

**GHANA
STOCK
EXCHANGE**

PRESS RELEASE

PR. No. 441/2020

**COCOA PROCESSING COMPANY LTD (CPC)
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

CPC has released its unaudited Financial Statements for the year ended September 30, 2020 as per the attached.

Issued at Accra, this 29th
day of October, 2020.

- E N D -

att'd.

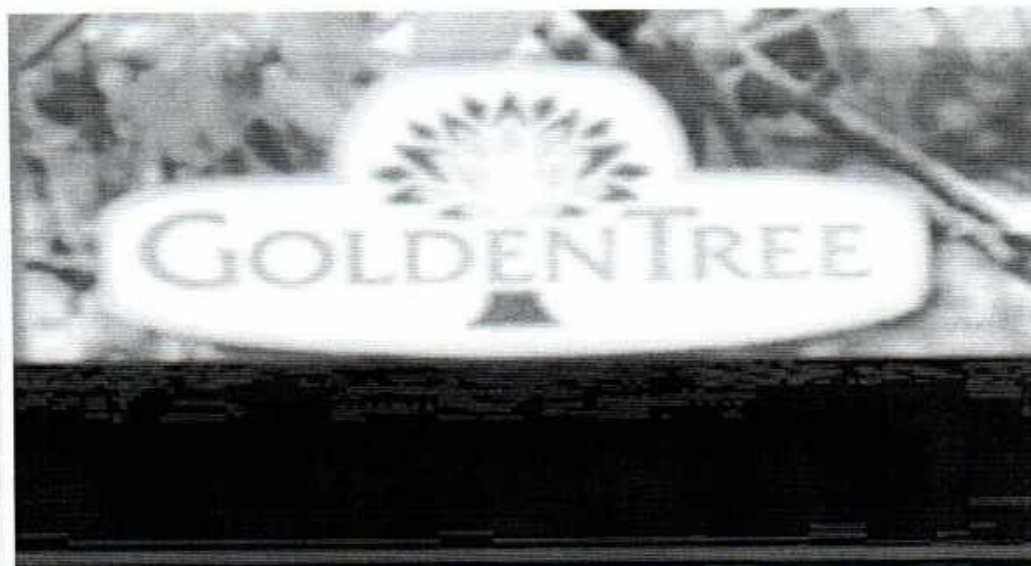
Distribution:

1. All LDMs
2. General Public
3. Company Secretary, CPC
4. NTHC Registrars (Registrars for CPC shares)
5. Custodians
6. Central Securities Depository
7. Securities and Exchange Commission
8. GSE Council Members
9. GSE Notice Board

For enquiries, contact:

Head of Listing, GSE on 0302 669908, 669914, 669935

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**COCOA PROCESSING COMPANY LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER
2020**

COCOA PROCESSING COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS

I N D E X

| | P a g e |
|-----------------------------------|----------------|
| Corporate Information | 2 |
| Highlights | 3 |
| Statement of Financial Position | 4 |
| Statement of Comprehensive Income | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Notes to the Financial Statements | 8-29 |

COCOA PROCESSING COMPANY LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

Kweku Owusu Baah (Chairman)
Nana Agyenim Boateng (Managing)
Hon. Ben Abdallah Banda
Philomena Okyere
Ray Ankrah
Vincent Akomea
Prof Douglas Boateng
Abdul Samed Adams

REGISTERED OFFICE

Cocoa Processing Company Limited
Heavy Industrial Area
Private Mail Bag
Tema

SOLICITOR/ SECRETARY

Sheila Minkah-Premo
Apex Law Consult
Ring road Labone
Box GP 4889
Accra

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242
Accra

BANKERS

Barclays Bank (Ghana) Limited
Ecobank Ghana Limited
GCB Bank Limited
Prudential Bank Limited
SG-SSB Bank Limited

