

THE ROUNDTABLE ON SUSTAINABLE PALM OIL  
FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENT FROM SECRETARY-GENERAL

I, Darrel Arthur Webber, representing The Roundtable on Sustainable Palm Oil, do hereby state that the financial statements set out on pages 4 to 25 are drawn up so as to give a true and fair view of the state of affairs of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil as at 30 June 2014 and of the results and cash flows of The Roundtable on Sustainable Palm Oil Group and The Roundtable on Sustainable Palm Oil for the financial year ended on that date in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities.

Signed on behalf of The Roundtable on Sustainable Palm Oil on 20 October 2014.



DARREL ARTHUR WEBBER  
SECRETARY-GENERAL

Kuala Lumpur, Malaysia



## 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 ("RSPO"), which comprise the statements of assets, liabilities and fund balances as at 30 June 2014, and the statements of income and expenditure, statements of changes in accumulated fund and cash flow statements of RSPO Group and RSPO for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 25.

#### Board of Governors' Responsibility for the Financial Statements

The Board of Governors of RSPO is responsible for the preparation of RSPO Group and RSPO financial statements that give a true and fair view in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities and for such internal control as the Board of Governors of RSPO determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 Board of Governors of RSPO, 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.



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

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities so as to give a true and fair view of the financial position of RSPO Group and of RSPO as of 30 June 2014 and their financial performance and cash flows for the financial year then ended.

OTHER MATTERS

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

A handwritten signature in black ink, appearing to read 'Rivett H. ...', is written over the printed name of the firm.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur, Malaysia

**20 OCT 2014**

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF INCOME AND EXPENDITURE  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	RSPO Group		RSPO	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>INCOME</b>					
Subscription income	3	7,784,248	6,892,415	7,784,248	6,892,415
Contributions from sustainable palm oil trade	4	18,975,814	11,862,164	18,975,814	11,862,164
Interest income from fixed deposits		319,026	233,139	319,026	233,139
Other Income	5	17,933	-	17,933	-
		<u>27,097,021</u>	<u>18,987,718</u>	<u>27,097,021</u>	<u>18,987,718</u>
<b>LESS: EXPENDITURE</b>					
Staff costs (including Directors' remuneration)	6	4,681,049	3,528,077	-	-
Staff secondment charges		-	-	5,049,606	3,876,758
Recruitment expenses		29,238	10,567	29,238	10,567
Professional fees		301,197	387,487	291,643	381,637
Office rental		439,291	271,497	439,291	271,497
Travelling expenses		126,236	230,944	126,236	230,944
Global communication expenses		2,537,935	2,781,947	2,537,935	2,781,947
Consultancy fees		379,530	1,673,354	379,530	1,673,354
RSPO Indonesia Liaison Office ("RILO") expenses	22	-	308,382	-	308,382
Trademark and patent		126,477	300,250	126,477	300,250
Board of Governors' meeting expenses		262,773	295,689	262,773	295,689
General/Extraordinary Assembly		3,452	99,185	3,452	99,185
Roundtable meeting and outreach events deficit/(surplus)	7	256,617	(113,802)	256,617	(113,802)
Bad debts written off		12,331	316,121	12,331	316,121
Allowance for doubtful debts		185,936	398,355	185,936	398,355
Net foreign exchange losses/(gains)	8	65,927	(37,554)	32,480	(41,366)
Auditors' remuneration		56,000	59,488	31,000	40,268
Depreciation		137,379	118,046	-	-
Other expenditure		784,691	611,825	635,920	447,900
		<u>10,386,059</u>	<u>11,239,858</u>	<u>10,400,465</u>	<u>11,277,686</u>
Project costs	9	5,787,500	3,508,098	5,787,500	3,508,098
		<u>16,173,559</u>	<u>14,747,956</u>	<u>16,187,965</u>	<u>14,785,784</u>
<b>SURPLUS OF INCOME OVER EXPENDITURE BEFORE TAXATION</b>					
TAXATION	10	10,923,462 (166,518)	4,239,762 (144,678)	10,909,056 (155,381)	4,201,934 (124,475)
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE FINANCIAL YEAR</b>					
		<u>10,756,944</u>	<u>4,095,084</u>	<u>10,753,675</u>	<u>4,077,459</u>

The notes on pages 10 to 25 form an integral part of these financial statements.



## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES AS AT 30 JUNE 2014

	Note	RSPO Group		RSPO	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11	264,563	338,114	-	-
Deferred tax assets	12	19,862	-	-	-
Investment in a subsidiary	13	-	-	349,900	349,900
		284,425	338,114	349,900	349,900
<b>CURRENT ASSETS</b>					
Membership subscription fee receivable	14	1,686,450	1,152,840	1,686,450	1,152,840
Other receivables, deposits and prepayments	15	3,133,358	2,914,342	2,943,386	2,816,836
Cash and bank balances	16	15,286,535	6,424,552	15,149,437	5,928,307
Fixed deposits with a licensed bank	17	10,683,520	10,590,717	10,683,520	10,590,717
		30,789,863	21,082,451	30,462,793	20,488,700
<b>LESS : CURRENT LIABILITES</b>					
Deferred subscription income	3	3,811,231	2,916,627	3,811,231	2,916,627
Prepaid membership fees	3	344,500	175,740	344,500	175,740
Other payables and accruals	18	1,554,064	3,259,072	1,516,068	2,873,425
Sponsorship fund	19	-	152,580	-	152,580
Current tax liabilities	20	83,420	17,077	74,182	38,382
		5,793,215	6,521,096	5,745,981	6,156,754
<b>NET CURRENT ASSETS</b>		24,996,648	14,561,355	24,716,812	14,331,946
<b>LESS : NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	12	-	6,531	-	-
		-	6,531	-	-
<b>NET ASSETS</b>		25,281,073	14,892,938	25,066,712	14,681,846
<b>ACCUMULATED FUND</b>		25,281,073	14,892,938	25,066,712	14,681,846

The notes on pages 10 to 25 form an integral part of these financial statements.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### STATEMENTS OF CHANGES IN ACCUMULATED FUND FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

		<u>Members'</u> <u>fund</u>	<u>Smallholders'</u> <u>fund</u> (Note 21)	<u>Accumulated</u> <u>fund</u>
		RM	RM	RM
<u>RSPO Group</u>				
<u>2014</u>				
At 1 July 2013		9,306,085	5,586,853	14,892,938
Surplus of income over expenditure for the financial year		10,756,944	-	10,756,944
Project disbursements for the financial year		-	(368,809)	(368,809)
		<u>20,063,029</u>	<u>5,218,044</u>	<u>25,281,073</u>
Transfer to Smallholders' fund	21	(6,325,628)	6,325,628	-
At 30 June 2014		<u><u>13,737,401</u></u>	<u><u>11,543,672</u></u>	<u><u>25,281,073</u></u>
<u>2013</u>				
At 1 July 2012		7,842,839	2,955,015	10,797,854
Surplus of income over expenditure for the financial year		4,095,084	-	4,095,084
		<u>11,937,923</u>	<u>2,955,015</u>	<u>14,892,938</u>
Transfer to Smallholders' fund	21	(2,631,838)	2,631,838	-
At 30 June 2013		<u><u>9,306,085</u></u>	<u><u>5,586,853</u></u>	<u><u>14,892,938</u></u>

The notes on pages 10 to 25 form an integral part of these financial statements.



THE ROUNDTABLE ON SUSTAINABLE PALM OIL

STATEMENTS OF CHANGES IN ACCUMULATED FUND  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONTINUED)

		Members' fund	Smallholders' fund (Note 21)	Accumulated fund
		RM	RM	RM
<u>RSPO</u>				
<u>2014</u>				
At 1 July 2013		9,094,993	5,586,853	14,681,846
Surplus of income over expenditure for the financial year		10,753,675	-	10,753,675
Project disbursements for the financial year		-	(368,809)	(368,809)
		<u>19,848,668</u>	<u>5,218,044</u>	<u>25,066,712</u>
Transfer to Smallholders' fund	21	(6,325,628)	6,325,628	-
At 30 June 2014		<u>13,523,040</u>	<u>11,543,672</u>	<u>25,066,712</u>
<u>2013</u>				
At 1 July 2012		7,649,372	2,955,015	10,604,387
Surplus of income over expenditure for the financial year		4,077,459	-	4,077,459
		<u>11,726,831</u>	<u>2,955,015</u>	<u>14,681,846</u>
Transfer to Smallholders' fund	21	(2,631,838)	2,631,838	-
At 30 June 2013		<u>9,094,993</u>	<u>5,586,853</u>	<u>14,681,846</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

