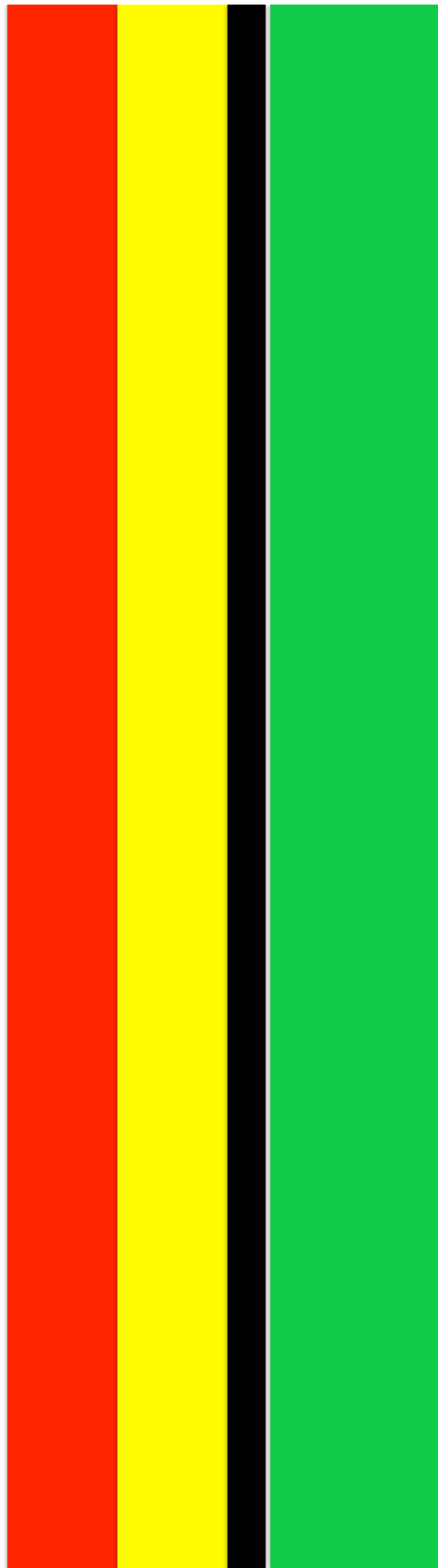




**ANNUAL REPORT
&
AUDITED ACCOUNTS**

2012

FINAL REPORT



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 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 2012 was 308, the yearly distribution from 1996/97 to 2012 is 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
Total	308

1.6.2 Employment

Total employment created under the Free Zone Programme as at the end of 2012 was 30,383, the yearly distribution of which is as follows:

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
2012	30,383

1.6.3 Production

Annual production value of Free Zones Companies in 2012 was **US\$877.08M**. The yearly figures from 1996/97 to 2012 are as follow:

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
2012	877.08
Total	8,394.65

1.6.4. Total Export

Annual total export value of licensed Free Zone Enterprises from 1998 to 2012 amounted to **US\$11,934.93**. The breakdown is given below:

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
2012	1,830.30
Total	11,934.93

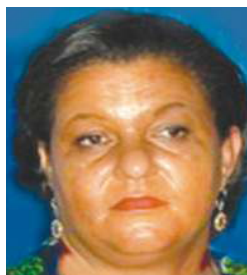
1.6.5 Capital Invested

During the year under review US\$247.51M 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 2012 stands at **US\$2,405.45M**. 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
2012	247.51
Total	2,405.45

1.7 MEMBERS OF THE BOARD



Hon. Hanna S. Tetteh

(Minister of Trade & Industry)

Chairperson



Mr. Kwadwo Twum Boafo

Ag. Executive Secretary



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

Free Zones Board (GFZB) continued reflections on achievements so far chalked and ways to improve strategies and focus on its mandate of attracting export oriented investments into Ghana

Following the unfortunate loss of one of its members, Mr. Joel Hyde in 2011, the Board had to continue discharging its responsibilities for the last of its tenure with only eight (8) members just as it did in the last quarter of 2011.

The Ghana Free Zones Board (GFZB) continued reflections on achievements so far chalked and ways to improve strategies and focus on its mandate of attracting export oriented investments into Ghana not withstanding numerous challenges confronting the free zone programmes globally.

The GFZB has fifty nine highly qualified and engaged staff that drives its objectives and activities at the secretariat for the period under review. The number is made up of Twenty-three (23) Female and Thirty-six (36) male staff members. This includes the Executive Secretary & his deputy, six (6) Heads of Departments/Managers, thirty three (33) senior officers and eighteen (18) junior officers.

The year under review saw the Marketing, Promotion & PR department disseminated literature on the Ghana Free Zones Programme to potential local and foreign investors to educate them about the incentives of the Ghana Free Zones Programme and how local companies could benefit on the Free Zones Programme. The department collaborated with the various governmental agencies to promote Ghana locally and internationally as the preferred investment location where investment is guaranteed.

The Board received thirty-three (33) new applications from prospective investors and had a backlog of five (5) applications from 2011 which brought the total number of applications for consideration to thirty eight (38). Out of this number the Board approved seventeen (17), declined four (4), deferred eleven (11) and six (6) are pending consideration.

The total number of licensed free zone enterprises with the Board went up to Two hundred and Thirty-Four (234) at the end of 2012 from the end of 2011 number of Two hundred and seventeen (217).

The Board did not acquired new export processing zone during the year under review, therefore the number of export processing zones remained at four (4). The number of companies located at the Tema Export processing zone (TEPZ) during the year increased from forty five (45) in the previous year to fifty two (52).

The first phase of the construction of on-site storm drain at the TEPZ/MPIP by Messrs China Hualong Construction Company was completed and handed over to the Board. Design and

construction supervision contract of the second phase of the on-site drainage network was awarded to Messrs ABP consult Ltd.

The Board during the year commissioned the Lands Commission (Sekondi-Takoradi) to resurvey the Sekondi EPZ to enable the Board determine the actual size of the area. The Board also requested Architectural and Engineering Services Ltd (AESL) to update the Sekondi EPZ previous Valuation Report of January 2004 which resulted in a new value of GH51,535,498.00 cedis as compensation to landlords.

The Monitoring department sought to step up its activities in 2012 by setting seven (7) major objectives. The objectives cover training workshops for free zone enterprise operating in the Southern, Central, Western and Northern zones of the country, at least two monitoring visits to each enterprise, streamline exemption application approval process, and capacity building of monitoring officers. One Hundred and six-five, (165), representing 70% of licensed free zone enterprises were visited to ensure that they comply with the free zone Act and its Regulations.

During the year, the department introduced an Audit trail form which captures the data, time and the name of the officer who worked on the application at any particular point in time. This helped to check delays in the flow of approval process of applications. As a result of that, applications submitted for exemption speedily processed.

The department continued collaborative works with other front line agencies such as customs and Domestic Tax Revenue Division and National Technical Monitoring committee, (NTMC). Relevant information about the operation of licensed free zones enterprises were shared with the team.

During the year 2012, the information Technology Department of the Ghana Free Zone Board undertook the following major activities, some of which are: Server upgrading to eliminate interruption to enhance performance, adoption of new capturing of quarterly returns data into free zone Enterprise database which helped to clear a back log of data, facilitated GFZB to join the Ghana Government IT infrastructure provided by the National Information Technology Agency (NITA), reconfigured computers at the secretariat to ensure on the local area network (LAN) and the internet, procured and installed an accounting software for the secretariat, regularly updated the GFZB website to provide up -to- date investment information about free zone programme , updated the free zone enterprise database for monitoring and management decision making.

Ghana free zone Board's website was adjudged the Best website export processing zone at the 2012 world free zone convention held in London United Kingdom in December 2012. The website was judge on the visual impact, depth and clarity of information, user friendliness and site guidance.

The legal department with the assistance from the attorney generals' department ably represented GFZB in all civil suits in which it was party. The department drafted contracts and agreement in GFZB. All land related were handle by the department.

Total capital invested by free zone enterprises amounted to US\$247.51 million while the cumulated capital invested since the inception of the programme ie 1996/7 to 2012 stood at US\$2405.45 million.

The value of production by free zone enterprises by the year under review amounted to US\$169.11 while the value of export the same amounted to US\$ 1830.30 million.

Total employment figures at of the year 2012 was 30383 comprising 29511 nationals and 872 expatriates. Total salaries / wages was US\$76 840 550.26 with Ghanaian employee earning US\$58 139 094.34 and expatriate earning US\$18 701 455.92.

Total duties/levies paid on sales into the locally market as at the end of 2012 amounted to US\$ 6 390 786.23 while a total of us\$ 1 621 752.68 was spent on training Ghanaian employees.

Also, Free Zone Enterprises paid a total amount of US\$8,927,317.97 in Social Security contributions whilst US\$10,298,964.99 was paid as income tax in respect of their employees during the year under review.

The Board's total income generated in 2012 was Eleven Million, Seven Hundred and Eighty-Eight Thousand, Four Hundred and Eighty Ghana Cedis, (GHC11,788,480) as against Seven Million, Four Hundred and Thirty-One Thousand, Five Hundred and Thirty-Four Ghana Cedis (GHC7,431,534) in 2011. This represents a 58.6% increase over revenue generated in 2011. 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 license fees and renewal of licences.

Constrain which hinder the board's smooth operation during the reporting year are: inactive online application submission and tracking on the GFZB website, lack of clear legislative instrument on various penalty point to be applied whenever free zones enterprises fail to comply with rules and regulations of the free zones which is making it very difficult for the board to apply the necessary sanction. Lack of adequate and continuous capacity building programmes on regulatory and monitoring activities to enhance the performance of the staff of the board in their watch dog roles

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. **REVIEW OF OPERATION**

3.1 HUMAN RESOURCE DEPARTMENT

The HR teams as part of building on its gains over the years decided to focus on strategic employees management tailored at supporting the unique goals, corporate culture, and objectives of the organization.

GFZB believes that its success as an organization does not only rely on hiring qualified candidates, but also effective human resource planning and management is required at all stages to ensure employee growth and satisfaction. Employee satisfaction is vital to the success of any organization because of its direct impact on productivity and creativity. This combination of high satisfaction and maximum productivity amounts to employee engagement. For which reason the HR team decided on the following as objectives for the year 2012.

- Training and Development needs assessment
- Recruitment
- Employee Orientation
- Performance Management and appraisal
- Rewarding Management
- Effective Communication/Feedback
- HR system implementations

3.1.1 Recruitment

GFZB recruitment strategy is to attract individuals who share its values, and believes in its course. Our selection process ensures that we carefully identify behavioral competencies in addition to mandatory technical skills. We through this process engaged ten (10) new employees including a Human Resource Manager, two (2) drivers and seven (7) Assistant Officers for various positions as listed below:

- Assistant Public Relations Officer
- Assistant Monitoring Officer
- Assistant Estate and Enclave Officer
- Assistant I.T officer
- Assistant Marketing Officer
- Assistant Account Officer (2)

All of these officers have successfully gone through the probation period and are now confirmed staff of the GFZB. Interviews were conducted for the position of an operational audit officer. However we are yet to engage their services. For the same period under consideration, our four (4) national service personnel were replaced by six new once, at the end of their service. The six are for the 2012/2013 service year.