REGISTRAR

NTHC Limited
Martco House
P O Box 9563
Airport
Accra


COCOA PROCESSING COMPANY LIMITED

FINANCIAL AND OPERATIONS HIGHLIGHTS FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | SEPTEMBER 2020 | SEPTEMBER 2019 |
|-----------------------------------|----------------|----------------|
| | <u>US\$</u> | <u>US\$</u> |
| FINANCIALS | | |
| Turnover | 13,650,279 | 28,433,361 |
| Loss from Operations | (5,829,296) | 259,358 |
| Loss for the year | (9,228,585) | (3,362,109) |
| Total Assets | 150,926,492 | 145,924,285 |
| Net Assets per Share | (0.0155) | (0.0110) |
| No of Shares Ranking for Dividend | 2,038,074,176 | 2,038,074,176 |
| Earnings per Share | (0.0045) | (0.0016) |
| Diluted Earnings per Share | (0.0045) | (0.0016) |
| OPERATIONS | | |
| | MT | MT |
| CPC Beans | 6,676 | 5,000 |
| Tolling | 7,282 | 23,486 |
| Totals Cocoa Beans Processed | 13,958 | 28,486 |
| Semi - Finished Products Packed | 11,522 | 23,021 |
| Confectionary products Packed | 1,803 | 2,196 |

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2020

| | | Sep-20 US\$ | Sep-19 US\$ |
|-------------------------------------|-----|---------------------|---------------------|
| ASSETS | | | |
| Property, plant and equipment | 7 | 123,484,222 | 126,804,747 |
| Total non-current assets | | <u>123,484,222</u> | <u>126,804,747</u> |
| Inventories | 8 | 20,708,544 | 8,228,910 |
| Current tax assets | | | 6,283 |
| Trade and other receivables | 9 | 5,099,057 | 9,811,571 |
| Cash and bank balances | 10a | 1,634,669 | 1,072,774 |
| Total current assets | | <u>27,442,270</u> | <u>19,119,538</u> |
| Total assets | | <u>150,926,492</u> | <u>145,924,285</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 14a | 26,071,630 | 26,071,630 |
| Revaluation reserve | 14b | 56,508,183 | 56,508,182 |
| Fair Value Reserve | 14b | 6,293,536 | 6,293,536 |
| Retained earnings | 14d | (120,501,326) | (111,272,741) |
| Total equity | | <u>(31,627,977)</u> | <u>(22,399,393)</u> |
| Liabilities | | | |
| Borrowings | 12b | 17,916,778 | 14,507,042 |
| Employee benefit obligations | 13b | 3,335,191 | 3,199,963 |
| Deferred Tax Liability | | 20,687,331 | 20,687,331 |
| Non current liabilities | | <u>41,939,300</u> | <u>38,394,336</u> |
| Bank overdraft | 10b | 1,089,132 | 955,704 |
| Trade and other payables | 11 | 92,186,538 | 81,634,135 |
| Borrowings | 12a | 47,339,503 | 47,339,503 |
| Total current liabilities | | <u>140,615,173</u> | <u>129,929,342</u> |
| Total liabilities | | <u>182,554,474</u> | <u>168,323,678</u> |
| Total equity and liabilities | | <u>150,926,492</u> | <u>145,924,285</u> |


KOF TEKYI
DIRECTOR (FIN & IT)


NANA AGYENIM BOATENG
MANAGING DIRECTOR

The accompanying accounting policies and notes form an integral parts of these financial statements

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | | Sep-20 US\$ | Sep-19 US\$ |
|--|----|--------------------|--------------------|
| Revenue | 14 | 13,650,279 | 28,433,361 |
| Cost of Sales | 15 | (15,585,517) | (23,661,338) |
| Gross Profit | | <u>(1,935,238)</u> | <u>4,772,023</u> |
| Other income | 16 | 171,642 | 983,548 |
| Selling and distribution costs | 30 | (459,823) | (684,856) |
| General and administrative expenses | 29 | (3,605,877) | (4,811,357) |
| Operating loss | | <u>(5,829,296)</u> | <u>259,358</u> |
| Finance income | 20 | 277,161 | 6,060 |
| Finance costs | 21 | (3,676,450) | (4,573,435) |
| Loss before tax | 17 | <u>(9,228,585)</u> | <u>(4,308,017)</u> |
| Income tax expense | 5 | | 945,908 |
| Loss | | <u>(9,228,585)</u> | <u>(3,362,109)</u> |
| Other comprehensive income | | | |
| Revaluation of PPE | | | 19,470,901 |
| Defined benefit plan actuarial gains/ (loss) | | | (1,374,562) |
| Related Tax | | | (3,216,132) |
| Total other comprehensive income | | <u>-</u> | <u>14,880,207</u> |
| Total comprehensive income | | <u>(9,228,585)</u> | <u>11,518,098</u> |
| Earnings per share | | | |
| Basic earnings per share | 22 | (0.0045) | (0.0016) |
| Diluted earnings per share | 22 | (0.0045) | (0.0016) |

