COCOA PROCESSING COMPANY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2013

COCOA PROCESSING COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS

INDEX

COCOA PROCESSING COMPANY LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS	Hon. Jacob S. Arthur (*Chairman)* Charles Debrah Asante (*Managing*) Professor Joshua Abor Dr (Mrs) RoseEmma Entsua-Mensah Samuel Arkhurst Nana Kojo Toku Dr Yao Asamoa John Kofi Mensah Tony Fofie Nana Oduro Owusu Brig-Gen Charles H Mankatah (Rtd) Aloko Francis Mahdi
REGISTERED OFFICE	Cocoa Processing Company Limited Heavy Industrial Area Private Mail Bag Tema
SOLICITOR/SECRETARY	Stephen Ofori-Adjei Cocoa Processing Company Limited Heavy Industrial Area Private Mail Bag Tema
AUDITORS	KPMG Chartered Accountants 13 Yiyiwa Drive, Abelenkpe P. O. Box GP 242 Accra
BANKERS	Barclays Bank (Ghana) Limited Ecobank Ghana Limited Prudential Bank Limited SG-SSB Bank Limited
REGISTRARS	NTHC Limited Martco House P O Box 9563 Airport Accra

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED

The Directors present their report and the financial statements of the company for the year ended 30 September 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GOING CONCERN CONSIDERATION

The company reported a loss of US$11.8 million (2012: US$10.2 million) for the year and at 30 September 2013, the company's current liabilities exceeded its current assets by US$48.4million (2012: US$58.1 million). A substantial part of the company's liabilities are due to Ghana Cocoa Board (COCOBOD), one of the shareholders and a syndicate of banks.

COCOBOD has confirmed and given assurance of continued supply of cocoa beans to the company. In addition, COCOBOD has restructured a portion of the company's indebtedness into long term loans and has confirmed it will not seek repayment of amounts due to them in a manner that will jeopardise the ability of the company to continue operations. Based on these assurances, confirmations and deferred payment terms, the Directors expect the company to continue as a going concern, and be able to realise its assets and discharge liabilities in the normal course of business.

The financial statements have accordingly been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds arising from the normal course of business will be available to finance future operations of the company and that the settlement of liabilities will occur in the ordinary course of business.

The Board has drawn up a 10 year strategic plan to ensure profitability of the company. The objectives of the plan are to ensure the following:

a) a year-round availability of cocoa beans (a minimum volume of 3,000 metric tonnes per month)
b) a well-managed unit cost of processing beans
c) a continuous attainment of mark-up of between 8 - 10% on the processing of beans

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED (CONTINUED)

In order to curtail losses sustained by the company and revert to profit-making operations, the approach will be to:

a) strive to lower the average cost of raw cocoa beans to operations; use alternative energy and water sources to improve margins on the sale of semi-finished products and boost the cash- generating capacity of the company to meet obligations to suppliers, service providers, banks, creditors, shareholders and other stakeholders in the ensuing year.

b) in the short to long-term period, expand the confectionery operations through effective plant utilisation and the construction of a new confectionery factory with new product lines.

c) add value of up to 7.5% to semi-finished products by 2015 up to a targeted level of 30% by 2019. Products from the new factory will be vigorously marketed within the entire West African Sub-region and beyond.

FINANCIAL STATEMENTS AND DIVIDEND

The results for the year are as set out in the attached financial statements.

The Directors cannot recommend the payment of a dividend whilst there remains a deficit balance on the retained earnings account.

The Directors consider the state of the company's affairs to be satisfactory. The Board however, notes the going concern matter which should be resolved by the implementation of the 10 year strategic plan.

NATURE OF BUSINESS

Cocoa Processing Company Limited was incorporated in Ghana on 30 November 1981 as a limited liability company. The company is domiciled in Ghana and its shares are publicly traded on the Ghana Stock Exchange (GSE). The principal activities of the company are the manufacture of high-quality chocolates, confectionery and semi-finished cocoa products such as cocoa butter, cocoa liquor, cocoa cake and cocoa powder from premium cocoa beans grown in Ghana.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on ...28th May, 2014...and were signed on their behalf by:

....	....
DIRECTOR	DIRECTOR

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Cocoa Processing Company Limited, which comprise the statement of financial position at 30 September 2013, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 46.

