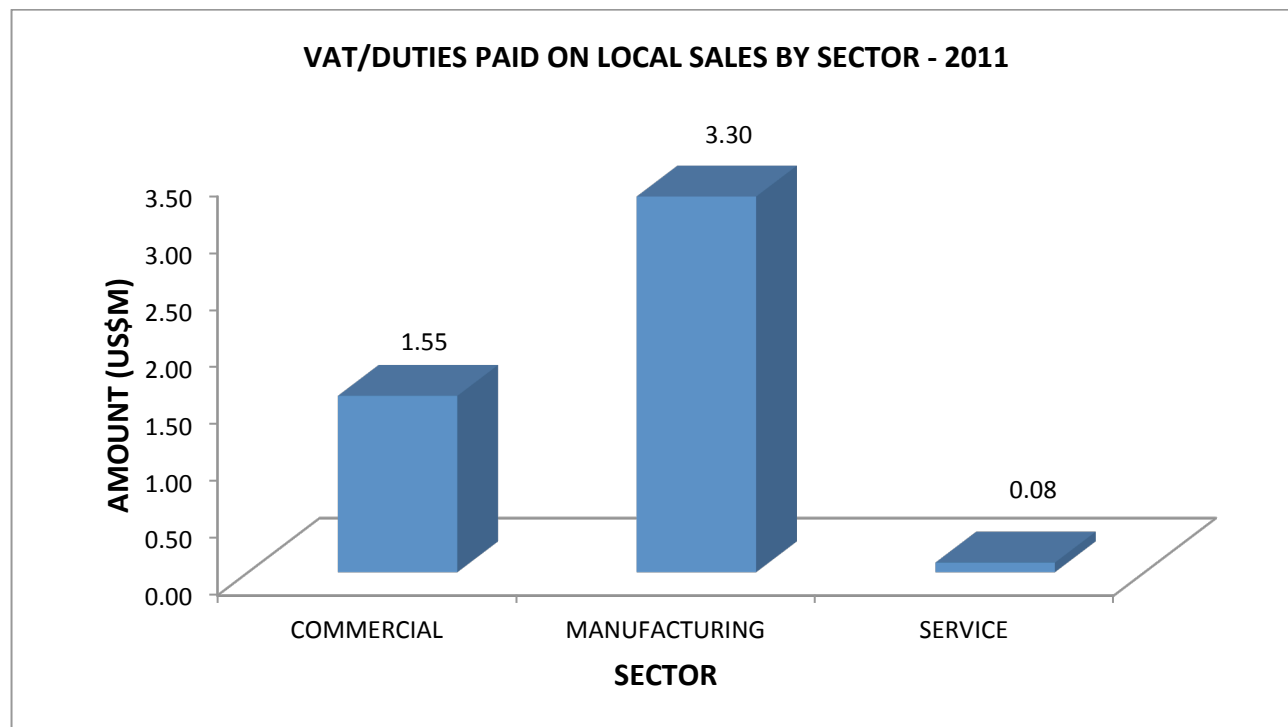
Appendix VIII – Employment Schedule of Free Zone Enterprises 2011



