

# ANNUAL REPORT

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

2009

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## GENERAL INFORMATION

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Secretary-General : Dr. Vengeta Rao A/L K. Appanan

Office address : Suite A-06-04, Plaza Mont Kiara  
2, Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Malaysia

Auditors : Parker Randall (AF: 1565)  
(Chartered Accountants)  
Malaysia

Principal banker : HSBC Bank Malaysia Berhad

## ANNUAL REPORT

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### PRINCIPAL ACTIVITIES

The principal activity of The Roundtable on Sustainable Palm Oil during the financial year was to organise programmes which involve the promotion of growth and the use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. It is a “not-for-profit” organisation.

### AUDITED REPORT

The Roundtable on Sustainable Palm Oil has the pleasure in submitting their annual report together with the audited financial statements for the financial year ended 30 June 2009.

### AUDITORS

The auditors, Messrs. Parker Randall, Chartered Accountants (Malaysia) have expressed their willingness to continue in office.

Signed on behalf of The Roundtable on Sustainable Palm Oil

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**DR. VENGETA RAO A/L K. APPANAN**

Secretary-General

Kuala Lumpur, Malaysia

Dated:

## STATEMENT FROM SECRETARY-GENERAL

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I, *Dr. Vengeta Rao A/L K. Appanan*, representing **The Roundtable on Sustainable Palm Oil**, do hereby state that the accompanying financial statements are drawn up in accordance with approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs as at 30 June 2009 and of the results of the operations, changes in accumulated fund and cash flows for the financial year then ended.

Signed on behalf of The Roundtable on Sustainable Palm Oil

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**DR. VENGETA RAO A/L K. APPANAN**

Secretary-General

Kuala Lumpur, Malaysia

Dated:

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### Report on the financial statements

We have audited the financial statements of **The Roundtable on Sustainable Palm Oil**, which comprise the balance sheet as at 30 June 2009 and the statement of income and expenditure, statement of changes in accumulated fund and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 13.

### Managements' responsibility for the financial statements

The Management of the Organisation is responsible for the preparation and fair presentation of these financial statements. 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 opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, we consider the internal control relevant to the Organisation'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 Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the managements, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the undersigned having had access to the relevant books and financial statements of **The Roundtable on Sustainable Palm Oil** for the financial year ended 30 June 2009 and having examined the foregoing statements as set out on pages 6 to 13 and verified the same with the financial statements and vouchers relating thereto, now sign the same as found to be correct and duly vouched.



*"The Business Mind"*

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE ROUNDTABLE ON SUSTAINABLE PALM OIL (CONTINUED)**

**Other matters**

This report is made solely to the members of the Organisation, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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PARKER RANDALL  
AF: 1565  
Chartered Accountants

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Dato' Liew Lee Leong  
2041/04/10 (J/PH)  
Partner of the firm

Selangor Darul Ehsan, Malaysia

Dated:

**BALANCE SHEET**

AS AT 30 JUNE 2009

	Note	2009 RM	2008 RM
<b>Current assets</b>			
Sundry receivables, deposits and prepayments	3	1,281,721	925,743
Cash and bank balances		807,970	590,917
Fixed deposits with a licensed bank	4	<u>2,400,000</u>	<u>2,600,000</u>
		<u>4,489,691</u>	<u>4,116,660</u>
<b>Current liabilities</b>			
Sundry payables and accruals	5	<u>1,511,182</u>	<u>1,158,808</u>
<b>Net current assets</b>		<u>2,978,509</u>	<u>2,957,852</u>
		<u>2,978,509</u>	<u>2,957,852</u>
<b>FINANCED BY:</b>			
Membership fund		2,474,843	1,733,340
Sponsorship fund	6	456,759	1,224,512
Donation fund	7	<u>46,907</u>	<u>-</u>
<b>Accumulated fund</b>		<u>2,978,509</u>	<u>2,957,852</u>