Directors' Responsibility for the financial statements

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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 financial statements present fairly, in all material respects, the financial position of Cocoa Processing Company Limited at 30 September 2013 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COCOA PROCESSING COMPANY LIMITED (CONTINUED)

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act, 1963 (Act 179)

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept and the statements of financial position and comprehensive income are in agreement with the books of account.

KPMG

SIGNED BY: ANTHONY KWASI SARPONG (ICAG/P/1057)
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2014/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

11 JUNE, 2014

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2013

	Note	2013 US$	Restated 2012 US$	Restated 1/10/2012 US$
Assets				
Property, plant and equipment	6	128,010,369	91,423,883	94,897,202
Total non-current assets		128,010,369	91,423,883	94,897,202
Inventories	7	18,845,980	27,964,812	31,771,077
Trade and other receivables	8	10,856,655	10,481,139	12,074,763
Cash and cash equivalents	9(a)	3,596,282	3,780,683	2,034,619
Non-current assets held for sale	10	-	-	20,653
Total current assets		33,298,917	42,226,634	45,901,112
Total assets		161,309,286	133,650,517	140,798,314
Equity				
Share capital	14(a)	26,071,630	26,071,630	11,984,510
Deposit for shares		-	-	14,087,120
Translation reserve	14(c)	(20,070,388)	(20,070,388)	(20,070,388)
Revaluation reserve	14(d)	67,905,844	29,617,151	31,094,449
Retained earnings	14(e)	(45,662,707)	(35,120,718)	(28,494,421)
Total equity		28,244,379	497,675	8,601,270
Long-term borrowings	12(b)	50,006,656	32,022,147	33,186,516
Employee benefit obligations	13(b)	1,348,779	833,754	2,442,859
Total non-current liabilities		51,355,435	32,855,901	35,629,375
Bank overdraft	9(b)	2,869,220	2,159,797	2,847,447
Trade and other payables	11	69,864,833	67,357,514	57,906,268
Short-term portion of borrowings	12(a)	8,975,419	30,779,630	35,813,954
Total current liabilities		81,709,472	100,296,941	96,567,669
Total liabilities		133,064,907	133,152,842	132,197,044
Total equity and liabilities		161,309,286	133,650,517	140,798,314

DIRECTOR　　　　　　　　　　DIRECTOR

The notes on pages 12 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 US$	2012 US$
Revenue	15	60,186,136	55,141,498
Cost of sales	16	(59,630,709)	(53,761,909)
Gross profit		555,427	1,379,589
Other income	17	552,460	323,023
Selling and distribution costs		(1,157,489)	(776,728)
General and administrative expenses		(8,796,711)	(7,901,180)
Results from operating activities		(8,846,313)	(6,975,296)
Finance income	21	45,596	64,150
Finance cost	22	(2,971,287)	(3,334,502)
Loss before tax	18	(11,772,004)	(10,245,648)
Taxation	23	-	-
Loss after tax		(11,772,004)	(10,245,648)
Other comprehensive income			
Revaluation of property, plant and equipment		39,765,991	-
Defined benefit plan actuarial (loss)/gains		(247,283)	2,142,053
Total other comprehensive income		39,518,708	2,142,053
Total comprehensive income for the year		27,746,704	(8,103,595)
Earnings per share			
Basic earnings per share	24	(0.006)	(0.0050)
Diluted earnings per share	24	(0.006)	(0.0050)

The notes on pages 12 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Share Capital US$	Deposit for Shares US$	Revaluation US$	Translation Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 October 2011	11,984,510	14,087,120	35,526,342	(20,070,388)	(32,926,314)	8,601,270
Transfer to retained earnings	-	-	(4,431,893)	-	4,431,893	-
Restated amount	11,984,510	14,087,120	31,094,449	(20,070,388)	(28,494,421)	8,601,270
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(10,245,648)	(10,245,648)
Other comprehensive income						
Defined benefit plan actuarial gain	-	-	-	-	2,142,053	2,142,053
Total comprehensive income for the year	-	-	-	-	(8,103,595)	(8,103,595)
Transfer to retained earnings	-	-	(1,477,298)	-	1,477,298	-
Transactions with owners recognised directly in equity						
Transfer to share capital	14,087,120	(14,087,120)	-	-	-	-
Total contribution by owners	14,087,120	(14,087,120)	-	-	-	-
Balance at 30 September 2012	26,071,630	-	29,617,151	(20,070,388)	(35,120,718)	497,675

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONTINUED)