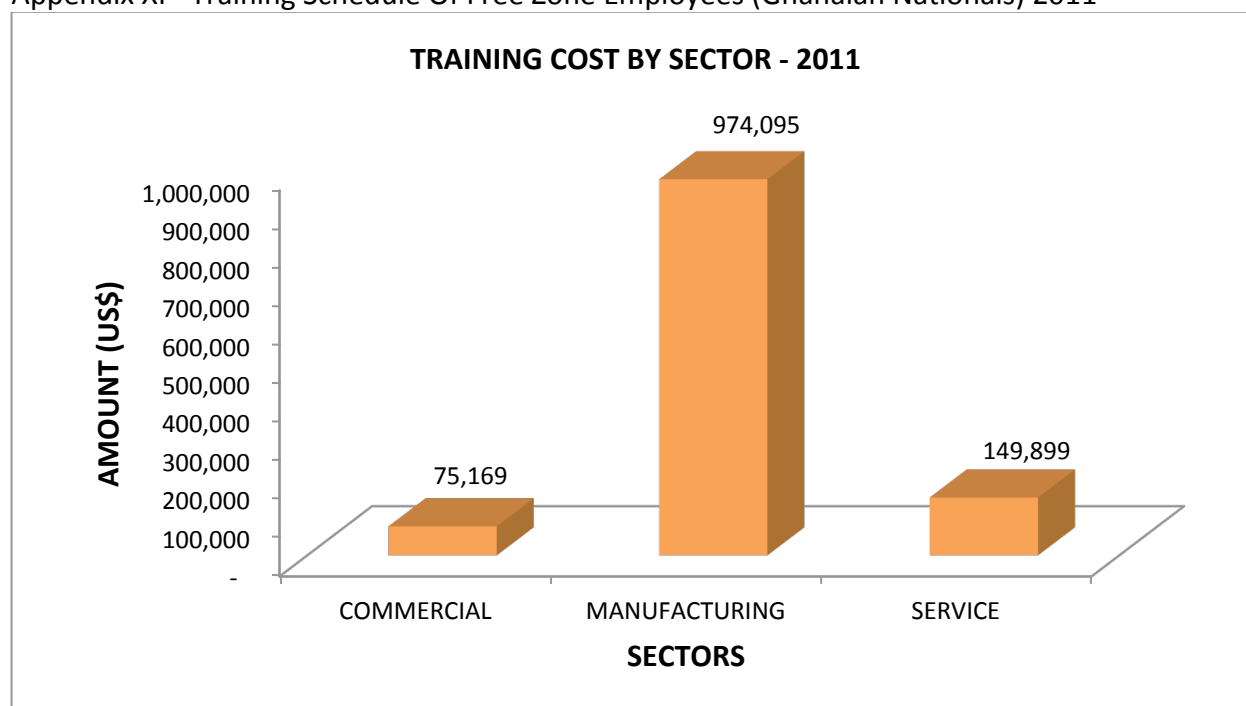
Appendix IX - Salary/Wage Schedule Of Free Zone Enterprises 2011



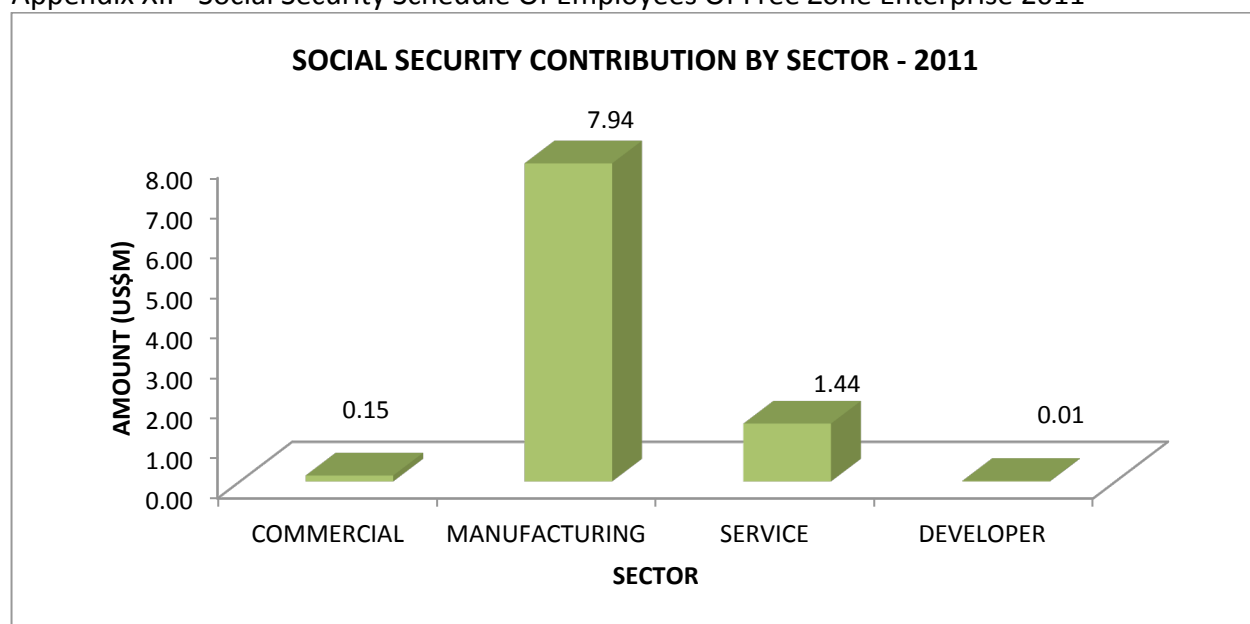
Appendix X - Vat/Duties Paid On Local Sales By Free Zone Enterprises 2011