3.1.2 Training and Development

Ghana Free Zones Board is a company that prides itself with attracting and retaining passionate and highly skilled employees. In support of these values, the company has fostered a culture of learning and ongoing professional development through the implementation of several unique training programmes and opportunities for its employees both in house and out of the country.

The secretariat has within this period provided training and development opportunities for its staff member to enhance their level of productivity and support staff personal development. Nine (9) out of the twenty (20) training courses and programmes attended by staff were organized by credible training institutions outside the country. This is a well-planned and deliberate approach for staff to gain an international perspective and approach to doing their work. This confirms GFZB believe in professionalism and best practice.

The in-house trainings are designed to help staff master skills that are used in everyday activities but not always covered in standard training programs. Below is a table of training and developmental courses attended during the period under review by various employees.

Course / Programme	Beneficiaries	Duration	Institution
5 th Annual Human Resources Summits	HR Officer	1 week	Budget Conferences, South Africa
Advance Executive secretaries and PA's skills development international symposium	4 Secretaries	1 week	Budget Conferences, South Africa
Customs procedures, new programmes and security issues	Senior I.T Officer	1 week	Kofi Annan Institute
Forensic Audit	2 Operational Auditors	2days	Kumasi
International Combating of fraud in Government Business and Civil Society and organization	Accounts Officer and Internal Auditor	1 st - 4 th May, 2012	South Africa
Simplified MS Excel Tools for practical	Principal Accountant	1day	Fiesta Royal

Accounting	and Account Officer		
Defensive Driving	2 Drivers	1 week	Armed Forces Institute
Facilities Management Skills	Estate and Enclave Officer	2 weeks	MDPI
Report Writing and Communication Skills	3 Monitoring and registry Staff	1 week	MDPI
Developing Organizational Values and Customer Service (In-house training)	15 Selected staff	GFZB	GFZB
“5th World Women Lawyers’ Conference”	Solicitor	2days	London
Project Investment, Analysis and Appraisal	1 Application Processing Officer	5 days	Pretoria – South Africa
Research Management Course	Research Officer	1 Week	Pretoria South Africa
Effective Marketing Communication	Application processing officer	1 week	MDPI
e- Government Leadership Capacity Building Programme	Senior I.T Officer	2 weeks	GIMPA
Road Safety and Transportation Access	Chief Driver	10days	R.S. T. C Training School
Effective Stores and Inventory Management	Asst. Account / stores Officer	4days	CBM Consult
IPSAS, Financial Statement Fraud and Corporate Governance Workshop	Internal Auditor and Operational Auditor	5days	PAN, South Africa
Executive PA	Executive Secretary	5days	London Corporate Training
Encouraging Staff performance and Reward Systems	Asst. HR Officer	10days	Global Training Consult, London

3.1.3 Promotion

There was no promotion this year.

3.1.4 Staff Strength

The GFZB can pride its self of fifty nine (59) highly qualified and engaged staff that drives its objectives and activities at the secretariat for the period under review. The number is made up of Twenty-three (23) female and Thirty-six (36) male staff members. This includes two (2) executives, six (6) Heads of Departments/Managers, thirty three (33) senior officers and eighteen (18) junior officers.

3.1.5 Employee Orientation

Ghana Free Zones Board appreciates the impact that a well-structured orientation process can have on new employees, and their ability to successfully integrate into the workplace and help them start off on the right foot. The HR department has created a detailed Employee Orientation Programme that helps new employees learn about basic workplace operations, what is expected of them and what they should in return expect from the organization with the assistance of receiving departments.

3.1.6 Performance Management and Appraisal

The Secretariat has completed all education and training necessary to kick start the performance appraisal process of employees. Supervisors and managers alike has been taken through the appraisal process to enable them assess the performance of team members. The pilot face was supposed to take off at the end of the year. It is expected to come with all the tension and anxiety associated with appraisals; however we have measures in place to address and respond to all concerns that will arise during the exercise.

3.1.7 Health and Safety

As part of efforts to ensure a healthy work force, the secretariat organizes annual health and fun activities to promote employee well-being and ultimately impart on productivity. Employees embarked on a health and fitness excursion early in the year as a way of socializing and engaging in some form of fitness exercise. Employees came back well refreshed and energized for the task ahead. A corporate health screening exercise was organized for all staff. These exercise produced a report that indicated several life style related illnesses that members of staff need to adjust their lifestyle to address.

3.1.8 Challenges

Some of the challenges faced by the department in delivering its mandates were the lack of enforceable organizational structures, late submission of training report from staff including managers, or the complete failure to submit training reports after several reminders.

Transfer of knowledge was also an issue, most of the trainings attended were not task related and therefore do not translate to enhance productivity.

3.1.9 Achievements

The HR department as part of its mandate to implements structures that will in turn support the secretariat to achieve its objectives, has worked to ensure that certain basic administrative processes were in place to enhance the smooth running of the secretariat. Among them are:

- The development of a structured orientation program that will reiterate the core values and code of conduct of the secretariat to incoming staff.
- Developed a comprehensive Employee Bio data form to capture vital information on its workforce.
- Developed a user friendly leave application form.
- Reviewing of certain HR policies
- Introduced a simple but detailed training reporting format.
- Introduced an exit interview process that when well implemented will make us a learning organization.

3.1.10 Human Resource Programme For 2013

The Department intends to focus on performance management program with emphasis on performance appraisal and the restructuring of the Secretariat to ensure an engaged workforce that will give off its best.

The HR department and the secretariat at large are committed to promoting conducive working environment that promotes productivity, creativity and an engaged workforce.

- Designing and delivering training.
- Performance/ appraisal
- Rewarding and Motivating employees

- Evaluation
- Feedback
- HR system implementations
- Legal issues and Team performance

3.2 MARKETING DEPARTMENT

In the year 2012 the Marketing, Promotion & PR Department continued its core activity of promoting export oriented investment and managing the image of the Ghana Free Zones Board.

The department disseminated literature on the Ghana Free Zones Programme to potential local and foreign investors to better inform them on the offering of the Ghana Free Zones programme and how local companies could benefit on the free Zones Programme

The department collaborated with various governmental agencies to better promote Ghana as the preferred investment location where investment is guaranteed.

The department also represented the GFZB on the institutional planning committees for various programmes that were spearheaded by the Ministry of Trade or the Government of Ghana.

The main objectives for the year 2012 were;

- Merge the two existing documentaries
- Organize a forum for all Heads of Free Zone Enterprises .
- Organize the Free Zone Expo by the end of the year
- Organize the Local Exhibitions and International Mission as stated in the Travel Budget and any that the Secretariat may be invited to with the approval of the Ag. Executive Secretary or his deputy

The Department therefore engaged in the following activities:

3.2.1 Local Fairs

The department participated in the following local fairs:

- 16th International Trade Fair in Accra.
- 3rd National Policy Fair in Accra,
- 4th Regional Policy Fair in Sunyani, Brong Ahafo Region
- 5th Regional Policy Fair in Sekondi /Takoradi , Western Region
- 6th Regional Policy Fair in Koforidua , Eastern Region
- Outreach programme in Tamale, Wa, Kumasi and Koforidua

3.2.2 International Fairs

The Board participated in the following international fairs:

- 3rd Free Trade Zone Conference & exhibition (FTZ Nigeria 2012)

➤ Africa Investment Forum

3.2.3 Investment promotion Missions

The department embarked on several investment promotion missions and business fora such as:

- Global Village, Dubai
- 8th CII Exim Bank Conclave, India
- Nations Branding and investment Expo, Netherlands
- 2nd Edition of the Annual Investment Meeting(AIM),United Arabs Emirates(UAE)
- 7th U.S-Africa Trade and Investment Forum, Chicago United States of America
- The World Expo 2012, Yeosu.
- 81st International Trade Fair in Izmir, Turkey.
- 2nd Africa Singapore Business Forum, Singapore.
- Salon Du Chocolat, France.

During the above mentioned international missions and local fora representatives of the GFZB interacted with business persons, potential investors, Free Zone Operators Heads of Government institutions from countries all over the world and local people who visited the GFZB stands at the local fairs which took place in Ghana.

Representatives of the Board were privileged to make presentations at selected programmes. The GFZB documentary was also aired on various occasions.

In the year 2012 the department interacted with over 5000 persons during the local and international programmes mentioned above.

The department did not only promote Ghana and the GFZB it also promoted free zone licence companies whenever there was an opportunity. The department was interested in ensuring that the Free Zone companies were linked to potential buyers to enable them expand their business or simply keep in business. Notable amongst these was done during the Salon Du Chocolat Fair. The GFZB's participation aimed at attracting potential investors and also promote cocoa processing companies registered under the zones.

In the year 2012 the Board received invitations from diplomatic missions in Ghana and other Governmental and Non Governmental Institutions to meet various delegations who had come to the country to explore business opportunities in Ghana.

The Board met delegations from Finland, Tunisia, Thailand, United States, South Korea, Pakistan, Chile and a few others

3.2.4 Promotional Materials

The department printed different brochures for local and international fair to enable it carry out its core activity smoothly. The department ensured the Promotional material were constantly up to date with accurate and reliable information on Ghana.

The department also supplied brochures on request to the Embassy of Ghana in Tel Aviv, Israel, Embassy of Ghana in Turkey, Ministry of Trade for various programmes and the Information Services Department for onward transmission to Ghana's Missions abroad.

An estimated amount of 7000 brochures were distributed in the year 2012. This included brochures translated and printed in various languages such as Arabic, French and Korean

For the year 2012 the department also printed attractive roll up banners for specific programmes and in various languages. Old and broken roll up banners were either repaired or completely replaced.

3.2.5 Documentary

The Board was also featured in the above mentioned documentary which sort to promote Ghana and highlight the opportunities available to potential investors.

The documentary was aired on international television networks to market Ghana as whole.

3.2.6 Enquiries

The department in the year 2012 received about 1000 enquiries. This includes telephone call, emails and walk -in.

The department encouraged most walk-in enquirers to purchase the Free Zone application forms. It also committed itself to ensuring that it offered adequate handholding services to enable potential investors who showed some seriousness go through the application process.

The department contacted persons who had made enquires at various programmes or walked in via email and telephone to check if there was any assistance the department could give and if they were facing any challenges with regards to their intention to acquire a licence.

Lastly the department also provided information on request to institutions and individuals in Ghana and abroad for research and academic purposes.

3.2.7 Investor Aftercare

The department during the year 2012 did have not have its routine schedule for investor aftercare. It is hoped that it would liaise better in 2013 with the monitoring and operational audit department to organize investor aftercare services to exiting Free Zones Enterprises

3.2.8 Way forward

For the year 2013 the department aims to step up its promotional activities locally. It aims at educating Ghanaian companies on the benefits of operating in the zones and how local companies can also benefit from the programme by supplying raw material to companies operating in the zones in order for the primary aim of setting up the Free Zones to create a job for the locals to be realized.

The department would participate in a number of international fairs and local fairs.

For the year 2013 the department aims to prepare adequately for all local fairs by getting the adequate promotional material in time and in right quantities before the mission.

The various brochures and roller up banners would also be translated and printed in the appropriate language for specific missions to enable the Board market Ghana and communicate the benefits of locating in the Ghana Free Zones effectively to potential investors.