CASH FLOW STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	RSPO Group		RSPO	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Surplus of income over expenditure for the financial year	10,756,944	4,095,084	10,753,675	4,077,459
Adjustments for non-cash items:				
Taxation	166,518	144,678	155,381	124,475
Depreciation	137,379	118,046	-	-
Property, plant and equipment written off	-	1,591	-	-
Disposal of property, plant and equipment	-	2,441	-	-
Allowance for doubtful debts	185,936	398,355	185,936	398,355
Bad debts written off	12,331	316,121	12,331	316,121
Unrealised foreign exchange losses/(gains)	67,434	(39,795)	34,592	(43,607)
Interest income	(319,026)	(233,139)	(319,026)	(233,139)
Operating surplus before working capital changes and smallholder fund disbursements	11,007,516	4,803,382	10,822,889	4,639,664
Smallholder fund disbursements	(368,809)	-	(368,809)	-
Changes in working capital:				
Membership subscription fee receivable	(706,565)	540,288	(706,565)	540,288
Other receivables, deposits and prepayments	(181,650)	382,211	(89,183)	452,251
Deferred subscription income	894,604	59,169	894,604	59,169
Prepaid membership fees	168,760	175,740	168,760	175,740
Other payables and accruals	(1,696,169)	1,635,681	(1,348,518)	1,441,642
Sponsorship fund	(152,580)	(354,784)	(152,580)	(354,784)
Cash generated from operations	8,965,107	7,241,687	9,220,598	6,953,970
Interest received	248,042	161,472	248,042	161,472
Tax refund	23,013	20,000	-	-
Tax paid	(149,581)	(509,636)	(119,581)	(428,911)
Net cash generated from operating activities	9,086,581	6,913,523	9,349,059	6,686,531

The notes on pages 10 to 25 form an integral part of these financial statements.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 (CONTINUED)

	Note	RSPO Group		RSPO	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(64,897)	(283,252)	-	-
Additional investment in subsidiary		-	-	-	(349,900)
Proceeds from disposal of property, plant and equipment		1,070	800	-	-
Net cash used in investing activities		<u>(63,827)</u>	<u>(282,452)</u>	<u>-</u>	<u>(349,900)</u>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>					
		9,022,754	6,631,071	9,349,059	6,336,631
Effect of foreign exchange rate changes		(67,968)	(29,213)	(35,126)	(25,401)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>					
		<u>17,015,269</u>	<u>10,413,411</u>	<u>16,519,024</u>	<u>10,207,794</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>					
		<u><u>25,970,055</u></u>	<u><u>17,015,269</u></u>	<u><u>25,832,957</u></u>	<u><u>16,519,024</u></u>
Cash and cash equivalents comprise:					
Cash and bank balances	16	15,286,535	6,424,552	15,149,437	5,928,307
Fixed deposits with a licensed bank	17	10,683,520	10,590,717	10,683,520	10,590,717
		<u><u>25,970,055</u></u>	<u><u>17,015,269</u></u>	<u><u>25,832,957</u></u>	<u><u>16,519,024</u></u>

The notes on pages 10 to 25 form an integral part of these financial statements.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014

### 1 GENERAL INFORMATION

The principal activity of RSPO Group is 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. RSPO is a “not-for-profit” organisation.

The number of staff at the end of the financial year was 28 (2013: 24) persons in the Group and nil (2013: nil) persons in RSPO.

The address of principal place of business of RSPO is Unit A-37-1, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements of The Roundtable on Sustainable Palm Oil are prepared under the historical cost convention in accordance with the MASB Approved Accounting Standards in Malaysia for Private Entities.

#### (b) Subsidiaries

Subsidiaries are those corporations in which RSPO Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to RSPO Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over RSPO Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill.

Intergroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of RSPO Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and RSPO Group's share of its net assets together with any unamortised balance or goodwill on acquisition and exchange differences which were not previously recognised in the consolidated statement of income and expenditure.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Investments

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(e) on impairment of assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the statements of income and expenditure.

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

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

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Computers and software	33 1/3%
Furniture and fittings	20%
Office equipment	20%
Renovation	50%

At each statement of assets, liabilities and fund balances date, RSPO Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(e) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statements of income and expenditure.