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | Share Capital US\$ | Revaluation Reserve US\$ | Fair Value Reserve US\$ | Retained Earnings US\$ | Total Equity US\$ |
|--|--------------------------|--------------------------------|-------------------------------|------------------------------|-------------------------|
| Balance at 1 October 2019 | 26,071,630 | 56,508,182 | 6,293,536 | (111,272,741) | (22,399,393) |
| Total comprehensive income for the year | | | | | |
| Loss | - | - | - | | |
| Defined benefit plan actuarial gain | - | - | - | (9,228,585) | (9,228,585) |
| Total comprehensive income | - | - | - | (9,228,585) | - |
| Transfer within equity | - | - | - | (9,228,585) | (9,228,585) |
| Revaluation reserve transferred | - | - | - | - | - |
| Balance at 30th September 2020 | 26,071,630 | 56,508,183 | - | (120,501,326) | (31,627,978) |

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

| | Sep-20 US\$ | Sep-19 US\$ |
|--|-----------------------|-----------------------|
| Operating activities | | |
| Loss | (9,228,585) | (3,362,109) |
| <i>Adjustments for:</i> | | |
| Depreciation charges | 4,856,799 | 3,649,319 |
| Deferred Tax (Income Tax Expense | (0) | (945,908) |
| | <u>(4,371,787)</u> | <u>(658,698)</u> |
| Changes in | | |
| Inventories | (12,479,634) | (2,585,850) |
| Trade and other receivables | 4,712,514 | 183,079 |
| Trade and other payables | 10,552,403 | 2,128,777 |
| Employee benefit obligations | 135,228 | 449,513 |
| Income Taxes Paid | | (3,020) |
| Effects of movement in exchange rates | | (91,160) |
| Net cash flow from operating activities | <u>(1,451,276)</u> | <u>(577,359)</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,536,273) | (2,599,607) |
| Proceeds from disposal of property, plant and equipment | - | |
| Net cash flow in investing activities | <u>(1,536,273)</u> | <u>(2,599,607)</u> |
| Financing activities | | |
| Loans and borrowings | 3,416,015 | 4,526,725 |
| Net cash flow in financing activities | <u>3,416,015</u> | <u>4,526,725</u> |
| Net increase / (decrease) in cash and cash equivalents | 428,467 | 1,349,759 |
| Net increase / (decrease) in cash and cash equivalents | 428,467 | 1,349,759 |
| Cash and cash equivalents at 1 October | 117,070 | (1,232,689) |
| | <u>545,537</u> | <u>117,070</u> |
| Analysis of balances of cash and cash equivalents as shown in the balance sheet | | |
| Cash and bank balances | 1,634,669 | 1,072,774 |
| Bank overdraft | (1,089,132) | (955,704) |
| Cash and cash equivalents at 30 September | <u>545,537</u> | <u>117,070</u> |