	Share Capital US$	Deposit for Shares US$	Revaluation US$	Translation Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 October 2012	26,071,630	-	29,617,151	(20,070,388)	(35,120,718)	497,675
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(11,772,004)	(11,772,004)
Other comprehensive income						
Defined benefit plan actuarial gain	-	-	-	-	(247,283)	(247,283)
Revaluation surplus	-	-	39,765,991	-	-	39,765,991
Total comprehensive income for the year	-	-	39,765,991	-	(12,019,287)	27,746,704
Revaluation reserve transferred	-	-	(1,477,298)	-	1,477,298	-
Transactions with owners recognised directly in equity						
Transfer to share capital	-	-	-	-	-	-
Total contribution by owners	-	-	-	-	-	-
Balance at 30 September 2013	26,071,630	-	67,905,844	(20,070,388)	(45,662,707)	28,244,379

The notes on pages 12 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 US$	2012 US$
Cash flows from operating activities		
Loss before tax	(11,772,004)	(10,245,648)
Adjustments for:		
Depreciation	4,118,654	3,514,194
Loss on disposal of property, plant and equipment	2,420	16,803
Net interest	1,324,583	1,689,419
Employee benefit obligations	267,742	532,948
Impairment of assets held for sale	-	20,653
Impairment of property, plant and equipment	-	50,318
	(6,058,605)	(4,421,313)
Changes in:		
Inventories	9,118,832	3,806,265
Trade and other receivables	(375,516)	1,593,624
Trade and other payables	2,507,319	9,451,246
Net cash flow from operating activities	5,192,030	10,429,822
Cash flows from investing activities		
Interest received	45,596	43,976
Purchase of property, plant and equipment	(943,538)	(130,637)
Proceeds from disposal of property, plant and equipment	1,969	22,641
Net cash flow used in investing activities	(895,973)	(64,020)
Cash flows used in financing activities		
Interest paid	(1,370,179)	(1,733,395)
Repayment of borrowings	(3,819,702)	(6,198,693)
Net cash used in financing activities	(5,189,881)	(7,932,088)
Net increase/(decrease) in cash and cash equivalents	(893,824)	2,433,714
Cash and cash equivalent at 1 October	1,620,886	(812,828)
Cash and cash equivalents at 30 September	727,062	1,620,886

The notes on pages 12 to 46 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

1. REPORTING ENTITY

Cocoa Processing Company Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 2 of the annual report. The principal activities of the company are the manufacture of high-quality chocolates, confectionery and semi-finished cocoa products such as cocoa butter, cocoa liquor, cocoa cake and cocoa powder from premium cocoa beans grown in Ghana.

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 are prepared on the historical cost basis except for Property, Plant and equipment which are measured using the revaluation method at revalued amounts.

c. Functional and presentation currency

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

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 27.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company except for the change in accounting policy as stated in note 2(e).

a. Foreign currency transactions

Transactions in local and foreign currencies except the US Dollar (the functional currency) are translated to the functional currency at spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in these currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in local and foreign currencies are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

b. Financial instruments

(i) Non-derivative financial assets

The company initially recognises loans and receivables on the date that they are originated.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Non-derivative financial assets are categorised as follows:

Loans and receivables

These are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less any impairment losses.

Loans and receivables comprise cash and cash equivalent and trade and other receivables.

Cash and cash equivalents comprise cash balances, call deposits and bank overdrafts with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the company in the management of its short- term commitments.

(ii) Non-derivative financial liabilities

All other financial liabilities are recognised initially on the trade date, which is the date the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at amortised cost relate to all other liabilities that are not designated at fair value through profit or loss. The company classifies non-derivatives financial liabilities into the other financial liabilities category.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Off-setting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iv) Share capital (Stated capital)

Ordinary shares

Proceeds from issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

(c) **Leases**

(i) Classification

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(i) Classification (continued)

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

(ii) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance cost and as reduction of the outstanding lease liability.

(d) **Property and equipment**

(i) Recognition and measurement

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

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.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) 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.

(iii) Depreciation (continued)

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

• 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
• Bungalow Furniture and Equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The carrying amounts of property, plant and equipment are assessed whether they are recoverable in the form of future economic benefits. If the recoverable amount of a property, plant and equipment has declined below its carrying amount, an impairment loss is recognised to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value. 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.

(iv) Revaluation gain/loss

Increases in the carrying amount 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 and loss.

The surplus on revaluation is transferred to the retained earnings as follows:

- on an annual basis, the difference between the depreciation based on the revalued carrying amount and depreciation based on the assets original cost is transferred from the revaluation reserve to the retained earning account.