The accompanying notes are an integral part of these financial statements



**INCOME AND EXPENDITURE STATEMENT**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 RM	2008 RM
<b>Income</b>			
Subscription	8	2,601,295	2,004,070
Add: Other operating income			
Gain on foreign exchange – Realised		-	31,858
Interest income		59,820	41,256
Roundtable meeting surplus		321,698	225,539
		<u>2,982,813</u>	<u>2,302,723</u>
<b>Less: Expenditure</b>			
Advertisement – Recruitment		3,993	-
Advisory fee		43,200	43,200
Annual General Meeting expenses		15,430	10,500
Auditors' remuneration		6,500	6,750
Bank charges		792	310
Computer expenses		-	8,447
Consultancy charges		94,740	158,240
Doubtful debts – General provision		100,000	-
Doubtful debts – Written off		128,204	-
Insurance		-	445
Loss on foreign exchange – Realised		11,856	-
Management fee		720,000	360,000
Printing, postages and stationery		15,634	4,223
Property, plant and equipment written off		-	10,053
Rental – Conference rooms		12,421	4,784
Rental – Office		-	12,600
Service tax		325	300
Staff – Medical		-	50
Staff – Refreshments		-	639
Staff – Seminar, conference and training fee		1,309	4,316
Staff – Wages and salaries		-	145,479
Taxation fee		2,000	-
Telephone and fax charges		-	11,237
Travelling expenses		-	6,460
Upkeep – Office		-	225
Water and electricity		-	796
		<u>1,156,404</u>	<u>789,054</u>
Net project costs	9	<u>1,084,906</u>	<u>638,352</u>
<b>Total expenditure</b>		<u>2,241,310</u>	<u>1,427,406</u>
<b>Surplus for the financial year</b>		<u>741,503</u>	<u>875,317</u>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CHANGES IN ACCUMULATED FUND**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	<b>Membership fund RM</b>	<b>Sponsorship fund RM</b>	<b>Donation fund RM</b>	<b>Total RM</b>
As at 1 July 2007	858,023	-	-	858,023
Surplus for the financial year	<u>875,317</u>	<u>1,224,512</u>	<u>-</u>	<u>2,099,829</u>
<b>As at 30 June 2008</b>	1,733,340	1,224,512	-	2,957,852
Surplus / (Deficit) for the financial year	<u>741,503</u>	<u>(767,753)</u>	<u>46,907</u>	<u>20,657</u>
<b>As at 30 June 2009</b>	<u><u>2,474,843</u></u>	<u><u>456,759</u></u>	<u><u>46,907</u></u>	<u><u>2,978,509</u></u>

The accompanying notes are an integral part of these financial statements

## CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	2009 RM	2008 RM
<b>Cash flows from operating activities</b>		
Surplus for the financial year	741,503	875,317
<i>Adjustments for:</i>		
Doubtful debts – General provision	100,000	-
Doubtful debts – Written off	128,204	-
Property, plant and equipment written off	-	10,053
<b>Operating surplus before working capital changes</b>	969,707	885,370
Increase in receivables	(584,182)	(343,156)
Increase in payables	352,374	348,080
<b>Net cash generated from operating activities</b>	737,899	890,294
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(10,053)
<b>Net cash used in investing activities</b>	-	(10,053)
<b>Cash flows from financing activities</b>		
Increase in donation fund	46,907	-
(Decrease) / Increase in sponsorship fund	(767,753)	1,224,512
<b>Net cash (used in) / generated from financing activities</b>	(720,846)	1,224,512
<b>Net increase in cash and cash equivalents</b>	17,053	2,104,753
Cash and cash equivalents at beginning of financial year	3,190,917	1,086,164
<b>Cash and cash equivalents at end of financial year</b>	3,207,970	3,190,917
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash at bank	807,970	590,917
Fixed deposits with a licensed bank	2,400,000	2,600,000
	3,207,970	3,190,917

The accompanying notes are an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### AS AT 30 JUNE 2009

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Accounting convention

The financial statements of The Roundtable on Sustainable Palm Oil are prepared under the historical cost convention and complied with applicable approved accounting standards in Malaysia.

##### (b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

It is the policy of The Roundtable on Sustainable Palm Oil to fully write off each asset as and when incurred, due to their immateriality in value.

##### (c) Income recognition

Subscription from members is recognised on the accrual basis.

Other operating income is recognised when the right to receive payment is established.

##### (d) Receivables

Receivables are stated at anticipated realisable values. Known bad debts are written off and specific provision is made for those debts considered to be doubtful of collection.

##### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (f) Liabilities

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

##### (g) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the date of transaction or where settlement had not taken place at the balance sheet date, at the prevailing rate of exchange ruling as at that date. All gains and losses on exchange are recognised in the income statement.

The principal closing rate used in the translation of foreign currency amounts is as follows:

	20099 RM	20088 RM
1. One United States Dollar ("USD")	3.5225	3.2665
<b>1. SIGNIFICANT ACCOUNTING POLICIES</b> (Continued)		

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 30 June 2009

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### (h) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables and payables. The recognition methods adopted are disclosed in the respective accounting policy statements.

## 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Organisation's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Organisation's projects whilst managing its financial risks.

The main areas of financial risks faced by the Organisation and the policy in respect of the major areas of treasury activity are set out as follows:

### (i) Interest rate risk

The Organisation has no significant interest rate risk as the Organisation has no substantial long-term interest-bearing debts.

### (ii) Foreign exchange risk

The Organisation operates principally in Malaysia and has neither material financial assets nor liabilities that are denominated in foreign currencies. Foreign currency denominated assets and liabilities together with expected cash flows give rise to foreign exchange exposures. Foreign exchange exposure in traditional currency other than functional currency of the Organisation is kept to an acceptable level.

### (iii) Liquidity and cash flow risks

As part of its overall prudent liquidity management, the Organisation maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

### (iv) Credit risk

The credit risk faced by the Organisation relates to outstanding membership fees, which are managed in accordance with the Organisation's liquidity and reserves policies.

### (v) Reserves policy

The Organisation's policy is to maintain the Membership Fund at a level equivalent to at least one year's operating costs.

## 3. SUNDRY RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009	2008
	RM	RM
Members' subscription fee	1,222,416	851,504
Less: Provision for doubtful debts – General	<u>(250,000)</u>	<u>(150,000)</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 30 June 2009

	972,416	701,504
Others – Deposits and prepayments	<u>309,305</u>	<u>224,239</u>
	<u>1,281,721</u>	<u>925,743</u>

### 4. FIXED DEPOSITS WITH A LICENSED BANK

The average effective interest rates of the fixed deposits are between 1.8% and 3.7% (2008: 3% and 3.7%) per annum and the average maturity period is between 30 days to 365 days (2008: 30 days to 365 days).

### 5. SUNDRY PAYABLES AND ACCRUALS

Included in sundry payables and accruals is an amount of RM 1,379,092 (2008: RM 1,025,026) which relates to deferred subscription income.

Also included in sundry payables and accruals is an amount of RM 100,744 (2008: RM 35,474) due to RSPO Secretariat Sdn Bhd where the Secretary-General is a director of the Company. The amount is unsecured, interest free and has no fixed terms of repayment.

### 6. SPONSORSHIP FUND

	2009 RM	2008 RM
As at beginning of financial year	1,224,512	-
Sponsorship fund received	137,160	1,347,546
Less: Programme expenses	<u>(904,913)</u>	<u>(123,034)</u>
As at end of financial year	<u>456,759</u>	<u>1,224,512</u>

The purpose of the sponsorship fund is to meet specific project costs by way of sponsorship income.

### 7. DONATION FUND

	2009 RM	2008 RM
Donation fund received	<u>46,907</u>	-
As at end of financial year	<u>46,907</u>	-

The donation fund comprises contributions made to The Roundtable on Sustainable Palm Oil from GreenPalm programme at the rate of USD 1, equivalent to RM 3.5225 per certificate traded. GreenPalm is operated by Book and Claim Limited, a company incorporated in England, and a subsidiary of AarhusKarlshamn UK Limited.

### 8. SUBSCRIPTION

The total annual subscription of RM 2,601,295 (2008: RM 2,004,070) was receivable from members worldwide during the financial year.

The number of members registered as at 30 June 2009 is 389 members (2008: 321 members).

### 9. NET PROJECT COSTS

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
**AS AT 30 June 2009**

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The net project costs relate to expenditure incurred in various organised programmes such as communications, certification support, training and meetings of members pertaining to the promotion of the objectives of the Organisation.

**10. FINANCIAL INSTRUMENTS**

The carrying amounts of the financial instruments in respect of cash and cash equivalents, receivables and payables approximate their fair values due to the relatively short term nature of the said financial instruments.