The department would procure for attractive corporate gifts to be distributed during fairs and exhibition and to be given to some visitors to keep as souvenir when they visit the Secretariat. It would be in the form of scarves, pens, sticker pads and gift bags, baseball caps, men's tie etc

In the year 2013 the department plans to publish sector specific brochures on the Service, Oil and Gas, Agro food processing, Enclave development and ICT sectors. The proposed brochures would provide salient information for potential investors to be educated on the opportunities, the agencies responsible for certain permits and what is required to register a business in a particular sector.

The department in the year 2013 would redesign its generic brochure to include pictures and have the general information on Ghana updated.

Due to increasing demand for information on the Free Zones and the department's regular participation in fairs and exhibitions there is also the need to print miniature for local fairs and outreach programmes.

To make the secretariat and the Tema Export Processing Zone more accessible, the department would collaborate with the Enclave and Estate Department to rebrand the entrance of the secretariat and the TEPZ

The department would also have its office redecorated and a flat screen TV bought to enable it show the documentary to small groups when they visit.

The department deems it necessary to publish the approved list in small quantities bi- annually and offer it for sale during fairs and exhibitions and when requested as opposed to having it printed on plain paper to save time and money.

The department in the year 2013 would organize an evening soiree to interact with Heads of Agencies, Ministers, members of the diplomatic corps, and representatives of registered free zone enterprises. The main aim would be to promote the garment sector by having a fashion show which would showcase the garments that are exported out of Ghana. This would be given

the necessary publicity with the aim of attracting more investors into the garment sector. Fund would be raised by the department to pay for the venue, publicity and refreshment.

The department would produce a new documentary to improve upon its current documentary as to enable it advertise the GFZB to the general Ghanaian public and potential investors. It would feature the new minister of trade, GFZB's day to day activities, client interactions and individual client testimonials of GFZB services

3.3 PROJECT EVALUATION AND LICENSING DIVISION

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

The Board received thirty three (33) new applications from prospective investors and had a backlog of five (5) applications from 2011 which brought the total number of applications for consideration to thirty eight (38). Out of this number the Board approved seventeen (17), declined four (4), deferred eleven (11) and six (6) are pending for consideration.

3.3.1 Approved Applications

The licensed companies were made up of 1 from the service sector representing 5.9% and 16 from the manufacturing sector representing (94.1%). 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 reasons that some of the companies could not satisfy the requirements for free zone application, whilst other companies' business activities did not fall in line with the free zone programme.

3.3.3 Pending Applications

There are six (6) applications pending for consideration. The companies and their nature of business are as follows:

Name of Company	Nature of Business
Gablin Foods Ltd	Production of chocolate powder
Serengeti Holdings Ltd	Financial advisory services

Datacom Telecommunication Ltd	Telecom services
Dernan Salt & Trading Co. Ltd	Salt mining and processing
Eco Roofing Co. Ltd	Manufacturing of roofing sheets
Lindra Seafood Ltd	Processing of canned tuna

3.3.4 Deferred Applications

The companies that were deferred did not have enough documents to support their applications. The Board has requested the companies to provide the additional documents for the processing of the applications. These are as listed below:

Name of Company	Nature of Business
Solar Harvest Ltd	Commercial farming
Rain Trade Ltd	Manufacturing of roofing sheets
Trendsetter Engineering W/A	Manufacturing of subsea equipment
International Warehousing Company Ltd	Warehousing
Avnash Industries Ltd	Palm oil processing
Enclave Power Company Ltd	Purchase and distribution of power
Viking Offshore support services	Oilfield support services
Halliburton International Inc	Oilfield support services
Nsawam Cannery LLC	Canning of fruits and vegetables
Lindra Seafood Ltd	Manufacturing of canned tuna
Afia Petroleum Resources Ltd	Processing of crude oil into petroleum products

3.3.5 Challenges

- Impatient investors following up on their applications after 28 working days.
- Inactive online application submission and tracking on the GFZB website

3.3.6 Way forward/Objectives for 2013

The issuance of licence to prospective investors under the free zone scheme requires an effective evaluation of the projects submitted as well as other supporting documents to ascertain their veracity. In view of this, the department is recommending that a pre/post evaluation visit be made to all companies that apply for free zone licence. The objectives of this visit are as follow:

- Familiarization of companies operations;

- To be sure that the company is a reality so that the Board can make an informed decision;
- Help the Monitoring and Operational Audit departments in terms of direction to the new companies after licensing for monitoring/auditing of their operations.

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

❖ WATER / ELECTRICITY CONNECTIONS

During the year of reporting, the underlisted companies within the Multipurpose Industrial Park (MPIP) applied for water and electricity connections to their premises and were duly connected.

- Avnash Industries Ltd
- Liberty & Justice Sewing
- EPZ canteen
- National ICT Park

As at 2012, the occupancy rate at the Export Processing Zone is as follows;

Multipurpose Industrial Park (MPIP)	-	Twenty Five (25) Companies
GFZB Buffer Zone	-	Six (6) Companies
International Land Development Company (ILDC)	-	Fifteen (15) Companies
Octoglow Ltd	-	Six (6) Companies
Total	-	Fifty-two (52) Companies

❖ UTILITY

Supply of Water and Electricity to the Tema Export Processing Zone during the period was satisfactory.

❖ SECURITY

The Secretariat in collaboration with the Kpone Divisional Police provided Police patrol services to the tenants. This greatly reduced the incidence of theft and vandalization of plant and equipment at the Tema EPZ.

➤ OTHER ACTIVITIES

a. ENCROACHMENT AT TEMA COMMUNITY 21 LANDS

During the reporting period the Tema Community 21 Free Zones residential land came under serious encroachment by some residents of Ashiaman. The encroachers claimed that, the land has been assigned to them by Ashiaman Municipal Assembly, (AshMA) and the Regent of Ashiaman to be used as a market. The GFZB with the assistance of the TDC Task Force/ the Police/Military was able to eject all the encroachers. The Ashiaman Municipal Assembly and the Regent lodged several complaints at the Ministry of Local Government & Rural Development and the Ministry of Social Welfare and Employment against the Board.

In all these representation, the Municipal Assembly and the Regent were condemned for the encroachment, and were told to stay off the land, because GFZB was the rightful owner. The Secretariat erected warning posts along the boundaries and other vantage points of the land to warn against encroachment. The Secretariat fenced the area off with a chain link.

b. CONSTRUCTION OF STORM DRAIN AT TEPZ/MPIP

The first phase of the construction of On-Site Storm Drain at the TEPZ/MPIP which was undertaken by Messrs China Hualong Construction Co. was completed and handed over to the Board.

Meanwhile, the Design and Construction Supervision contract of the second phase of the On-site drainage network was awarded to Messrs ABP Consult Ltd. The Consultants submitted their Inception report in February 2012.

Funding for the first phase construction contract was provided by EDIF whilst the second phase was by MSME Project, all under the Ministry of Trade & Industry.

SEKONDI EXPORT PROCESSING ZONE (EPZ)

1. RE-SURVEY OF SEKONDI EPZ

With the Board realization of some encroachment on the Sekondi Export Processing Zone, the Lands Commission (Sekondi-Takoradi) was commissioned to resurvey the Sekondi EPZ to enable the Board determine the actual size of the area. The re survey will also help identify the boundaries of the various traditional chiefs whose land falls within the Sekondi EPZ.

2. UP-DATE OF VALUATION OF THE SEKONDI EPZ

During the period under review, the Board again requested Architectural and Engineering Services Ltd (AESL) to update its previous Valuation Report of January 2004. The updated Valuation Report of February 2012 gave the compensable value of the Sekondi EPZ as **GH¢51,535,498.00.**

3.5 MONITORING /OPERATIONAL AUDIT DEPARTMENTS

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 in the year 2012 of which the major ones are discussed below:

3.5.1 OBJECTIVES FOR 2012

- To organise training seminar for all free zones companies in the following sector divisions, Accra Sector (Greater Accra, Eastern, Northern and Volta Region), Kumasi Sector (Ashanti and Brong Ahafo Region) and Takoradi Sector (Western and Central Region).

- To be able to monitor and visit all the Free Zones Companies at least twice within the year.
- To provide one-on-one training for liaison officers of some of the free zone companies to ensure compliance if necessary.
- To streamline the processes for scrutinizing application for exemptions to avoid delays.
- To embark on any other activities as requested by the Board or Management.
- To build the capacity of the officers in the department through attachment to Free Zones operators in other countries.

3.5.2 ACHIEVEMENTS

3.5.2.1 Monitoring Visits To Licensed Companies

In the year 2012, about 70% of licensed companies were visited to audit their operations and also ensure that, it conforms to the Free Zones Act and Regulations.

The specific purposes of these visits were as follows:

- To authenticate and audit 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 also detected in the books of some companies as well as some infractions of the law and recommendations were made in various monthly reports for the consideration by the Board's Committee on Monitoring. These led to sanctioning of some companies.

3.5.2.3 Exemptions Taken Without The Use Of Appropriate GFZB Form 9

In the course of the monitoring exercises, some licensed companies were found to have carried out some transactions without recourse to the usage of the required 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.

3.5.2.4 Training Seminar for Free Zones Companies

The department carried out training seminar in Accra for companies in four (4) regions comprising Greater Accra Eastern, Northern and Volta Regions.

The seminar was focused on the role and responsibilities of Free Zones operators under the Free Zones programme, the filing of quarterly returns, the roles of Ghana Revenue Authority (Customs and Domestic Tax revenue divisions) and Ghana Immigration Service among other issues.

The seminar was well attended by the companies. The training also offered the opportunity for the companies to voice their grievances and problems; however the resource persons were able to provide solutions to their concerns.

The department couldn't organize the training seminar for companies in the Kumasi and Takoradi sectors due to some challenges. It was agreed that the training seminars would be organized in the first quarter of year 2013 for the rest of the companies'.

3.5.2.5 One-on-One Training for Liaison Officers

During the year, ten (10) liaison officers of some free zones companies were given one-on-one training on the Standard Operating Procedures, how to prepare the Quarterly Returns and how to fill the various Form 9s. They were also taken through their roles and responsibilities under the Free Zones programme.

3.5.2.6 Streamline The Processes Of Application For Exemption.

As part of the major activities of the department, thus the day-to-day scrutinising of applications submitted by free zones companies for exemption. There was therefore the need to streamline the processes that the applications go through before approval could be given to avoid delays in the process.

In view of that, the department introduced what is term as "Audit trail" whereby a designed form which captures the date, time and the name of the officer who worked

on the application at any particular point in time is attached to each of the application that is being submitted for processing.

This over the period has helped check the delay in the follow of work and those problems were addressed. As a result of that, applications submitted for exemption are speedily processed. This audit trial has also helped the department to access the quantum of applications worked on by monitoring officers at any given time.

3.5.2.6 Inactive Companies

In the course of the year 2012, some dormant and inactive companies' were separated from the active ones. In view of this, an audit was conducted on the companies and recommendations made to the Board for delisting in the first quarter of the year 2013.

However, some the companies that were found to have operated in contrast to the rules and regulations governing the free zones programme were cautioned.

For the period under review, two (2) companies voluntarily opted out due to operational difficulties and the appropriate front-line agencies such as Ghana Revenue Authority (Customs and Domestic Tax Revenue divisions) and the National Technical & Monitoring Committee (NTMC) were notified for appropriate action.