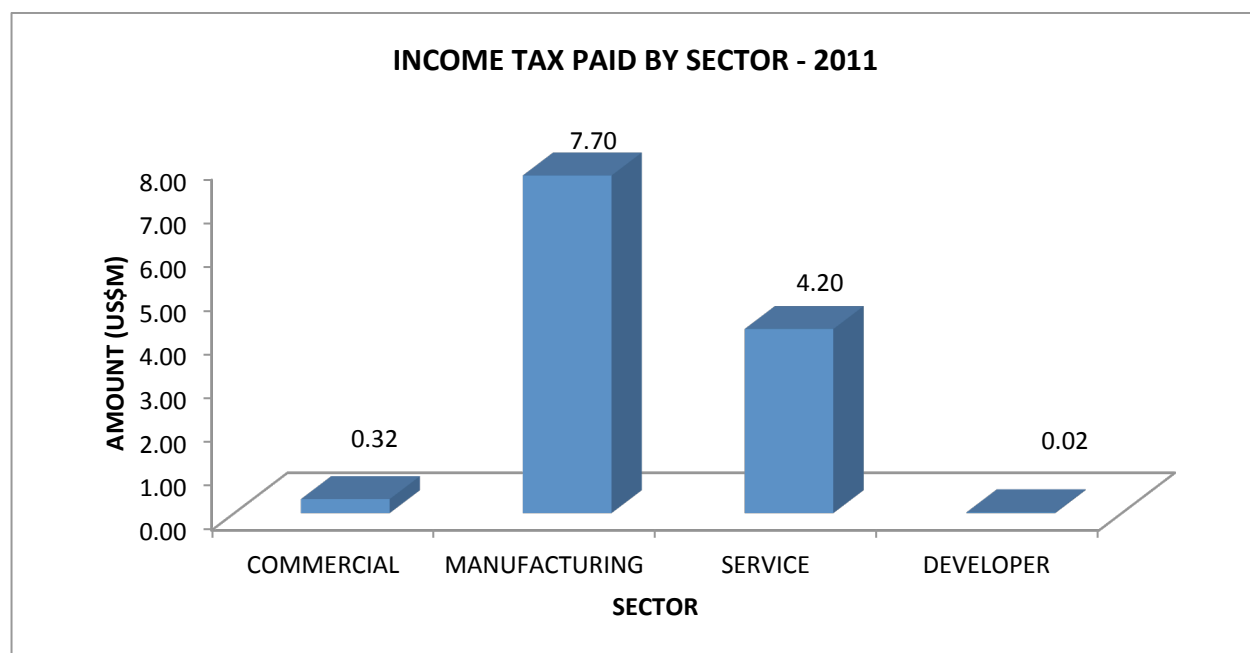
Appendix XI - Training Schedule Of Free Zone Employees (Ghanaian Nationals) 2011



Appendix XII - Social Security Schedule Of Employees Of Free Zone Enterprise 2011