**PROPERTY PLANT & EQUIPMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2020**

| Description | Capital Work In Progress | Land, Buildings & Roadworks | Staff Bungalows & Flats | Plant & Machinery | Motor Vehicles | Office Furniture & Equipment | Laboratory Equipment | Total |
|----------------------------|--------------------------|-----------------------------|-------------------------|-------------------|----------------|------------------------------|----------------------|-------------|
| | USD | USD | USD | USD | USD | USD | USD | USD |
| Cost/Valuation | | | | | | | | |
| 01/10/2019 | 2,341,777 | 37,235,919 | 413,519 | 86,265,667 | 234,070 | 213,486 | 100,310 | 126,804,748 |
| Additions | 540,962 | | | 995,311 | - | | | 1,536,273 |
| Disposals | | | | | | | | - |
| Transfers | | | | | | | | - |
| Balance at 30/09/2020 | 2,882,739 | 37,235,919 | 413,519 | 87,260,978 | 234,070 | 213,486 | 100,310 | 128,341,021 |
| Depreciation | | | | | | | | |
| Balance as at 01/10/2019 | | | | | | | | - |
| Disposals | | | | | | | | - |
| Depreciation Charge | | | | | | | | |
| | | 413,968 | 8,270 | 4,313,283 | 58,518 | 42,697 | 20,062 | 4,856,799 |
| | | 413,968 | 8,270 | 4,313,283 | 58,518 | 42,697 | 20,062 | 4,856,799 |
| NBV AT 30/09/2020 | 2,882,739 | 36,821,951 | 405,248 | 82,947,694 | 175,553 | 170,789 | 80,248 | 123,484,222 |

COCOA PROCESSING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2020

1. REPORTING ENTITY

Cocoa Processing Company Limited is a Company registered and domiciled in Ghana. The financial statements for the year ended 30th September 2020 relates to the individual financial statements of the Company.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 1963 (Act 179).

b. Basis of measurement

The financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Property, plant and equipment, measured at revalued amounts
- Defined benefit obligations measured at the present value of the future benefit to employees.

c. Functional and presentation currency

The financial statements are presented in US Dollar (US\$) which is the Company's functional currency. Except otherwise indicated, the financial information presented has been rounded off to the nearest US Dollar.

d. Use of estimates and judgement

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under operating expenses or other income depending on whether it is a net loss or gain.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(B) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost. They are carried at revalued amounts less subsequent depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss, as incurred.

(iii) Spare parts

Spare parts, stand-by and servicing equipment held by the Company generally are classified as inventories. However, if major spare parts and stand-by equipment are expected to be used for more than one period or can be used only in connection with an item of property, plant and equipment, then they are classified as property, plant and equipment.

(iv) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(v) Depreciation

Items of property, plant and equipment are depreciated from the date they are installed and ready for use, or in respect of self-constructed assets, from the date assets is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the reducing balance basis over their estimated useful lives. Depreciation is generally recognised in profit or loss unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

| | | |
|----------------------------------|---|----------|
| • Land, Buildings and Road Works | - | 50 years |
| • Staff Bungalows and Flats | - | 50 years |
| • Plant and Machinery | - | 20 years |
| • Motor Vehicles | - | 4 years |
| • Laboratory Equipment | - | 5 years |
| • Office Furniture and Equipment | - | 5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Any gain or loss of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and carrying amount of the item) is recognised in profit or loss.

(vi) Revaluation gain/loss

Increases in the carrying amount of land and buildings arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to profit or loss.

The surplus on revaluation is transferred to retained earnings on use of the relevant revalued assets.

(d) Inventories

All inventories with the exception of finished goods are initially recognised at the lower of cost and net realisable value. Finished goods are initially recognised at the total cost of raw materials consumed and production overheads. Inventories are measured at the lower of cost or net realisable value.

The cost of inventories is based on the first-in-first-out principle for raw materials and weighted average principle for all other inventories and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Inventories are recognised in profit or loss when goods are sold or there is a write down of inventories.

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of VAT, returns, discounts, and other similar deductions.

No revenue is recognised if recovery of the consideration is not considered probable or the revenue and associated costs cannot be measured reliably.

Revenue - Sale of goods

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, there is no continuing management involvement in the goods, recovery of the consideration is probable, associated costs and possible return of goods can be estimated reliably and the amount of revenue can be measured reliably. Transfer of risks and rewards occur when the goods are delivered to the customer.