3.5.2.7 Collaboration With Other Front Line Agencies

The department continued with its collaborative work with other front line agencies such as Customs and Domestic Tax Revenue Divisions and NTMC. The department shared information continuously with these agencies especially Customs Division and NTMC on the operations of licensed companies. Officers of the department, who are members of the National Technical Monitoring Committee, collaborated with the Committee to conduct financial audit in few selected companies since the committee faced some challenges due to the new structure of the Ghana Revenue Authority. However, with those few selected companies that were audited, there were findings 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.

3.5.2.8 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 year 2012, one Officer was employed to augment the monitoring role of the department. An officer from the marketing department was also assigned to the department during the period. Unfortunately one team was dissolved

due to technical reasons but the remaining two teams (Team A & Team B) were used to carry out all the monitoring activities of the department for the period.

The department conducted in-house training for the monitoring officers to refresh their minds and also be abreast with their responsibilities in a way and manner to conduct monitoring exercises.

3.5.2.9 Revenue Generation Measures

The Ghana Free Zones Board is a Public Service entity but unfortunately it is not under government subvention. It is therefore imperative for the Board to generate revenue to meet its capital and recurrent expenditures through various ingenious interventions. For the year 2012, various measures were instituted to shore up the revenue base of the Board. These measures include 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 increase revenue base for the Board.

3.5.3 CHALLENGES FACED

➤ Capacity Building and Staff Strength

The regulatory and monitoring activities are quite dynamic and this calls for continuous capacity building programmes for staff of the department through formal academic programmes and international training exposures and attachments. This will invariably enhance the performance of the staff of the department in their watchdog role.

➤ Penalty Points

The department is facing 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 of the Free Zones which is making it very difficult for the department to apply the necessary sanctions.

3.5.4 WAY FORWARD 2013

The monitoring department will continue its watchdog role in the year 2013 to 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).

The department will also increase its collaborate efforts with other frontline agencies to enhance the monitoring of activities of licensed free zone operators and also strengthen the regulatory role of the Board.

Finally, each licensed free zone company will be visited at least twice within the year 2013 for monitoring exercise. These visits will be used by the Officers to audit the

activities of the companies, assess their compliance with the Act and Regulations and lastly, educate the companies on their obligations and responsibilities as licensed free zone companies.

3.5.5 TARGETS FOR 2013

Since the activities of the department are recurrent, the department will adopt the same objectives of the preceding year with few major additional objectives for year 2013.

- To visit all Free Zones Companies at least twice within the year.
- To organise training seminar for all free zones companies in the first quarter of the year in the following sector divisions:
 - **February, 2013** - Kumasi Sector (Ashanti and Brong Ahafo Region)
 - **March, 2013** – Takoradi Sector (Western and Central Regions)
 - **March, 2013** - Accra Sector (Greater Accra, Eastern, Northern and Volta Region).
- To collaborate with the operational audit department to synchronise the activities of the two department to ensure that companies comply fully with the rules and regulations of the Free Zones Law
- To continue providing one-on-one training for liaisons officers of some of the free zone companies to ensure compliance.
- To embark on any other activities as requested by the Board or management.
- To build the capacity of the officers in the department through attachment to Free Zones operators in other countries.

3.6 INFORMATION TECHNOLOGY DEPARTMENT

3.6.1 Key Functions

Information Technology (IT) has become a key business function for almost every organization and most have great expectations of their investment in IT for the future benefits to the organization. During the year 2012, the Information Technology Department of the Ghana Free Zones Board continued to perform its key role of providing efficient technical support to all staff and also ensured that all computers and technology systems were current and run smoothly. Other major activities that took place in the year mentioned included:

- **Server Upgrade.** Our servers host many mission-critical information which are vital to the Board, so ensuring they stay up and running without interruptions is an important priority. In view of this a major upgrade was made to the five (5) servers which has enhanced their performance and made them more robust and less prone to failures. The upgrade was as follows:
 - RAM of 1 GB for each server was increased to 4GB
 - Hard disk space was increased from 72GB to 250GB for each server

- Power supply unit for each server was replaced.
 - The Operating Systems were upgraded from Windows Server 2003 to Windows Server 2008
- A new approach to capturing Quarterly returns data into Free Zone Enterprises database was employed resulting in clearing of back log of data
- GFZB joined the Ghana Government IT infrastructure provided by the National Information Technology Agency (NITA)
- As a result of the new ICT infrastructure, the IT department reconfigured all the computers at the Secretariat to ensure connectivity on the Local Area Network (LAN) and the internet
- New computers were procured by the Board and distributed to staff both at the Secretariat and Takoradi office
- Procured and installed an Accounting Software for the Secretariat. Training of staff to be completed by the vendor.
- Continued to operate the GCNet System
- Ensured data security and backed up of important data
- Regularly updated the GFZB website to provide up-to-date investment information in the free zones.
- Updated the Free Zone Enterprises' database for monitoring and management decision making
- Managed the internet connectivity and operated the corporate email system
- Managed the network infrastructure at the Secretariat

3.6.2 Software Deployment

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 collation of activities of the free zone enterprises. 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.

An accounting package with features like general ledger, account receivable/payable, payroll and human resource management software has been procured and installed to address operational requirements ranging from accounting, budgeting and other cash transactions. The project is near completion.

3.6.3 Information Technology (IT) Skills Of Personnel

Most employees of the Board have received basic training on Information Technology (IT) and are able to use the IT equipment at their disposal for their daily job functions. The IT

department is working on gathering other training needs of staff to factor into 2013 year's staff capacity development.

3.6.4 OPERATION OF THE GCNET

Since the introduction of the new web enabled eMDA application on 12th October 2009 by CEPS and GCNet, granting of exemptions by the Board has been very fast and efficient. The new system has eliminated the waiting time between granting of provisional approval and final approval in the old system.

The web enabled eMDA application is accessible on any computer connected to our Local Area Network (LAN). However, only approved users continue to access GCNet information with a secured username and password. Payment of processing fee through the Ghana Commercial Bank and ECOBANK has been quite smooth.

On the average about twenty-five (25) exemptions are granted through the GCNet system daily.

3.6.5 GFZB WEB PORTAL

Ghana Free Zones Board's website was adjudged the Best Website of a Free Zone or Export Processing Zone at the 2012 World Free Zones Convention held in London, United Kingdom in December 2012. The websites were judged on the Visual impact, Depth and clarity of information, User friendliness and site guidance. The GFZB's website which was re-vamped in 2011 was built on Web 2.0 platform and has a lot of good features to boast of which has earned the Board the award. The web portal is being used to promote the activities of the Board and attract potential export oriented enterprises to Ghana under the Free Zone Act. The web portal serves as a one-stop-shop for inquires and a source of useful information about Ghana Free 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. All circulars from the Board to the Free Zone Enterprises would be made available online and could be accessed through the web portal. The Free Zone Enterprises are being trained on the effective use of the Portal to submit their quarterly returns online.

3.6.6 GFZB e-LIBRARY

The IT department is designing an information portal to gather information scattered on various workstations into a centralized database resource centre. This would enable staff access document/information from one central location without having to comb through various workstations.

3.6.7 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 vital information through text messages to Free Zone Enterprises.

Again, the IT department intends to incorporate document management system in its operation in year 2013 budget.

In-house training for staff on the use of the Free Zones Enterprise Database has been planned to take off in the year 2013.

Training for all Free Zone Enterprises on the online submission of Quarterly returns shall be intensified.

Upgrading of users' Microsoft Office 2007 to Microsoft Office 2010 shall be implemented.

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

3.7 LEGAL DEPARTMENT

3.7.1 Introduction

The Legal Department offered in-house legal counsel and related services to the Governing Board and Secretariat of Ghana Free Zones Board (GFZB) during the year under review.

The department with assistance from the Attorney General's Department ably represented GFZB in all civil suits in which it was a party. The Department was also responsible for drafting contracts and agreements involving GFZB. All land related transactions were handled by the department.

3.7.2 Land Matters

The greatest challenge, facing the department emanates from land related transactions.

About 60% of cases pending in court are land related. The reasons for litigation have either been non- payment of accrued rent by sub lessees of GFZB or GFZB's inability to pay compensation for some of its lands banks.

a. Tema Export Processing Zone

GFZB owes Lands Commission an amount in excess of One Million Ghana Cedis (GH¢1,000,000.00) in rent. This indebtedness has arisen mainly because Lands Commission has been consistently charging GFZB for rent on over hundred acres of land housing waste stabilization ponds at the Tema Export Processing Zone for the past thirteen years. Several appeals to Lands Commission on the subject for a waiver or reduction in rent in respect of this parcel have not yielded the desired result. Unfortunately for GFZB, the area housing the waste stabilization ponds and the adjoining parcels of land cannot be leased to free zone enterprises as a result of not being suitability for occupation due to environmental concerns. GFZB is desirous of an amicable resolution of this matter.

Another reason for GFZB's indebtedness to Lands Commission stems from the failure of licensed free zone developers to pay accrued rent on land granted to the companies by GFZB for development into industrial estates. The department together with the Attorney Generals Department is pursuing two of such free zone developers. One of them is negotiating an out of court settlement and payment by installments.

b. Non- payment of compensation due on land banks

Amounts presented by Government valuation institutions (Land Valuation Department And Architectural & Engineering Services Ltd.) representing assessed value on land banks such as the Community 21 – Tema, Ashanti Technology Park, and Sekondi Export Processing Zones are way beyond what the GFZB Secretariat can settle from its internally generated funds. Central Government's intervention is urgently needed. Article 20 of the 1992 Republican constitution provides for prompt payment of fair and adequate compensation to persons with interest in or right over property being acquired by the State for the public good. GFZB's inability to pay assessed compensation for the listed land banks has derailed the process towards compulsory acquisition of the areas. This state of affairs has given rise to encroachment of the declared free zones. The Ejisu Traditional Council, owner of land earmarked for the Ashanti technology Park has for instance filed a suit at the Lands Division of the High Court in Kumasi for an order compelling GFZB and the Government to settle assessed compensation due.

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\$247.51 million**, an increase of **10.2%** over the 2011 figure of **US\$224.64 million**. The cumulative amount of investment capital in the free zones since inception of the programme in 1996/97 to the end of 2012 now stands at **US\$2,405.45 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\$877.08 million** representing a **26.6%** decrease over the 2011 figure of **US\$1,195.67 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\$1,830.30 million** representing an decrease of **6.9%** over the 2011 figure of **US\$1,966.72 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 **29,511**. This represents an increase of **1.0%** over the 2011 figure of **29,216**

The distribution of national employees according to gender indicates that **22,901** i.e **77.60%** were male whereas **6,610** i.e. **22.40%** were female.