#### (e) Impairment of assets

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the statements of income and expenditure. Any subsequent increase in recoverable amount is recognised in the statements of income and expenditure.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income recognition

Subscription income from members is recognised on an accrual basis.

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

(g) Receivables

Receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that RSPO Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(h) Cash and cash equivalents

For purposes of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, deposits held at call with banks and other short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(i) Provisions

Provisions are recognised when the RSPO Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(j) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(k) Foreign currencies

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign currency transactions and balances

Foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the statements of assets, liabilities and fund balances date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statements of income and expenditure.

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (k) Foreign currencies (continued)

###### (iii) Closing rates

The principal closing rates used in the translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
1 United States Dollar	3.209	3.177
1 Euro	4.3784	4.1514
1 Pound	5.464	-

##### (l) Income tax

Current tax expense is determined according to the Malaysian tax laws and includes all taxes based upon the taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unutilised tax losses can be utilised.

##### (m) Employee benefits

###### (i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of RSPO Group.

###### (ii) Post-employment benefits

###### Defined contribution plans

A defined contribution plan is a pension plan under which RSPO Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

RSPO Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further payment obligations.



## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 3 SUBSCRIPTION INCOME

Subscription income from members worldwide amounting to RM7,784,248 (2013: RM6,892,415) was recognised during the financial year.

The number of members registered as at 30 June 2014 is 1,631 (2013: 1,242), including 540 associate members (2013: 315).

Subscription income is recognised on a straight-line basis over the subscription period. Deferred subscription income represents the unearned income as at the end of the reporting period. Prepaid membership fees represent the advance payment received for membership application.

#### 4 CONTRIBUTIONS FROM SUSTAINABLE PALM OIL TRADE

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
Certificate trading	13,160,215	8,080,667
Segregated and mass balance trading	5,815,599	3,781,497
	<u>18,975,814</u>	<u>11,862,164</u>

The RSPO receives a contribution of USD1 per tonne from all certificates traded on the GreenPalm platform, which allows certified producers to sell credits directly to end users who wish to make a sustainability claim. The USD1 per tonne levy is charged to buyers of certificates. GreenPalm is operated by Book and Claim Limited, a company registered in England and a subsidiary of AAK UK Limited.

In addition the RSPO receives a contribution of USD1 per tonne from first transactions under the segregated and mass balance supply chains. The USD1 per tonne levy is charged to the first buyer in the supply chain. The registration for these supply chains, now under the name of eTrace, is operated by UTZ Certified.

#### 5 OTHER INCOME

Other income consists of surplus from the sponsorship of the Independent Smallholder Certification Project (Setara Jambi) (Note 19(b)) amounting to RM17,933 (2013: RMNil).

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

6 STAFF COSTS (including Directors' remuneration)

	<u>RSPO Group</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
Wages, salaries and bonuses	4,036,404	3,051,732
Defined contribution plan	424,536	356,373
Other employee benefits and compensations	220,109	119,972
	<u>4,681,049</u>	<u>3,528,077</u>

Included in staff costs is the remuneration of 2 Executive Directors (2013: 2) of RSPO Secretariat Sdn Bhd of RM1,083,601 (2013: RM1,030,588).

7 ROUNDTABLE MEETING AND OUTREACH EVENTS (DEFICIT)/SURPLUS

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
<u>Roundtable Meeting</u>		
Collections and sponsorships	2,620,471	2,603,045
Less: Expenses	(2,877,088)	(2,265,008)
	<u>(256,617)</u>	<u>338,037</u>
Outreach event expenses	-	(224,235)
(Deficit)/Surplus	<u>(256,617)</u>	<u>113,802</u>

During the year 3 Roundtable events were held by the RSPO (2013: 1). The amount expended was more than income received.