2 REVENUE

Analysis of the Company's revenue is as follows

| Type of Product | Sep-20 US\$ | Sep-19 US\$ |
|-----------------|-------------------|-------------------|
| Cocoa Butter | 1,238,739 | 7,727,262 |
| Cocoa Liquor | 309,051 | 963,233 |
| Cocoa Cake | 491,034 | 778,887 |
| Cocoa Powder | 1,130,690 | 1,379,278 |
| Confectionery | 7,332,687 | 7,828,129 |
| Tolling | 3,148,079 | 9,756,572 |
| | 13,650,279 | 28,433,361 |

| Sale of goods | Sep-20 US\$ | Sep-19 US\$ |
|---------------|-------------------|-------------------|
| Local Sales | 7,040,780 | 7,882,541 |
| Export Sales | 3,461,419 | 10,794,248 |
| | 10,502,199 | 18,676,789 |
| Tolling | 3,148,079 | 9,756,572 |
| | 13,650,279 | 28,433,361 |

Analysis of Product Market

| | Sep-20 | Sep-20 | Sep-19 | Sep-19 |
|-------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | Export Sales US\$ | Local Sales US\$ | Export Sales US\$ | Local Sales US\$ |
| Semi -Finished Products | 3,130,382 | 39,131 | 10,603,825 | 244,835 |
| Confectionery | 331,037 | 7,001,650 | 190,423 | 7,637,706 |
| Tolling | 3,148,079 | | 9,756,572 | - |
| | 6,609,498 | 7,040,780 | 20,550,820 | 7,882,541 |

15.(a) COST OF SALES

| | Sep-20 US\$ | Sep-19 US\$ |
|---------------------------------|-------------------|-------------------|
| Raw / Packing Material Consumed | 5,412,770 | 12,744,341 |
| Depreciation | 4,747,314 | 3,580,625 |
| Production Overheads | 5,425,433 | 6,994,916 |
| | <u>15,585,517</u> | <u>23,319,882</u> |

16 OTHER INCOME

| Type of Product | Sep-20 US\$ | Sep-19 US\$ |
|-------------------------------------|----------------|----------------|
| Sale of Sack, scrap and other items | 58,330 | 32,434 |
| Discount received on import duties | - | 389,840 |
| Insurance Claim | 63,505 | |
| Retail Revenue | - | |
| Sundry Income | 49,808 | 121,523 |
| | <u>171,642</u> | <u>543,797</u> |

20 FINANCE INCOME

| | Sep-20 US\$ | Sep-19 US\$ |
|-------------------|----------------|----------------|
| Interest received | 10,620 | 6,060 |
| Exchange gain | 266,541 | 439,751 |
| | <u>277,161</u> | <u>445,811</u> |

21 FINANCE COST

| | Sep-20 US\$ | Sep-19 US\$ |
|---------------------------------|------------------|------------------|
| Interest on Loans and borrowing | 3,498,363 | 4,361,087 |
| Interest on Bank Overdraft | 178,087 | 212,348 |
| | <u>3,676,450</u> | <u>4,573,435</u> |

29 GENERAL ADMIN EXPENSES

| | Sep-20 US\$ | Sep-19 US\$ |
|--------------------------|------------------|------------------|
| Staff Cost | | |
| Depreciation | 2,515,280 | 3,983,261 |
| Auditors remuneration | 50,968 | 48,202 |
| Directors remuneration | 15,041 | 37,000 |
| Insurance | 28,821 | 45,216 |
| Rent and Security | 13,518 | 71,136 |
| Professional/Consultancy | 123,091 | 157,712 |
| Bank Charges | 153,337 | 16,929 |
| AGM Expenses | 101,141 | 93,910 |
| Office related Expenses | 17,126 | 22,320 |
| Water and Electricity | 272,410 | 182,770 |
| Other Cost | 201,150 | 152,901 |
| | 113,993 | |
| | <u>3,605,877</u> | <u>4,811,357</u> |