The number of expatriates employed by Free Zone Enterprises was **872** representing **2.87%** of total employment. The total employment generated by the Free Zones Programme as at 2012 was **30,383** (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	20

Manufacturing	28,172
Service	1,677
Commercial	504

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 2012 amounted to **US\$76,840,550.26** a decrease of **18.75%** over the 2011 figure of **US\$94,583,775.00**

The total salary/wage paid to Ghanaian Nationals working with Free Zone Enterprises amounted to **US\$58,139,094.34**. This represents a decrease of **18.98%** over the 2011 value of **US\$71,758,676.00**. Expatriates working under the free zones programme earned **US\$18,701,455.92** (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\$6,390,786.23** representing an increase of about **29.7%** on the previous year's figure of **US\$4,927,029.13** (Refer to Appendix XII)

4.8 TRAINING SCHEDULE OF ALL ENTERPRISES (GHANAIAAN 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 2012, a total amount of **US\$1,621,752.68** was spent on training national employees representing **3%** of the total salary wage bill indicated above. Even though the minimum requirement was achieved, only **80** 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 2012, **131** Free Zone Enterprises contributed a total of **US\$8,927,317.97** 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, **131** companies contributed a total of **US\$10,298,964.99** 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 2012 is as follows:

5.1 REVENUE

Total income generated in 2012 was Eleven Million, Seven Hundred and Eighty-Eight Thousand, Four Hundred and Eighty Ghana Cedis, (GHC11,788,480) as against Seven Million, Four Hundred and Thirty-One Thousand, Five Hundred and Thirty-Four Ghana Cedis (GHC7,431,534) in 2011. This represents a 58.6% increase over revenue generated in 2011. 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 2012 amounted to Six Million, Two Hundred and Thirty-Three Thousand, Eight Hundred and Eighty Ghana Cedis (GHC6,233,880) as against Four Million, Sixty-Three Thousand, Twenty-One Ghana Cedis (GHC4,063,021) in 2011. The marginal increase in expenditure was mainly due to increase in administrative & other expenses.

Excess income over expenditure was Five million, Five Hundred and Fifty-Four thousand, Six Hundred Ghana Cedis (GHC5,554,600) in 2012 as against Three million, Three Hundred and Sixty-Eight thousand, Five Hundred and Fourteen Ghana Cedis (GHC3,368,514) in 2011.

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 within the Tema Export Processing Zone.

Furthermore, the Marketing/Promotion Division could not implement all its scheduled investment promotion missions / activities due to lack of sufficient funds. 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 investments moving in to next year to achieve better results.

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 MANUFACTURING	OPERATION SUSPENDED
12	PREMIER QUALITY LTD	GARMENT MANUFACTURING	OPERATION SUSPENDED
13	LUCKY 1888	GARMENT MANUFACTURING	OPERATING
14	RED SEA HOUSING SERVICES (GH) LTD	PREFABRICATED BUILDING	OPERATING
15	SITOS GH LTD	WAREHOUSING/COMMERCIAL	OPERATING
16	ILDC	ENCLAVE DEVELOPMENT	OPERATING
17	OCTOGLOW GHANA LIMITED	ENCLAVE DEVELOPMENT	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 PARK	PROCESSING LAND DOCUMENTS
23.	SANBAO PHARMACEUTICALS LTD	PHARMACEUTICALS	BUILDING FACTORY
24.	BLOWPACK LIMITED	MANUFACTURING TAKE AWAY CONTAINER	PROCESSING LAND DOCUMENTS
25.	COMMODITIES PROCESSING INDUSTRIES LTD	COCOA PROCESSING	OPERATING
26.	TOP INDUSTRIES LTD.	PLASTIC AND PACKAGING PRODUCTS	OPERATING
27.	ONE GHANA LOGISTICS LTD.	MANUFACTURING PACKAGING CURTAINS	PROCESSING LAND DOCUMENTS
28.	VEHRAD TRANSPORT LTD.	HAULAGE/LOGISTICS/FREIGHT HANDLING	BUILDING FACTORY
29.	SIKELELE LTD.	HEALTH PRODUCTS	BUILDING FACTORY
30.	LEWADIS	COMMERCIAL	BUILDING FACTORY
31.	HOME FOODS LTD.	FOOD PROCESSING	PROCESSING LAND DOCUMENTS
32.	ALPHA COMMODITIES LTD.	COCOA PROCESSING	PROCESSING LAND DOCUMENTS
33.	POLYPET LTD.	PLASTIC PRODUCTS	PROCESSING LAND DOCUMENTS
34.	KGM INDUSTRIES	PLASTIC HOUSEHOLD WARES	PROCESSING LAND

			DOCUMENTS
35.	COMET GHANA LTD	WAREHOUSING	BUILDING FACTORY
36.	ARVNASH INDUSTRIES LTD.	FURNITURE	PROCESSING LAND DOCUMENTS
37.	ELAR LTD.	FLEXIBLE PACKAGING MATERIALS	PROCESSING LAND DOCUMENTS
38.	UNIWELL LTD	WAREHOUSING	PROCESSING LAND DOCUMENTS
39.	ELECTRO ABOU SAMRA CO LTD	GENERAL ELECTRICAL REWINDING MOTORS AND GENERATORS	PROCESSING LAND DOCUMENTS
40.	POTRODOM INT PVT	EXPORTATION OF CASHEW NETS, SHEAR NUTS ETC	PROCESSING LAND DOCUMENTS
41.	SUCCESS PLASTICS LTD	MANUFACTURE AND TRADE IN HOUSEHOLD PLASTIC PACKING	PROCESSING LAND DOCUMENTS
42.	MARS INTERNATIONAL	PROVISION OF INNOVATIVE RECORDS MANAGEMENT	PROCESSING LAND DOCUMENTS
43.	AFRIC-AMERICAN TRADEX CO. LTD	FOOD PROCESSING	SUSPENDED OPERATION
44.	S.F INTERNATIONAL COMMODITY CO. LTD	COLOURED STEEL TILES	BUILDING FACTORY
45.	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 DOCUMENTS LAND
2.	BLOWPACK LTD	MANUFACTURING TAKE AWAY CONTAINERS	PROCESSING DOCUMENTS LAND
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 DOCUMENTS LAND
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 DOCUMENTS LAND
14.	POLYPET LTD	PLASTIC PRODUCTS	PROCESSING DOCUMENTS LAND
15.	ELAR LTD	FLEXIBLE PACKAGING MATERIALS	PROCESSING DOCUMENTS LAND
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