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

8 NET FOREIGN EXCHANGE LOSSES/(GAINS)

	RSPO Group		RSPO	
	2014 RM	2013 RM	2014 RM	2013 RM
Unrealised foreign exchange losses/(gains)	67,432	(39,795)	34,591	(43,607)
Realised foreign exchange (gains)/losses	(1,505)	2,241	(2,111)	2,241
	<u>65,927</u>	<u>(37,554)</u>	<u>32,480</u>	<u>(41,366)</u>

9 PROJECT COSTS

	RSPO Group and RSPO	
	2014 RM	2013 RM
Biodiversity High Conservation Value (BHCV)	483,409	307,943
Certification (including Principle & Criteria)	485,551	397,941
Green House Gas/RED	270,415	365,683
Smallholder (including POPSI)	688,916	738,705
Supply Chain	386,259	397,191
Other Technical (including SEARPP)	269,427	457,521
Dispute Settlement Facility	355,531	441,002
Impact	542,399	-
Complaints	71,830	-
Website	490,433	-
Communications	1,398,346	147,674
IT Projects (Horizon)	86,779	69,605
Secretariat Projects (Including HR)	116,351	33,500
Overseas Offices	141,854	151,333
	<u>5,787,500</u>	<u>3,508,098</u>

Project costs relate to expenditure incurred to organise programmes for the promotion of growth and the use of sustainable palm oil.

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

### 10 TAXATION

	RSPO Group		RSPO	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax (Note 20):				
- current financial year	193,829	109,522	154,591	100,417
- (over)/ under provision in prior financial years	(918)	24,058	790	24,058
	<u>192,911</u>	<u>133,580</u>	<u>155,381</u>	<u>124,475</u>
Deferred tax (Note 12):				
- origination and reversal of temporary differences	(26,393)	11,098	-	-
Total tax expense	<u>166,518</u>	<u>144,678</u>	<u>155,381</u>	<u>124,475</u>

The explanation of the relationship between tax expense and surplus of income over expenditure before taxation:

#### Numerical reconciliation of effective tax expense

	RSPO Group		RSPO	
	2014 RM	2013 RM	2014 RM	2013 RM
Surplus of income over expenditure before taxation	<u>10,923,462</u>	<u>4,239,762</u>	<u>10,909,057</u>	<u>4,201,934</u>
Tax calculated at Malaysian tax rate for trade associations of 26% (2013: 26%)	2,840,100	1,102,338	2,836,355	1,092,503
Tax effects of:				
- income not subject to tax	(6,760,173)	(4,764,930)	(6,760,173)	(4,764,930)
- different tax rates of a subsidiary	(864)	(2,269)	-	-
- expenses not deductible for tax purposes	4,086,114	3,793,889	4,076,150	3,781,252
- effects of scale tax rate	(12,150)	(11,675)	(12,150)	(11,675)
- deferred tax assets not recognised	14,409	3,267	14,409	3,267
- under provision of tax in prior financial years	(918)	24,058	790	24,058
	<u>166,518</u>	<u>144,678</u>	<u>155,381</u>	<u>124,475</u>

THE ROUNDTABLE ON SUSTAINABLE PALM OIL

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENT

	<u>Computers and software</u> RM	<u>Furniture and fittings</u> RM	<u>Office equipment</u> RM	<u>Renovation</u> RM	<u>Total</u> RM
<u>RSPO Group</u>					
<u>2014</u>					
<u>Cost</u>					
At 1 July 2013	178,661	169,565	69,165	81,090	498,481
Additions	49,324	470	15,104	-	64,898
Disposal	(3,500)	-	-	-	(3,500)
Written off	-	-	-	-	-
At 30 June 2014	<u>224,485</u>	<u>170,035</u>	<u>84,269</u>	<u>81,090</u>	<u>559,879</u>
<u>Accumulated depreciation</u>					
At 1 July 2013	100,446	29,315	15,888	14,718	160,367
Charge for the year	51,152	33,968	14,349	37,910	137,379
Disposal	(2,430)	-	-	-	(2,430)
Written off	-	-	-	-	-
At 30 June 2014	<u>149,168</u>	<u>63,283</u>	<u>30,237</u>	<u>52,628</u>	<u>295,316</u>
<u>Net book value</u>					
At 30 June 2014	<u>75,317</u>	<u>106,752</u>	<u>54,032</u>	<u>28,462</u>	<u>264,563</u>
<u>Net book value</u>					
At 30 June 2013	<u>78,215</u>	<u>140,250</u>	<u>53,277</u>	<u>66,372</u>	<u>338,114</u>