30 SELLING & DISTRIBUTION EXPENSES

| | Sep-20 US\$ | Sep-19 US\$ |
|-------------------------------------|----------------|----------------|
| Staff Cost | | |
| Wharfage Handling Charges | 227,101 | 25,011 |
| Carriage - Forklifts / Trucks | - | 66,081 |
| Depot Expenses | 26,559 | - |
| Vehicles Running Costs | 24,900 | 30,728 |
| Advertising Expenses and other cost | 78,736 | 56,299 |
| Depreciation Vehicles | 43,502 | 32,509 |
| Other Cost | 59,026 | 20,492 |
| | - | 34,876 |
| | <u>459,823</u> | <u>265,996</u> |

STAFF COSTS

The average number of employees during the year was as follows: -

| | Sep-20 Number | Sep-19 Number |
|--------------|------------------|------------------|
| Junior Staff | 187 | 170 |
| Senior Staff | 68 | 70 |
| Management | 18 | 19 |
| | <u>273</u> | <u>259</u> |

Aggregate Remuneration

| | Sep-20 US\$ | Sep-19 US\$ |
|--------------------|------------------|------------------|
| Wages and Salaries | 3,861,632 | 3,008,581 |
| | <u>3,861,632</u> | <u>3,008,581</u> |

EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

| | Sep-20 US\$ | Sep-19 US\$ |
|---|----------------|----------------|
| Net Profit attributable to shareholders | (9,228,585) | (3,362,109) |
| Weighted Average Number of Ordinary Shares outstanding during the year | 2,038,074,176 | 2,038,074,176 |
| Basic Earnings per share | -0.0045 | -0.0016 |
| Diluted Earnings per share | -0.0045 | -0.0016 |

8 INVENTORIES

| | Sep-20 US\$ | Sep-19 US\$ |
|-----------------------|-------------------|------------------|
| Raw Materials | 585,117 | 1,399,924 |
| Packaging Materials | 2,525,484 | 2,216,018 |
| Finished Goods | 16,045,684 | 3,063,246 |
| Technical Store Parts | 1,473,781 | 1,486,563 |
| Fuel & Lubricant | 78,478 | 63,159 |
| | <u>20,708,544</u> | <u>8,228,910</u> |

9 TRADE AND OTHER RECEIVABLES

| | Sep-20 US\$ | Sep-19 US\$ |
|--------------------------|------------------|------------------|
| Trade Receivables | 1,192,311 | 2,370,230 |
| Staff Debtors | 605,794 | 772,231 |
| Prepayment | 473,501 | 104,552 |
| Other Receivables | 407,104 | 4,483,743 |
| Fixed Deposit Investment | 2,420,346 | 2,080,816 |
| | <u>5,099,057</u> | <u>9,811,572</u> |

11 TRADE AND OTHER PAYABLES

Trade and other payables principally comprised amount outstanding for trade purchase and ongoing costs.

| | Sep-20 US\$ | Sep-19 US\$ |
|----------------|-------------------|-------------------|
| Trade Payables | 62,319,023 | 59,288,235 |
| Other Payables | 29,867,515 | 22,345,900 |
| | <u>92,186,538</u> | <u>81,634,135</u> |

12 BORROWINGS

Balances on existing Loan Facilities

| | Sep-20 US\$ | Sep-19 US\$ |
|------------------------|-------------------|-------------------|
| Barclays Bank USD Loan | 9,489,468 | 9,489,468 |
| Barclays Bank USD Loan | 13,794,071 | 12,475,395 |
| Cocobod Loan USD | 38,727,582 | 38,247,249 |
| Prudential loan | 3,245,160 | 1,634,432 |
| | <u>65,256,281</u> | <u>61,846,544</u> |

12(a) Short term portion of borrowings

| | |
|-------------------|-------------------|
| <u>47,339,503</u> | <u>47,339,503</u> |
|-------------------|-------------------|