Appendix XIII - Income Tax Schedule Of Free Zone Employees 2011



Appendix XIV - Audited Accounts

**GHANA FREE ZONES BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

GHANA FREE ZONES BOARD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011**

<u>CONTENTS</u>	<u>PAGE</u>
GENERAL INFORMATION	1
REPORT OF THE DIRECTORS	2
REPORT OF THE AUDITORS	3-4
STATEMENT OF FINANCIAL POSITION	5
INCOME STATEMENT	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8-15

GHANA FREE ZONES BOARD

GENERAL INFORMATION

DIRECTORS

Hon. Dr. Ekwow Spio Garbrah (Chairman)
Mrs. Gifty Anku
Ms. Katherine Oduro
Ms. Eugenia Jackson-Cofie
Mr. William Adotei Addo
Mrs. Florence Hutchful
Ms. Anita De Sosoo
Mr. Kwabena Yeboah
ACP (Rtd) Alhaji Mahama Adams

EXECUTIVE SECRETARY

Mr Kwadwo Twum Boafo

AUDITORS

Veritas Associates
No. 11 Adaman Loop
Tesano, Accra
P. O. Box CT 6372
Cantonments
Accra

BANKERS

Bank of Ghana
United Bank for Africa (Ghana) Limited
Prudential Bank Limited
Ghana Commercial Bank Limited
Guaranty Trust Bank (Ghana) Limited
Ecobank Ghana Limited
Merchant Bank Limited

GHANA FREE ZONES BOARD

Financial statements for the year ended 31 December 2011

REPORT OF THE DIRECTORS

The directors hereby present their report together with the audited financial statements of Ghana Free Zones Board for the year ended 31 December 2011.

Statement of directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of Ghana Free Zones Board at the end of the financial year and of the surplus or deficit and of the cash flows for the period. In preparing these financial statements, the directors have selected suitable accounting policies and then applied them consistently, made judgments and estimates that are reasonable and prudent and followed Ghana Accounting Standards and other applicable requirements of Ghanaian law.

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

Nature of business

There was no change in the nature of business of Ghana Free Zones Board during the year.

Financial results

The financial result for the year ended 31 December 2011 are set out below

	2011 GH¢	2010 GH¢
Surplus for the year was:	3,368,514	1,988,722
When added to accumulated surplus brought forward of:	12,263,761	10,275,039
Leaves a balance carried forward of:	<u>15,632,275</u>	<u>12,263,761</u>

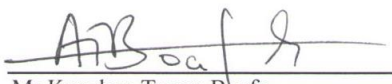
Auditors

The auditors, Veritas Associates, have indicated their willingness to continue in office for the ensuing year.

BY ORDER OF THE BOARD


Hon. Dr. Ekwow Spio-Garbrah

30/12/2014


Mr Kwadwo Twum Boafo

30/12/2014



Veritas Associates

Chartered Accountants

P. O. Box CT 6372,
Cantonments, Accra
Loc: No. 11 Adaman Loop, Tesano
(Near Abeka Junction), Accra

Tel/Fax #: 0302 243 952
Cell: 050 834 9942
E-mail: veritax@myzipnet.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GHANA FREE ZONES BOARD (GFZB)

We have audited the accompanying financial statements of Ghana Free Zones Board set out on pages 4 to 15. These financial statements comprise the statement of financial position as of 31 December 2011, the income statement and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards, International Public Accounting Standards and the Free Zone Act 1995, Act 504. 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ghana Free Zones Board as of 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards and the Free Zone Act 1995, (Act 504).

Partners: *Osei K. Ameyaw *Anthony Danquah



Report on other legal requirements

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

We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- ii. In our opinion proper books of account have been kept by the company so far as appears for our examination of those books ; and
- iii. The balance sheet and profit and loss account of the company are in agreement with the books of account.