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

### 12 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of assets, liabilities and accumulated fund balances:

	RSPO Group	
	2014 RM	2013 RM
Subject to income tax		
- Deferred tax assets	19,862	-
- Deferred tax liabilities	-	(6,531)
	<u>19,862</u>	<u>(6,531)</u>
At start of financial year	(6,531)	4,567
Credited/(charged) to income statement (Note 10)		
- property, plant and equipment	12,802	(6,864)
- other payables and accruals	13,591	(4,234)
	<u>26,393</u>	<u>(11,098)</u>
At end of financial year	<u>19,862</u>	<u>(6,531)</u>
<u>Deferred tax assets</u>		
Other payables and accruals	32,469	18,878
Amount before offsetting	32,469	18,878
Offsetting	(12,607)	(18,878)
	<u>19,862</u>	<u>-</u>
<u>Deferred tax liabilities</u>		
Property, plant and equipment	12,607	25,409
Amount before offsetting	12,607	25,409
Offsetting	(12,607)	(18,878)
	<u>-</u>	<u>6,531</u>

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 12 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The amount of temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax assets are recognised in the statement of income and expenditure by RSPO as the Board of Governors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
Deductible temporary differences	150,154	94,733
	<u>150,154</u>	<u>94,733</u>
Deferred tax assets for deductible temporary differences not recognised at 26%	39,040	24,631
	<u>39,040</u>	<u>24,631</u>

#### 13 INVESTMENT IN A SUBSIDIARY

	<u>RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
At 30 June	349,900	349,900
	<u>349,900</u>	<u>349,900</u>

Details of the subsidiary are as follows:

<u>Direct subsidiary</u>	<u>Country of incorporation</u>	<u>Group's effective interest</u>		<u>Principal activities</u>
		<u>2014</u>	<u>2013</u>	
		%	%	
RSPO Secretariat Sdn Bhd	Malaysia	100	100	To provide administration, secretariat, staff secondment and other related services to RSPO.



# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

### 14 MEMBERSHIP SUBSCRIPTION FEE RECEIVABLE

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
Membership subscription fee receivable	2,217,287	1,930,097
Less: Allowance for doubtful debts	(530,837)	(777,257)
	<u>1,686,450</u>	<u>1,152,840</u>

### 15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Receivable from supply chain fees of sustainable palm oil trade	2,396,153	2,577,098	2,396,153	2,577,098
Other receivables	366,500	143,401	344,148	206,292
Deposits	89,432	95,200	-	-
Prepayments	281,273	98,643	203,085	33,446
	<u>3,133,358</u>	<u>2,914,342</u>	<u>2,943,386</u>	<u>2,816,836</u>

Included in other receivables of RSPO is an amount due from RSPO Secretariat Sdn Bhd of RMNil (2013: RM80,405). The amount is unsecured, interest free and has no fixed terms of repayment.

### 16 CASH AND BANK BALANCES

	<u>RSPO Group</u>		<u>RSPO</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	RM	RM	RM	RM
Cash and bank balances	15,286,535	6,424,552	15,149,437	5,928,307

Bank balances are deposits held at call with banks, bear no interest and is denominated in Ringgit Malaysia.

As at 30 June 2014, an amount of RM50,000 within bank balance represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

### 17 FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank are placed to earn interest income and is denominated in Ringgit Malaysia.

The average effective interest rates of the fixed deposits are between 2.75% and 3.15% (2013: 2.75% and 3.2%) per annum and the average maturity period is between 30 days to 365 days (2013: 30 days to 365 days).

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 18 OTHER PAYABLES AND ACCRUALS

	RSPO Group		RSPO	
	<u>2014</u> RM	<u>2013</u> RM	<u>2014</u> RM	<u>2013</u> RM
Project costs payables	869,111	2,407,090	869,111	2,407,090
Project costs accruals	61,915	228,073	61,915	228,073
Other payables	485,273	463,665	585,042	238,262
Other accruals	137,765	160,244	-	-
	<u>1,554,064</u>	<u>3,259,072</u>	<u>1,516,068</u>	<u>2,873,425</u>

As at 30 June 2014, an amount of RM50,000 within other payables represents money held on behalf of parties under the Dispute Settlement Facility of RSPO for capacity building purposes.

Included in other payables of RSPO is an amount due to RSPO Secretariat Sdn Bhd of RM 484,166 (2013: RMNil). The amount is unsecured, interest free and has no fixed terms of repayment.

#### 19 SPONSORSHIP FUND

The sponsorship fund comprises contributions from sponsors to meet specific project costs.