12(b) Long term borrowings

| | |
|-------------------|-------------------|
| <u>17,916,778</u> | <u>14,507,041</u> |
|-------------------|-------------------|

| 10(a) | CASH & CASH EQUIVALENTS | Sep-20 US\$ | Sep-19 US\$ |
|-------|--|------------------|------------------|
| | Cash at Bank | 1,455,838 | 1,041,658 |
| | Cash in hand | 178,831 | 31,115 |
| | Cash and Cash Equivalents | <u>1,634,669</u> | <u>1,072,773</u> |
| 10(b) | Bank Overdraft | (1,089,132) | (955,704) |
| | Cash and Cash Equivalents in the statement of cash flow | 545,537 | 117,070 |

DEBT TO EQUITY RATIO

The Company's net debt to equity ratio was as follows

| | Sep-20 US\$ | Sep-19 US\$ |
|---------------------------|----------------|----------------|
| Total Liabilities | 182,554,474 | 168,323,678 |
| Cash and Cash Equivalents | (1,634,669) | (1,072,773) |
| Net Debt | 180,919,804 | 167,250,905 |
| Equity | (31,627,977) | (22,399,393) |
| Debt to Equity Ratio | <u>(5.72)</u> | <u>(7.47)</u> |

RELATED PARTY TRANSACTION AND BALANCES

The Company Purchases raw cocoa beans from Cocoa Marketing Company Limited a Subsidiary of Ghana Cocoa Board.

Ghana Cocoa Board is the ultimate parent of Cocoa Processing Company Limited. The purchases from Cocoa Marketing Company Limited are on the same terms and conditions as those entered into by other companies

The value of transactions between the company and its related entities during the year are as follows

| | Sep-20 US\$ | Sep-19 US\$ |
|--|----------------|----------------|
| Purchases from Cocoa Marketing Company | 14,864,750 | 9,155,000 |

Balances due related company were as follows

| | Sep-20 US\$ | Sep-19 US\$ |
|------------------|--------------------|-------------------|
| Borrowings | 25,728,610 | 25,728,610 |
| Accrued Interest | <u>12,998,972</u> | <u>12,518,639</u> |
| | 38,727,582 | 38,247,249 |
| Trade Payable | <u>62,319,023</u> | <u>55,843,688</u> |
| | <u>101,046,605</u> | <u>94,090,937</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. SHARE CAPITAL (STATED CAPITAL) AND RESERVES

(a) Authorised shares

| | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| Ordinary shares of no par value | 20,000,000,000 | 20,000,000,000 |
| Preference share of no par value | <u>1</u> | <u>1</u> |

Issued and fully paid

| | Number 'm | Amount US\$ | Number 'm | Amount US\$ |
|--------------------------|--------------|----------------|--------------|----------------|
| Ordinary shares for cash | <u>2,038</u> | 26,071,559 | <u>2,038</u> | 26,071,559 |

(b) Preference shares

| Number | | Number | |
|----------|-------------------|----------|-------------------|
| <u>1</u> | 71 | <u>1</u> | 71 |
| | <u>26,071,630</u> | | <u>26,071,630</u> |

There are no outstanding shares in treasury and there is no unpaid liability on any share. The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

(c) Translation reserve

This represents the cumulative exchange difference resulting from the translation of assets and liabilities into the presentation currency in 2012 when the Company changed its policy to use the US Dollar as its presentation currency.

(d) Revaluation reserve

This represents the unrealised appreciation on the value of property, plant and machinery, following a revaluation exercise carried out at 30 September 2013. The revaluation surplus is recorded in equity as it is a non-distributable reserve. The movement on the revaluation reserve results from transfer made to the retained earnings account in respect of portions of the revalued components of the relevant assets which were used during the year and deemed realised from use.

(e) Retained earnings (Income surplus account)

This represents the residual of cumulative annual profits/losses and realised portions of revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The Board monitors capital using an adjusted net debt to equity ratio, which is the adjusted net debt divided by the adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing loans and borrowings) unaccrued proposed dividends less cash and cash equivalents. Adjusted equity comprise all components of equity less unaccrued proposed dividends.

GOING CONCERN CONSIDERATION

COCOBOD has undertaken to provide the Company with continuous supply of cocoa beans to meet its operational demand and will not demand for repayments of amounts due it in a manner that would jeopardise the operations of the Company.