Appendix III – List of companies visited for Operational Audit in 2011

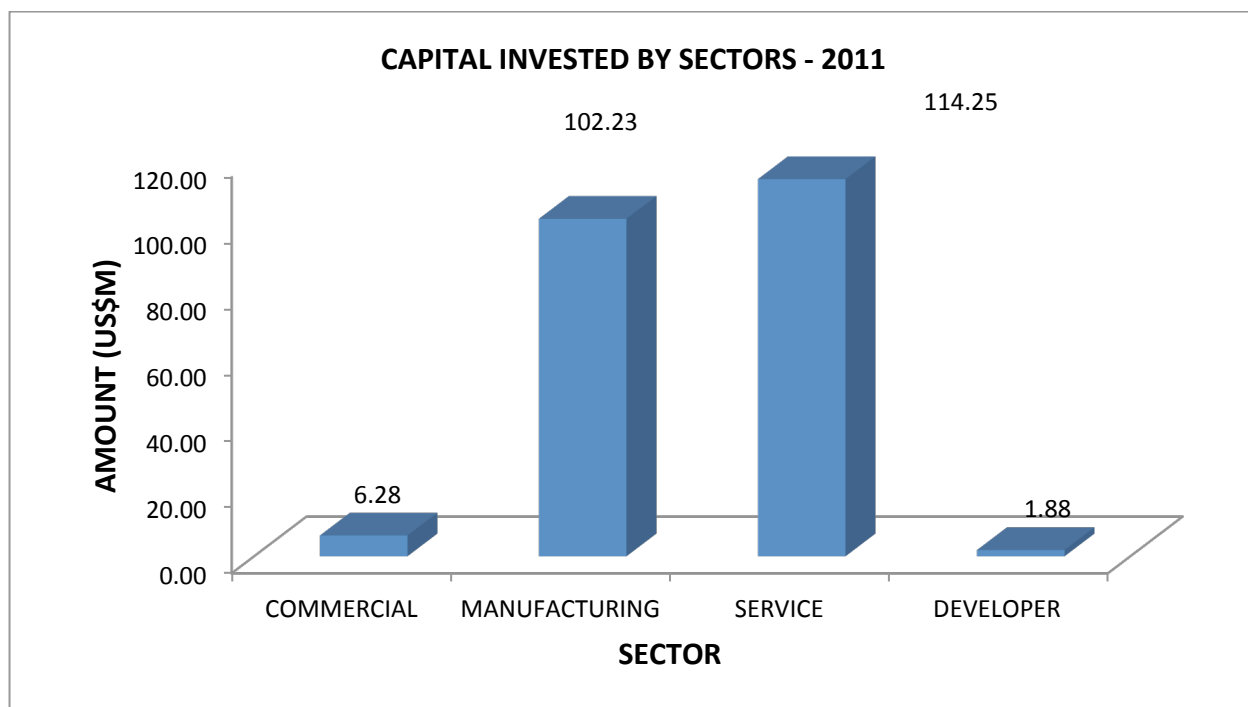
(a) ACCRA/ TEMA

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

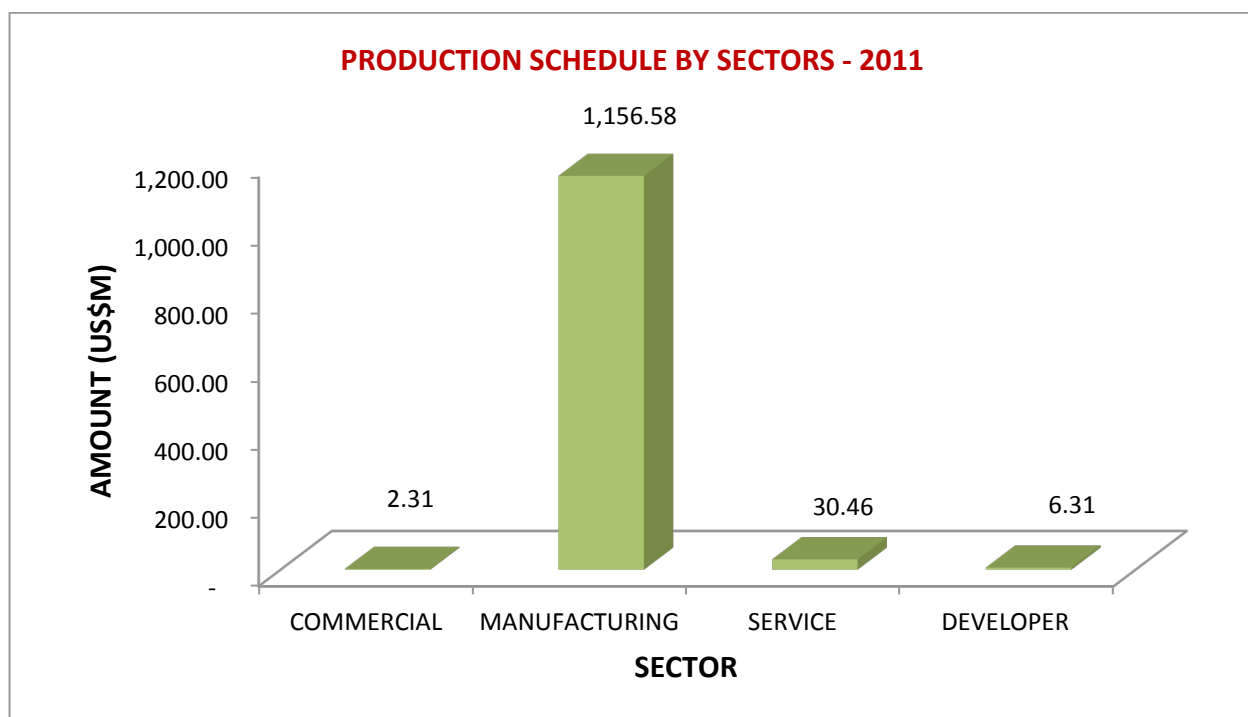
(b) WESTERN REGION

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

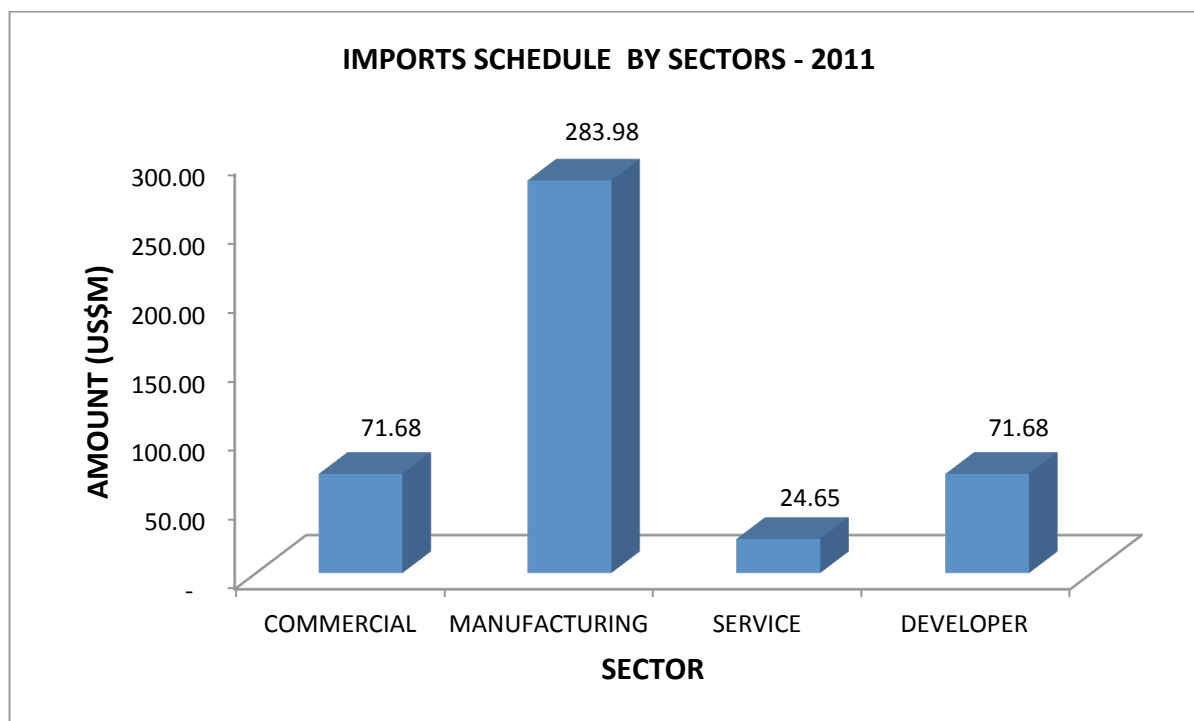
Appendix IV - Capital Invested By Free Zone Enterprises 2011



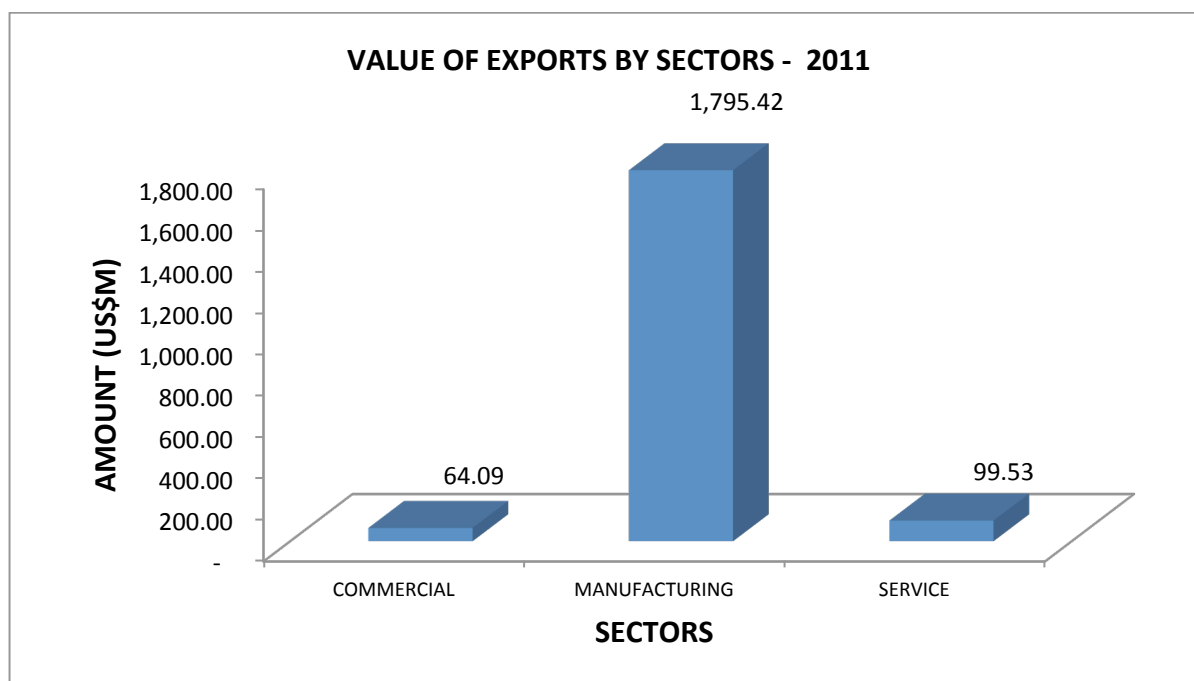
Appendix V – Production Schedule of Enterprises 2011



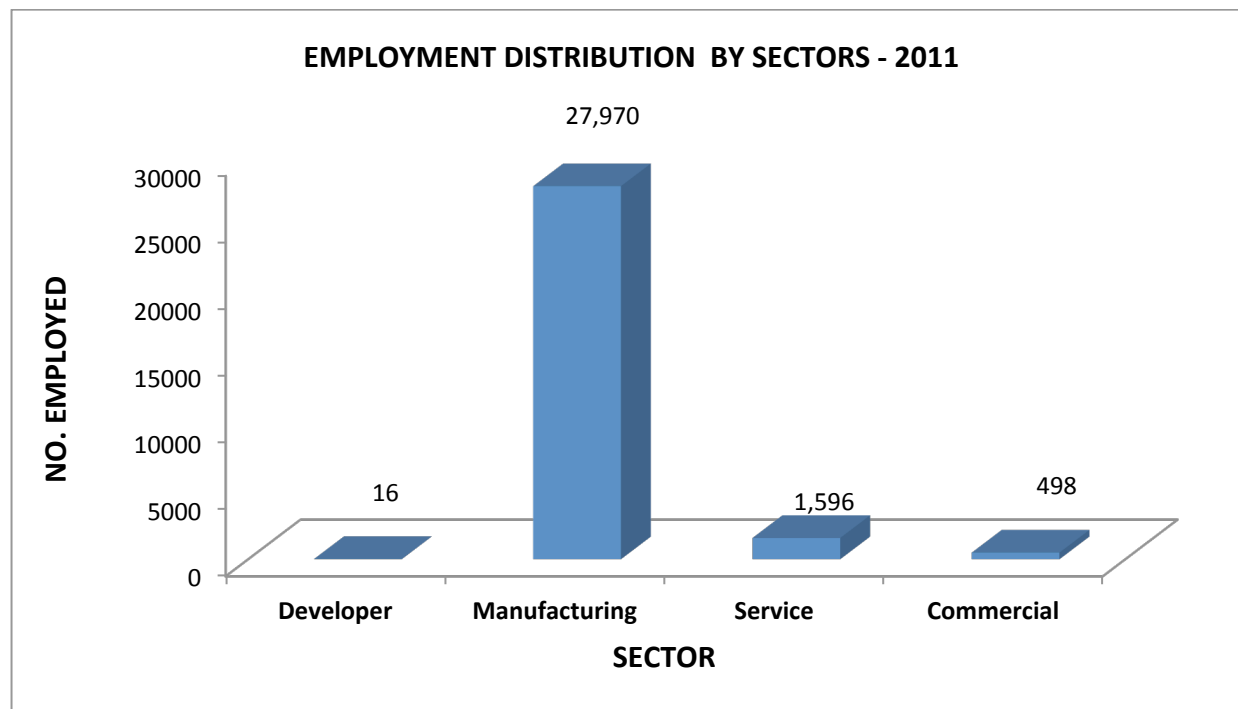
Appendix VI - Import Schedule Of Free Zone Enterprises 2011



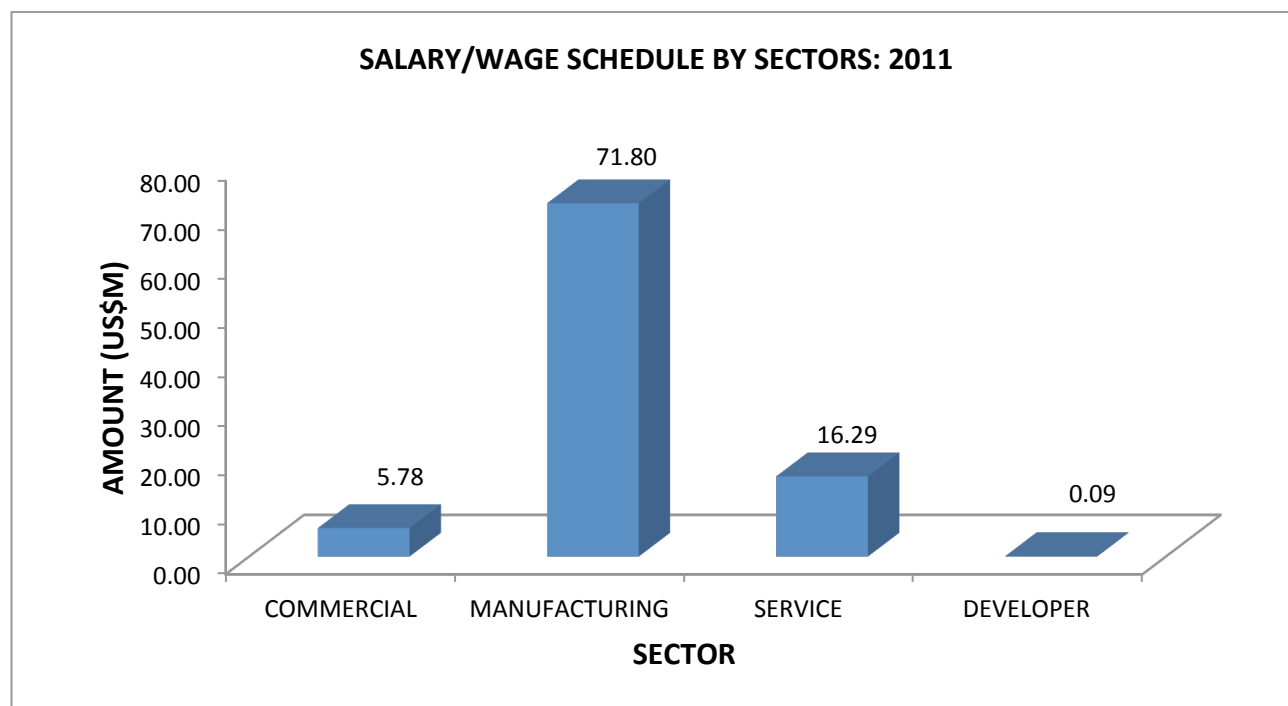
Appendix VII - Export Schedule Of All Free Zone Enterprises 2011