Veritas Associates

Signed by Anthony Danquah (ICAG/P/1045)
For and on behalf of Veritas Associates (ICAG/F/116)
Chartered Accountants
Accra, Ghana

31st
December 2014

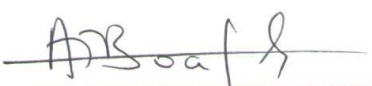
GHANA FREE ZONES BOARD**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011**

ASSETS EMPLOYED	<i>Note</i>	2011 GH¢	2010 GH¢
NON-CURRENT ASSETS			
Property, plant and equipment	3	<u>2,902,474</u>	<u>2,000,187</u>
CURRENT ASSETS			
Accounts receivable	4	11,403,935	8,595,295
Short term investments	5	4,116,252	1,683,615
Cash and cash equivalents	6	<u>11,232,709</u>	<u>11,099,951</u>
		<u>26,752,896</u>	<u>21,378,861</u>
CURRENT LIABILITIES			
Accounts payable and accruals	7	<u>11,744,864</u>	<u>10,720,331</u>
NET CURRENT ASSETS			
		<u>15,008,032</u>	<u>10,658,530</u>
NET ASSETS			
		<u>17,910,506</u>	<u>12,658,717</u>
FUNDS EMPLOYED			
Donors' fund	8	394,956	394,956
Construction fund	9	1,883,275	0
Accumulated fund		<u>15,632,275</u>	<u>12,263,761</u>
		<u>17,910,506</u>	<u>12,658,717</u>

Approved by the Board of Directors on 30th December 2014 and signed by:



Hon. Dr. Ekwow Spio Garbrah



Mr Kwadwo Twum Boafo

The attached notes 1 to 17 form an integral part of these financial statements.

GHANA FREE ZONES BOARD**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>Note</i>	2011 GH¢	2010 GH¢
INCOME	10	7,431,534	5,810,199
EXPENDITURE:			
Operational expenses	11	256,045	732,174
Employee costs	12	936,699	884,058
Board and committee expenses	13	455,287	301,358
Financial and professional charges	14	199,328	77,563
Travelling and transport	15	651,570	695,969
Repairs and maintenance	16	279,759	149,245
Administrative and general expenses	17	1,284,333	981,108
		4,063,021	3,821,476
EXCESS OF INCOME OVER EXPENDITURE		3,368,514	1,988,722

**ACCUMULATED FUND
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 GH¢	2010 GH¢
Balance at 01 January	12,263,761	10,275,039
Excess of income over expenditure	3,368,514	1,988,722
Balance at 31 December	15,632,275	12,263,761

The attached notes 1 to 17 form an integral part of these financial statements.

GHANA FREE ZONES BOARD**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011**

	<i>Note</i>	2011 GH¢	2010 GH¢
OPERATING ACTIVITIES			
Excess income over expenditure		3,368,514	1,988,722
Adjustment for non-cash items:			
Depreciation	3	349,641	251,730
Operating income before working capital changes		3,718,154	2,240,453
Increase in accounts receivable	4	(2,808,640)	(180,801)
Increase in accounts payable	7	1,024,533	787,237
Cash generated from operating activities		1,934,048	2,846,889
INVESTING ACTIVITIES			
Increase in investments	5	(2,432,636)	(257,727)
Purchase of property, plant & equipment	3	(1,251,928)	(1,214,814)
Net cash outflow from investing activities		(3,684,564)	(1,472,541)
Net (decrease)/increase in cash and cash equivalents before financing		(1,750,517)	1,374,348
FINANCING ACTIVITIES			
Funds received for construction		1,883,275	0
Cash and cash equivalents at the beginning of the year		11,099,951	9,725,603
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	11,232,709	11,099,951

The attached notes 1 to 17 form an integral part of these financial statements.

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 NATURE OF BUSINESS AND OPERATIONS

Ghana Free Zones Board (the Board) was established on 31 August 1995 by an Act of Parliament, The Free Zones Act 1995, (Act 504), for the establishment of free zones in Ghana for the promotion of economic development, and to provide for the regulation of free zones activities and related purposes. The Board operates under the Free Zones Regulation L.I 1618.