The Directors have assessed the situation and have put in place measures to turn around the Company and make it profitable in the near future. These measures include:

- i. Cost cutting measures - The company entered in to arrangement with Captive Energy Company Limited on 9 October 2019 to produce steam and power using bio-waste materials. The project is expected to be completed in 15 months. On completion, the Company will incur a monthly charge of US\$414,000 for the generation of steam and power which represents a reduction of the Company's current utility cost by 40% per annum. The Company has also constructed six (6) depth bore-holes to reduce the cost of water by about US\$168,000 – US\$220,000 per annum.
- ii. Investment in infrastructure and machinery – The Company obtained a loan facility of GH16 million from Prudential Bank Limited under the Government of Ghana's Ministry of Trade and Industry Stimulus Package Programme for the acquisition of equipment for the Confectionery factory. The Company had acquired a number of the assets and had put them in use. The machines are intended to expand the capacity of the Confectionery factory from 3,000 MT to 15,000 MT. The Company has also commenced activities for the retooling of its aged cocoa factory lines and the expansion of the current capacity of 64,500 MT to 87,657 MT.
- iii. Expanding revenue base - The Company continues to expand its revenue-earning base and has identified the following areas to help maintain this drive:
 - Secure additional Tolling arrangement with relevant parties.
 - Improving visibility of Goldentree confectionery products to increase local consumption by opening new depots in Takoradi, Sunyani and Tamale by December 2020
 - Introduce an instant drinking chocolate be known as Goldentree instant drinking chocolate.
 - Introduce a wide array of new products in the Confectionery market segment

SHAREHOLDING DISTRIBUTION AT YEAR ENDED 30th SEPTEMBER 2020

| | No. of Shareholders | No. of Shares | % Holdings |
|----------------|---------------------|----------------------|------------|
| 1 – 1,000 | | | |
| 1,001 – 5,000 | 28,100 | 12,876,891 | 0.55 |
| 5,001 – 10,000 | 18,439 | 41,159,318 | 1.76 |
| Over 10,001 | 1,608 | 12,401,194 | 0.54 |
| | 909 | 1,971,636,773 | 97.15 |
| | <u>49,056</u> | <u>2,038,074,176</u> | <u>100</u> |

TWENTY LARGEST SHAREHOLDERS

| | No. of Shares | % Holdings |
|---|----------------------|---------------|
| 1. Ghana Cocoa Board | 1,176,599,176 | 57.73 |
| 2. Government of Ghana c/o Ministry of Finance | 532,554,110 | 26.13 |
| 3. Social Security & National Insurance Trust | 206,754,000 | 10.14 |
| 4. Badu Collins K | 3,181,000 | 0.16 |
| 5. SIC Life Company Limited | 2,240,000 | 0.11 |
| 6. Donewell Life Company Limited | 1,920,000 | 0.09 |
| 7. Ghana Reinsurance Company Limited – General Business | 1,600,000 | 0.08 |
| 8. Agricultural Development Bank | 1,600,000 | 0.08 |
| 9. Osei Isaac | 1,583,900 | 0.08 |
| 10. Baah Matthew Mensah | 960,000 | 0.05 |
| 11. Badu Collins Kwabena | 876,900 | 0.04 |
| 12. Otchere-Boateng Lordina Justina | 800,000 | 0.04 |
| 13. Ghana Libyan Arab Holding Company | 800,000 | 0.04 |
| 14. Beaudoin Patrick | 800,000 | 0.04 |
| 15. E.H.Boohene Foundation | 800,000 | 0.04 |
| 16. Tetteh Richard Amah | 552,000 | 0.03 |
| 17. Adjei Seth Adjete | 550,000 | 0.03 |
| 18. Teachers' Fund | 500,000 | 0.02 |
| 19. Hyde Joel Emmanuel | 500,000 | 0.02 |
| 20. Insurance Compensation Fund | 480,000 | 0.02 |
| | <u>1,935,651,086</u> | <u>94.97</u> |
| Others | 102,423,100 | 5.03 |
| | <u>2,038,074,186</u> | <u>100.00</u> |