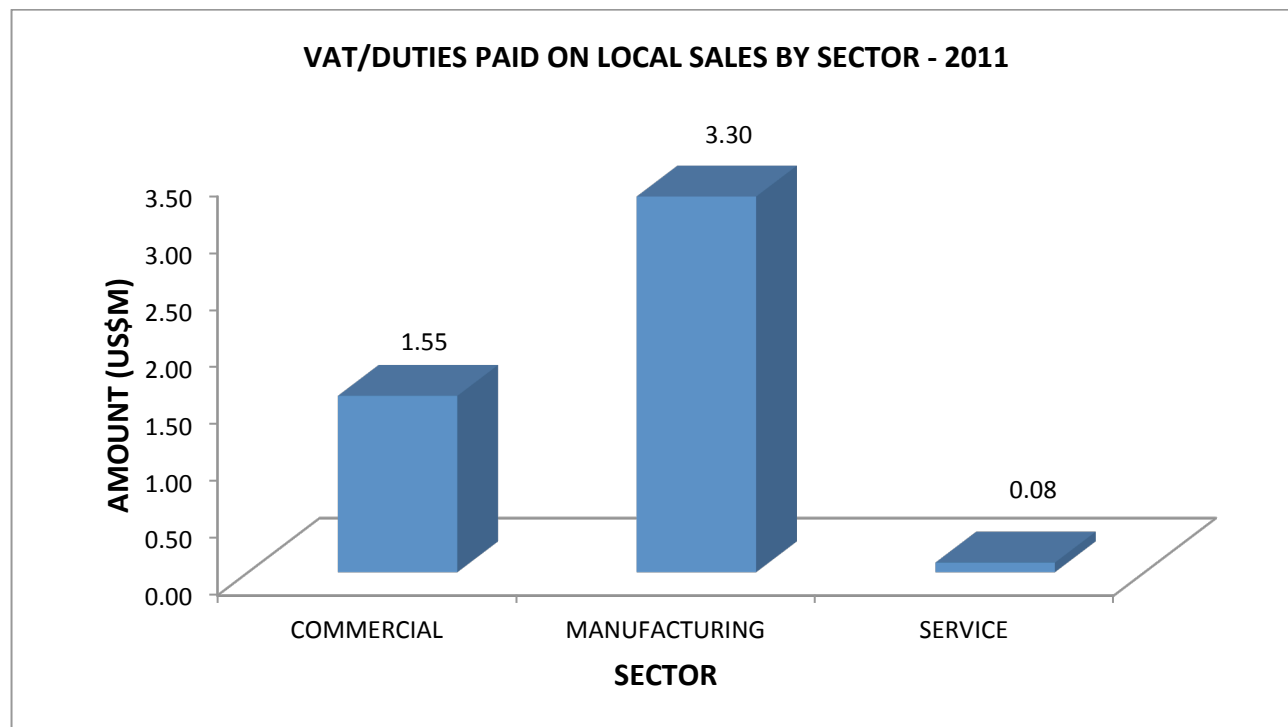
Appendix VIII – Employment Schedule of Free Zone Enterprises 2011



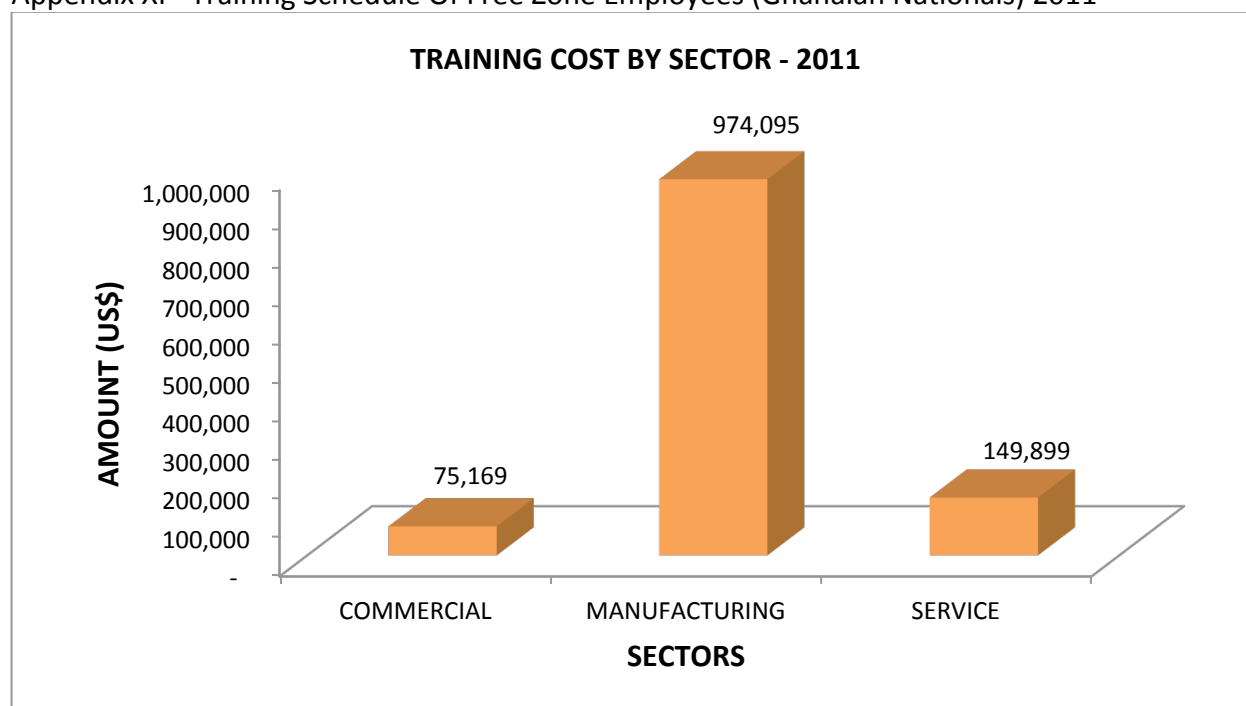
Appendix IX - Salary/Wage Schedule Of Free Zone Enterprises 2011



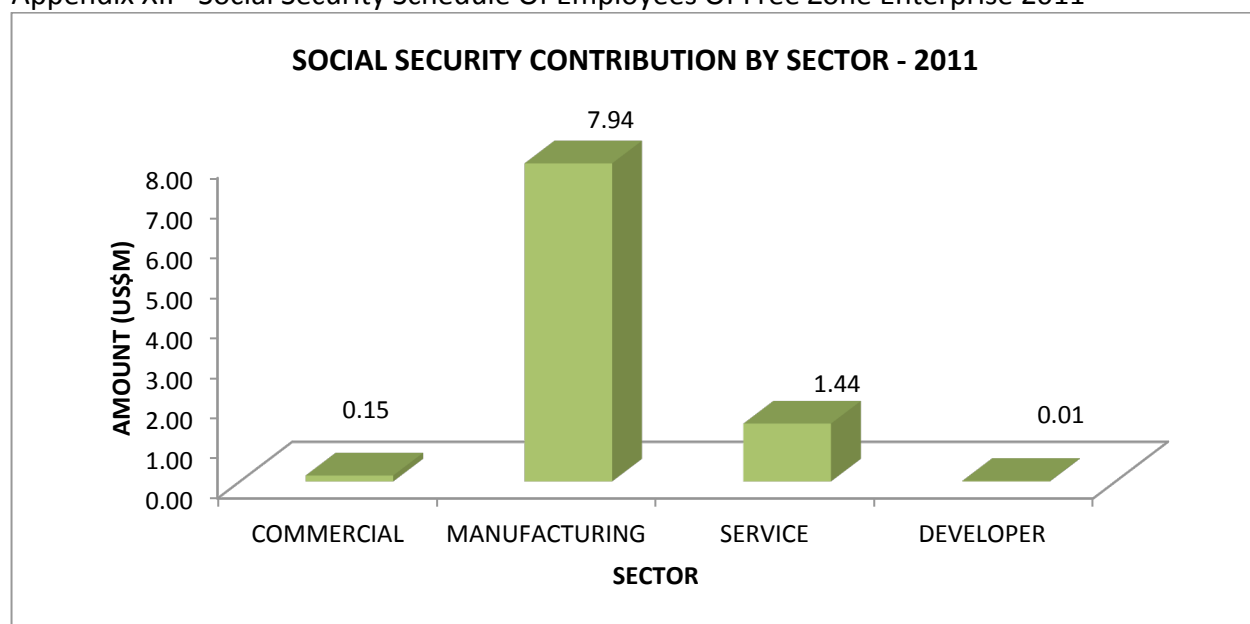
Appendix X - Vat/Duties Paid On Local Sales By Free Zone Enterprises 2011



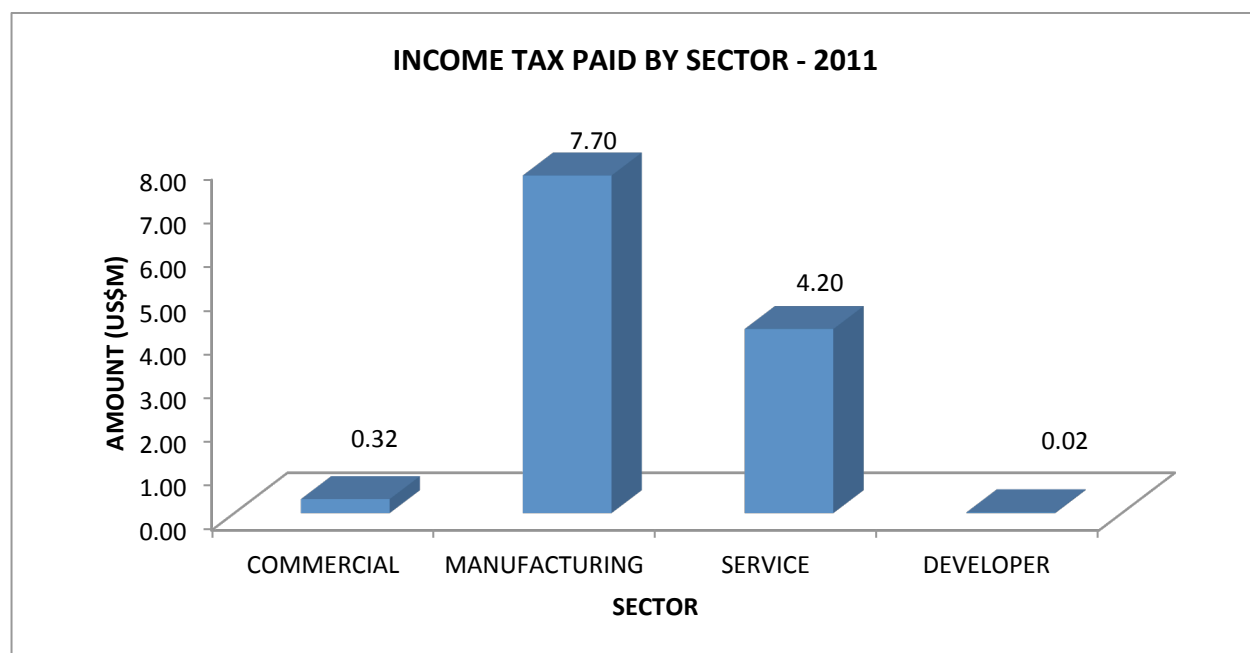
Appendix XI - Training Schedule Of Free Zone Employees (Ghanaian Nationals) 2011



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 2012**

GHANA FREE ZONES BOARD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012**

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STATEMENT OF FINANCIAL POSITION	5
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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
GCB Bank Limited
Guaranty Trust Bank (Ghana) Limited
Ecobank Ghana Limited
ADB Bank Limited

GHANA FREE ZONES BOARD

Financial statements for the year ended 31 December 2012

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 2012.