2 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Board maintains its books and records using the modified cash basis under which revenue is when cash is received but liabilities are recognised when incurred; and the financial statements are prepared on historical cost basis and applicable requirements of Ghanaian law.

Basis of measurement

The financial statements are prepared under the historical cost convention and are presented in Ghana cedis.

Significant accounting policies

The accounting policies applied by the Board are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is provided using the straight line basis on all property, plant and equipment so as to write off the costs of assets over their estimated useful lives. Leasehold land, however, is not depreciated.

The rates of depreciation are as follows:

	Rate
Building improvements	10%
Plant & machinery	20%
Motor vehicles	20%
Office equipment	20%
Furniture, fixtures & fittings	20%

GHANA FREE ZONES BOARD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in bank net of any outstanding bank overdrafts.

Revenue recognition

Revenue comprises an initial lease premium, an annual ground rent for leased land, sale of forms, registration and renewal of licences fees, and income from investments.

Lease premium and associated income

Under the modified cash basis of accounting, as applied by the Board, lease premium is recognised as income when cash is received and not when an offer of land at the Ghana Free Zones Enclave is accepted. Revenue from ground rent, sale of forms and registration and renewal of licence fees is recognised when cash is received.

Interest on investment

Interest on investment is earned on time apportioned basis and is accrued only when it is probable that the income would be received in the near future.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received.

Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial position date. All translation differences are taken to the statement of income.

Investments

Investments held to maturity are carried at amortised cost.

Deferred expenditure

Compensation for leasehold land is initially deferred until the expenditure is incurred at which time the expenditure is capitalized as cost of leasehold land to be written off over the lease period.

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

3 PROPERTY, PLANT & EQUIPMENT	Balance at 01-Jan-11	Additions	Balance at 31-Dec-11
	GH¢	GH¢	GH¢
Cost			
Leasehold land	651,341	584,166	1,235,507
Improvement of land banks	1,291,169	86,283	1,377,452
Plant and machinery	31,791	0	31,791
Motor vehicles	521,369	501,607	1,022,976
Office equipment	330,666	67,309	397,975
Furniture, fixtures & fittings	87,621	12,563	100,184
	<u>2,913,957</u>	<u>1,251,928</u>	<u>4,165,885</u>
Depreciation			
Improvement of land banks	269,127	145,870	414,997
Plant and machinery	31,790	0	31,790
Motor vehicles	313,357	169,691	483,048
Office equipment	246,614	22,717	269,331
Furniture, fixtures & fittings	52,882	11,363	64,245
	<u>913,770</u>	<u>349,641</u>	<u>1,263,411</u>
Net Book Value	<u>2,000,187</u>		<u>2,902,474</u>
4 ACCOUNTS RECEIVABLE & PREPAYMENTS		2011	2010
		GH¢	GH¢
Trade debtors	1,325,140		0
Other debtors	1,632,895		174,352
Staff loans	27,019		23,676
Prepayments	42,821		21,207
Deferred expenditure	8,376,060		8,376,060
		<u>11,403,935</u>	<u>8,595,295</u>

Deferred expenditure relates to amount provided as compensation to landowners for designated free zone activities to be capitalized when payments are made.

GHANA FREE ZONES BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****5 SHORT TERM INVESTMENTS**

These are made up as follows:

	2011 GH¢	2010 GH¢
1-year treasury notes	0	742,543
182-day treasury bills	4,116,252	941,072
	<u>4,116,252</u>	<u>1,683,615</u>

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2011 GH¢	2010 GH¢
Fixed deposits	6,593,316	8,620,575
Bank balances	4,639,393	2,479,189
Cash in hand	0	187
	<u>11,232,709</u>	<u>11,099,951</u>

7 ACCOUNTS PAYABLE AND ACCRUALS

	2011 GH¢	2010 GH¢
Trade creditors	1,101,320	1,204,928
Sundry payables	2,036,098	388,541
Accrued expenses	231,386	750,802
Provisions	8,376,060	8,376,060
	<u>11,744,864</u>	<u>10,720,331</u>

Provisions relate to estimated cost of compensation payable to landowners for designated leasehold land banks for free zones activities.