	RSPO Group and RSPO	
	<u>2014</u> RM	<u>2013</u> RM
Building Bridges between Commodity Roundtables and REDD+ (Refer (a))	-	46,508
Independent Smallholder Certification Project (Setara Jambi) (Refer (b))	-	106,072
BACP Development and Implementation of Credible RSPO Standards for Sustainable Palm Oil (Refer (c))	-	-
	<u>-</u>	<u>152,580</u>

# THE ROUNDTABLE ON SUSTAINABLE PALM OIL

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

### 19 SPONSORSHIP FUND (CONTINUED)

	RSPO Group and RSPO	
	2014 RM	2013 RM
(a) Building Bridges between Commodity Roundtables and REDD+		
As at beginning of financial year	46,508	220,322
Sponsorship received	-	183,036
Less: Project expenses	-	(356,850)
Less : Return of excess funds to IPAM	(46,508)	-
As at end of financial year	-	46,508
(b) Independent Smallholder Certification Project (Setara Jambi)		
As at beginning of financial year	106,072	287,042
Add:		
Less: Project expenses	(88,139)	(180,970)
Less: Excess funds transferred to Other Income (Note 5)	(17,933)	-
As at end of financial year	-	106,072
(c) BACP Development and Implementation of Credible RSPO Standards for Sustainable Palm Oil		
As at beginning of financial year		-
Less: Project expenses	(172,886)	(387,514)
Sponsorship received	172,886	387,514
As at end of financial year	-	-

### 20 CURRENT TAX LIABILITIES

	RSPO Group		RSPO	
	2014 RM	2013 RM	2014 RM	2013 RM
As at beginning of financial year	17,077	373,133	38,382	342,818
Income tax provision (Note 10):				
- current year	193,829	109,522	154,591	100,417
- (over)/under provision in prior financial years	(918)	24,058	790	24,058
	192,911	133,580	155,381	124,475
Tax paid	(126,568)	(489,636)	(119,581)	(428,911)
As at end of financial year	83,420	17,077	74,182	38,382

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 21 SMALLHOLDERS' FUND

The purpose of the Smallholders' fund is to support smallholders to be RSPO certified. The fund is managed by the Smallholder Fund Manager from the RSPO Secretariat Sdn Bhd and overseen by the Smallholder Fund Panel selected by the Smallholder Working Group.

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
As at beginning of financial year	5,586,853	2,955,015
Add: Addition to fund	6,325,628	2,631,838
	<u>11,912,481</u>	<u>5,586,853</u>
Less: Project disbursements during the financial year	(368,809)	-
As at end of financial year	<u><u>11,543,672</u></u>	<u><u>5,586,853</u></u>

The amounts received by the fund comprise of 10% of revenue generated from sustainable palm oil trade plus 50% of after tax surplus.

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
<u>Commitments due to be disbursed:</u>		
Within 1 year	230,939	-
Later than 1 year but not later than 3 years	161,454	-
	<u>392,393</u>	<u>-</u>

#### Forecast Commitments:

This relates to projects that were approved or have been conditionally approved post year end by the Smallholder Fund Panel.

	<u>RSPO Group and RSPO</u>	
	<u>2014</u>	<u>2013</u>
	RM	RM
Approved post financial year end	448,121	-
Conditionally approved post financial year end	1,471,807	-
	<u>1,919,928</u>	<u>-</u>

## THE ROUNDTABLE ON SUSTAINABLE PALM OIL

### NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2014 (CONTINUED)

#### 22 REGISTRATION OF INDONESIAN LIAISON OFFICE UNDER RSPO SECRETARIAT SDN BHD

On 14 December 2012, RSPO Indonesia Liaison Office ("RILO"), the liaison arm of RSPO in Indonesia, was registered as a Regional Representative Office ("RRO") under the RSPO Secretariat. Thus, subsequent to 31 December 2012, all of RILO's expenses were recognised directly within the RSPO Secretariat, being the administrative extension of RSPO Secretariat in Indonesia.

#### 23 REGISTRATION OF UNITED KINGDOM ESTABLISHMENT UNDER RSPO SECRETARIAT SDN BHD

On 3 October 2013, RSPO Secretariat Sdn Bhd registered an Establishment in the United Kingdom ("UK Office"). No expenses were incurred in the UK office prior to registration.

#### 24 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Board of Governors of RSPO on 20 October 2014.