

Treasurer's Report

This first annual Treasurer's report is intended to summarise and comment on the financial position of the RSPO and RSPO Secretariat Sdn Bhd and related matters. The audited accounts of the RSPO and of RSPO Secretariat Sdn Bhd for the year ended 30 June 2009 are included in the RSPO annual report.

Organisational structure

The RSPO is a members' organisation registered in Switzerland which pays a management fee to RSPO Secretariat Sdn Bhd relating to operations in Malaysia.

RSPO Secretariat Sdn Bhd is a service company incorporated in Malaysia and based in Kuala Lumpur which provides RSPO with a legal entity in Malaysia. It is the employer of all secretariat staff based in Malaysia.

Since 30 June 2009 an application for the registration of a further legal entity, PT RSPO Indonesia has been filed with the authorities in Indonesia, intended to provide RSPO with a legal entity in Indonesia.

Financial results for the year ended 30 June 2009

The RSPO recorded a surplus of RM741,000 for the year ended 30 June 2009 (2008: RM875,000). Subscription income increased to RM2,601,000 from RM2,004,000 as membership numbers rose to 389 at 30 June 2009. Operating costs increased to RM1,156,000 (2008: RM789,000) in particular due to increased staffing levels and bad debt costs of RM228,000, comprising an increase in the general provision for doubtful debts of RM100,000 and bad debts written off of RM128,000.

Other income comprised RM322,000 (2008: RM226,000) from a surplus on the running of RT6 in Bali, and interest income of RM60,000 (2008: RM41,000).

Project costs met from the Membership Fund amounted to RM1,085,000 (2008: RM638,352) and can be analysed as follows:

	RM'000
Communications Europe	433
RILO operating costs	211
Integrated Weed Management	89
Colombia/LA National Interpretation	89
Audit Training	73
Group Certification	55
New Plantings Working Group	51
High Conservation Value Working Group	49
Greenhouse Gases Working Group	32
Biodiversity Technical Committee	21
	1,085
	5

RILO costs have in past years been met partly from sponsorship income. From 2009/2010 RILO costs will be incorporated in RSPO operating costs rather than projects.

Financial position at 30 June 2009

RSPO net assets amounted to RM2,978,000 at 30 June 2009 (2008: RM2,958,000), comprising the Members' Fund of RM2,475,000, Sponsorship Fund of RM457,000 (designated for specific projects) and Donations Fund from RSPO certified trading transactions (GreenPalm and Utz) of RM47,000.

Principal assets at 30 June 2009 included cash of RM3,208,000 (2008: RM3,191,000) and unpaid subscriptions of RM1,222,000 (2008: RM852,000). Deferred income comprising subscriptions relating to the period after 30 June 2009 amounted to RM1,379,000 (2008: RM1,025,000). The secretariat has experienced some problems in contacting a proportion of members in order to press for outstanding unpaid subscriptions. At 30 June 2009 the provision for subscription income which might not be collected amounted to RM250,000 (2008: RM150,000). Recently twenty organisations which have long outstanding unpaid subscriptions have been suspended from RSPO membership.

RSPO Secretariat Sdn Bhd

A small surplus of RM20,000 after tax was recorded by RSPO Secretariat Sdn Bhd for the year ended 30 June 2009 (2008 RM40,000). The income of RSPO Secretariat Sdn Bhd of RM720,000 (2008: RM360,000) comprised entirely management fees charged to the RSPO. Costs comprised principally employee related expenses. Net assets of RSPO Secretariat Sdn Bhd amounted to RM61,000 at 30 June 2009 (2008: RM40,000).

Future prospects

The financial position of the RSPO is appropriate to its current needs.

For 2009/2010 subscription fee income is expected to grow in line with membership numbers, and operating costs are budgeted to increase as the work of the secretariat increases in both Malaysia and Indonesia. Project costs are also budgeted to increase significantly to RM2,531,000 in 2009/2010. Projects will be funded from an expected operating surplus in 2009/2010 of RM1,309,000; surplus amounts held in the Membership Fund at 30 June 2009 amounting to RM447,000; and expected donations from RSPO certified transactions (GreenPalm and Utz Certified) of RM700,000, together with other sundry income such as interest income.

The policy of the Executive Board is to maintain the Membership Fund at equivalent to one year's operating costs. Management accounts for the months since 30 June 2009 indicate that sufficient funds will be generated to meet the expected costs for the year (including project costs) and to maintain the Membership Fund at the desired level. In particular, income from RSPO certified transactions is already in excess of the RM700,000 budgeted for the

year as a whole, as the level of transactions has exceeded budgeted expectations.