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

8 DONORS' FUND	2011	2010
Contributors are as follows:	GH¢	GH¢
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
	394,956	394,956

9 CONSTRUCTION FUND

This represents receipt of portion of fund approved by Export Development & Investment Fund for the construction of storm drain at the Tema Export Processing Zone. The receipts are being capitalised and equivalent portion of annual depreciation charge on the cost of the storm drain will be released to income.

10 REVENUE	2011	2010
	GH¢	GH¢
Lease premium	1,056,789	1,624,521
Ground rent	2,015,340	0
Licence & renewal fees	745,705	566,041
Sale of forms	2,619,686	2,311,195
Investment income	877,405	1,079,779
Exchange gains	0	161,377
Other income	116,609	67,286
	7,431,534	5,810,199

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

11 OPERATIONAL COST	2011 GH¢	2010 GH¢
Ground rent charges-Land Commission	226,232	226,232
Consent charges-Land Commission	29,813	0
Resident permit form expenses	0	479,109
Vehicle registration form expenses	0	26,833
	<u>256,045</u>	<u>732,174</u>
12 EMPLOYEE COSTS	2011 GH¢	2010 GH¢
Salaries and wages	636,805	609,065
Clothing allowance	33,149	30,494
Fuel and vehicle maintenance allowance	44,752	38,019
Medical expenses	8,617	6,871
Social security contribution-employer	82,535	83,744
Provident fund contribution- employer	63,673	59,039
Staff bonus	54,358	49,656
Staff training and development	12,810	7,170
	<u>936,699</u>	<u>884,058</u>
13 BOARD & COMMITTEE EXPENSES	2011 GH¢	2010 GH¢
Board members allowances	84,858	77,308
Committee allowances	74,182	117,148
Board expenses	260,136	75,402
Board bonus	36,111	31,500
	<u>455,287</u>	<u>301,358</u>

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

14 FINANCIAL & PROFESSIONAL CHARGES	2011	2010
	GH¢	GH¢
Consultancy services	172,598	63,576
Audit fee (inclusive of VAT & NHIL)	18,330	13,800
Other professional fees	8,400	188
	<u>199,328</u>	<u>77,563</u>
 15 TRAVELLING & TRANSPORT	 2011	 2010
	GH¢	GH¢
Honorarium	5,943	15,085
Per diem	31,735	28,886
Overseas travels	523,570	553,495
Motor vehicle fuel and lubricants	90,322	98,503
	<u>651,570</u>	<u>695,969</u>
 16 REPAIRS & MAINTENANCE	 2011	 2010
	GH¢	GH¢
Motor vehicles	61,694	46,515
Office equipment	9,978	24,473
General repairs and maintenance	34,882	19,990
Maintenance of enclave	158,895	53,437
Grounds maintenance	6,242	0
Pumps	8,068	4,830
	<u>279,759</u>	<u>149,245</u>

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

17 ADMINISTRATIVE AND GENERAL EXPENSES	2011	2010
	GH¢	GH¢
Printing and publications	79,240	66,996
Telecommunication	62,388	26,612
Printing and stationery	21,286	17,629
Postage and courier	2,788	1,616
Electricity and water	45,741	41,292
Monitoring expenses	41,091	64,355
Security services	59,760	59,732
Hospitality and entertainment	32,722	24,176
Marketing and promotion	294,240	275,506
Internet and web hosting charges	9,409	55,206
Public relations	132,524	69,598
Insurance charges	37,720	12,278
Bank charges	10,944	5,153
Donation	11,500	0
Office expenses	142	227
Depreciation	349,641	251,730
Generator running expenses	7,670	0
Tender committee expenses	8,007	9,002
Operational audit expenses	6,328	0
Compensation	43,906	0
Exchange losses	27,287	0
	1,284,333	981,108