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 2012 are set out below

	2012 GH¢	2011 GH¢
Surplus for the year was:	5,554,600	3,368,514
When added to accumulated surplus brought forward of:	15,632,275	12,263,761
Leaves a balance carried forward of:	21,186,875	15,632,275

Auditors

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

BY ORDER OF THE BOARD

Dated 30/10/2015



Hon. Dr. Ekwow Spio Garbrah



Mr Kwadwo Twum Bofo



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 2012, 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 2012, and its financial performance and its cash flows for the year then ended in accordance with Ghana Accounting Standards, the Free Zone Act 1995, (Act 504) and comply with the Companies Act, 1963 (Act 179).



Report on other legal requirements

The Ghana Companies Act, 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

Scott

..... October 2015

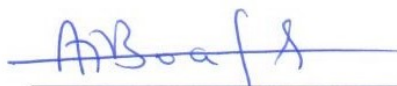
GHANA FREE ZONES BOARD**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012**

ASSETS EMPLOYED	<i>Note</i>	2012 GH¢	2011 GH¢
NON-CURRENT ASSETS			
Property, plant and equipment	3	6,584,228	2,902,474
CURRENT ASSETS			
Accounts receivable	4	12,698,513	11,403,935
Short term investments	5	9,643,011	4,116,252
Cash and cash equivalents	6	8,000,392	11,232,709
		30,341,916	26,752,896
CURRENT LIABILITIES			
Accounts payable and accruals	7	11,857,014	11,744,864
NET CURRENT ASSETS			
		18,484,902	15,008,032
NET ASSETS			
		25,069,130	17,910,506
FUNDS EMPLOYED			
Donors' fund	8	394,956	394,956
Construction fund	9	3,487,299	1,883,275
Accumulated fund		21,186,875	15,632,275
		25,069,130	17,910,506

Approved by the Board of Directors on 30/10/2015 and signed by:



Hon. Dr. Ekwow Spio Garbrah



Mr Kwadwo Twum Bofo

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 2012**

	<i>Note</i>	2012 GH¢	2011 GH¢
INCOME	10	11,788,480	7,431,534
EXPENDITURE:			
Operational expenses	11	273,084	256,045
Employee costs	12	1,480,864	936,699
Board and committee expenses	13	375,239	455,287
Financial and professional charges	14	389,503	199,328
Travelling and transport	15	1,236,245	651,570
Repairs and maintenance	16	550,921	279,759
Administrative and general expenses	17	1,928,024	1,284,333
		6,233,880	4,063,021
EXCESS OF INCOME OVER EXPENDITURE		5,554,600	3,368,514

**ACCUMULATED FUND
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 GH¢	2011 GH¢
Balance at 01 January	15,632,275	12,263,761
Excess of income over expenditure	5,554,600	3,368,514
Balance at 31 December	21,186,875	15,632,275

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 2012**

	<i>Note</i>	2012 GH¢	2011 GH¢
OPERATING ACTIVITIES			
Excess income over expenditure		5,554,600	3,368,514
Adjustment for non-cash items:			
Depreciation	3	532,569	349,641
Profit from disposal of asset		(11,625)	0
Operating income before working capital changes		6,075,543	3,718,154
Increase in accounts receivable	4	(1,294,578)	(2,808,640)
Increase in accounts payable	7	112,150	1,024,533
Cash generated from operating activities		4,893,116	1,934,048
INVESTING ACTIVITIES			
Increase in investments	5	(5,526,759)	(2,432,636)
Proceeds from disposal of assets		58,125	0
Purchase of property, plant & equipment	3	(4,260,823)	(1,251,928)
Net cash outflow from investing activities		(9,729,457)	(3,684,564)
Net decrease in cash and cash equivalents before financing		(4,836,341)	(1,750,517)
FINANCING ACTIVITIES			
Funds received for construction		1,604,024	1,883,275
Cash and cash equivalents at the beginning of the year		11,232,709	11,099,951
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	6	8,000,392	11,232,709

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 2012

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 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
Improvement of land banks	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 2012

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 2012

3 PROPERTY, PLANT & EQUIPMENT

	Leasehold land GH¢	Improvement of land banks GH¢	Plant and machinery GH¢	Motor vehicles GH¢	Office equipment GH¢	Furniture, fixtures & fittings GH¢	Improvement of land banks in progress GH¢	Total GH¢
Cost								
Balance at 1 January 2012	1,235,507	1,377,452	31,791	1,022,976	397,975	100,184	0	4,165,885
Additions during the year	0	519,248	0	77,000	69,283	106,251	3,489,041	4,260,823
Disposals	0	0	0	(58,125)	0	0		(58,125)
Balance at 31 December 2012	1,235,507	1,896,700	31,791	1,041,851	467,258	206,435	3,489,041	8,368,583
Depreciation								
Balance at 1 January 2012	0	414,997	31,790	483,048	269,331	64,245	0	1,263,411
Charge for the year	0	189,670	0	208,370	93,452	41,077	0	532,569
Disposals	0	0	0	(11,625)	0	0	0	(11,625)
Balance at 31 December 2012	0	604,667	31,790	679,793	362,783	105,322	0	1,784,355
Net book value-31/12/2012	1,235,507	1,292,033	1	362,059	104,475	101,113	3,489,041	6,584,228
Net book value-31/12/2011	1,235,507	962,455	1	539,929	128,644	35,939	0	2,902,474

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

4 ACCOUNTS RECEIVABLE & PREPAYMENTS	2012	2011
	GH¢	GH¢
Trade debtors	0	1,325,140
Other debtors	4,237,309	1,632,895
Staff loans	37,627	27,019
Prepayments	47,517	42,821
Deferred expenditure	8,376,060	8,376,060
	<u>12,698,513</u>	<u>11,403,935</u>

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

5 SHORT TERM INVESTMENTS	2012	2011
	GH¢	GH¢
These are made up as follows:		
1-year treasury notes	9,451,112	0
182-day treasury bills	191,899	4,116,252
	<u>9,643,011</u>	<u>4,116,252</u>

6 CASH AND CASH EQUIVALENTS	2012	2011
	GH¢	GH¢
Cash and cash equivalents consist of:		
Fixed deposits	4,991,450	6,593,316
Bank balances	2,991,242	4,639,393
Cash in hand	17,700	0
	<u>8,000,392</u>	<u>11,232,709</u>

GHANA FREE ZONES BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7 ACCOUNTS PAYABLE AND ACCRUALS	2012	2011
	GH¢	GH¢
Trade creditors	1,185,573	1,101,320
Sundry payables	1,820,006	2,036,098
Accrued expenses	475,375	231,386
Provisions	8,376,060	8,376,060
	<u>11,857,014</u>	<u>11,744,864</u>

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

8 DONORS' FUND	2012	2011
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
	<u>394,956</u>	<u>394,956</u>

9 CONSTRUCTION FUND

This represents receipt 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.

GHANA FREE ZONES BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10 REVENUE	2012	2011
	GH¢	GH¢
Lease premium	2,955,898	1,056,789
Ground rent	1,013,439	2,015,340
Annual licence and renewal fees	731,572	538,131
Vehicles registration fee	343,932	207,574
Sale of forms and processing fees	3,460,814	2,619,686
Investment income	1,130,032	877,405
Exchange gains	2,036,108	0
Profit from disposal of asset	11,625	0
Other income	105,060	116,609
	11,788,480	7,431,534
11 OPERATIONAL COST	2012	2011
	GH¢	GH¢
Ground rent charges-Land Commission	176,232	226,232
Consent charges-Land Commission	0	29,813
Vehicle registration expenses	96,852	0
	273,084	256,045
12 EMPLOYEE COSTS	2012	2011
	GH¢	GH¢
Salaries and wages	931,542	636,805
Clothing allowance	76,947	33,149
Fuel and vehicle maintenance allowance	83,450	44,752
Medical expenses	18,774	8,617
Social security contribution-employer	145,516	82,535
Provident fund contribution- employer	92,121	63,673
Staff bonus	76,936	54,358
Staff training and development	55,578	12,810
	1,480,864	936,699

GHANA FREE ZONES BOARD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

13 BOARD & COMMITTEE EXPENSES	2012 GH¢	2011 GH¢
Board members allowances	79,019	84,858
Committee allowances	130,217	74,182
Board expenses	56,003	260,136
Board bonus	110,000	36,111
	<u>375,239</u>	<u>455,287</u>
14 FINANCIAL & PROFESSIONAL CHARGES	2012 GH¢	2011 GH¢
Consultancy services	349,028	172,598
Audit fee (inclusive of VAT & NHIL)	29,375	18,330
Other professional fees	11,100	8,400
	<u>389,503</u>	<u>77,563</u>
15 TRAVELLING & TRANSPORT	2012 GH¢	2011 GH¢
Honorarium	22,975	5,943
Per diem	53,646	31,735
Overseas travels	1,055,363	523,570
Motor vehicle fuel and lubricants	104,261	90,322
	<u>1,236,245</u>	<u>651,570</u>

GHANA FREE ZONES BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

16 REPAIRS & MAINTENANCE	2012	2011
	GH¢	GH¢
Motor vehicles	112,461	61,694
Office equipment	19,096	9,978
General repairs and maintenance	46,471	34,882
Maintenance of enclave	331,359	158,895
Grounds maintenance	23,850	6,242
Pumps	17,683	8,068
	550,921	279,759
17 ADMINISTRATIVE AND GENERAL EXPENSES	2012	2011
	GH¢	GH¢
Printing and publications	179,554	79,240
Telecommunication	76,866	62,388
Stationery	40,273	21,286
Postage and courier	2,066	2,788
Electricity and water	55,789	45,741
Monitoring expenses	43,231	41,091
Security services	131,721	59,760
Hospitality and entertainment	42,007	32,722
Marketing and promotion	679,091	294,240
Internet and web hosting charges	0	9,409
Public relations	5,685	132,524
Insurance charges	57,556	37,720
Bank charges	6,904	10,944
Donation	0	11,500
Cleaning materials	791	142
Depreciation	532,569	349,641
Generator running expenses	0	7,670
Tender committee expenses	20,445	8,007
Rent expenses	20,475	0
Operational audit expenses	13,000	6,328
Compensation charges	20,000	43,906
Exchange losses	0	27,287
	1,928,024	1,284,333