- on disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to the retained earnings.

(e) **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.

(f) **Employee benefits**

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution schemes are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on long-dated instruments on the Ghana market. The calculation is performed using the projected unit credit method. Actuarial gains and losses arising on the defined benefit obligation are recognised in other comprehensive income.

(iii) Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed without realistic possibility of withdrawal to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable to that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(g) **Non-current assets held for sale**

Non-current assets or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets are re-measured in accordance with the company's other accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

(g) Non-current assets held for sale (continued)

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(h) Revenue

Goods sold

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for goods sold in the normal course of business net of discounts, VAT/National Health Insurance Levy and other sales related taxes.

Export sales are recognised when cocoa products supplied to customers and receivable free on board (FOB) are loaded onto the relevant carrier at the port. Local sales of confectionery and cocoa cake/powder are recognised when goods are delivered and title is passed.

(i) Finance income and expenses

Finance income comprises interest income on funds invested or held in bank accounts. Interest income is recognised in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(j) Impairment

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

(j) **Impairment (continued)**

Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(i) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(k) **Income tax**

The company is in the free zone area and exempt from tax. No provision is made for corporate tax as the company was granted the Free Zone license with an effective date of 28 July 2004. Free zone companies are exempt from corporate income tax for the first ten years of acquiring free zone status.

No provision has been made for deferred taxes as temporary differences result in a deferred tax asset for which there is no certainty of realisation against future taxable profits.

(l) **Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any related company. All operating segments' operating results are reviewed regularly by the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available. Segment results that are reported to the Audit Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(m) **Comparatives**

The comparative information has been restated to agree to the current year presentation. Refer to Note 30 for details.

(n) Future developments/changes in accounting policies

New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that may have an impact on future financial statements:

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 will be adopted for the first time for the financial reporting period ended 30 September 2013.

The company will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. There will be no related tax effects as the company is exempt from tax.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will not have an impact on the company's financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 will be adopted for the first time for the financial reporting period ending 30 September 2014. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants
- Price is not adjusted for transaction costs
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs
- The three-level fair value hierarchy is extended to all fair value measurements

This amendment of IFRS 13 will not have an impact on the company's financial statements.

IAS 19 Employee Benefits (2011)

IAS 19 (2011) changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. For defined benefit plans the removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However the company may need to assess the impact of the change in measurement principles of expected return on plan assets. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

This amendment of IAS 19 will not have an impact on the company's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities

The amendments clarify when an entity can offset financial assets and financial liabilities. This amendment will result in the company no longer offsetting two of its master netting arrangements. This amendment is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

This amendment of IAS 32 will not have an impact on the company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The effective dates for IFRS 9 (2010 and 2009) are yet to be decided however early adoption is permitted. The company will adopt this standard for the financial year commencing 1 January 2015. This amendment will not have a significant impact on the company's financial statements.

This amendment of IFRS 9 will not have an impact on the company's financial statements.

IAS 27 (2011) Separate Financial Statements

IAS 27 (2011) will be adopted by the company for the first time for its financial reporting period ending 30 September 2014.

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the company's separate financial statements.

4. DETERMINATION OF FAIR VALUES

Some of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The following sets out the company's basis of determining fair values of financial instruments disclosed under note 27:

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(ii) Cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying values.

(iii) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

5. SEGMENT RESULTS

Segment results are provided below:

Year ended 30 September 2013

	Cocoa Factory US$	Confectionery Factory US$	Inter-Segment Transactions US$	Company US$
Revenue for reportable segments				
Sales to external customers	53,109,172	7,076,964	-	60,186,136
Inter segment sales	988,403	-	(988,403)	-
	54,097,575	7,076,964	(988,403)	60,186,136
Cost of sales	(54,968,948)	(4,661,761)	-	(59,630,709)
Inter segment cost of sales	-	(988,403)	988,403	-
Gross profit	(871,373)	1,426,800	-	555,427
Other income	414,345	138,115	-	552,460
Operating profit	(457,028)	1,564,915	-	1,107,887
Expenditure for reportable segments				
Selling and distribution costs	(864,666)	(288,222)	-	(1,152,888)
Administrative costs	(6,802,291)	(1,999,021)	-	(7,996,083)
Finance costs	(2,228,465)	(742,822)	-	(2,971,287)
Finance income	34,197	11,399	-	45,596
	(9,861,225)	(3,018,666)	-	(12,879,891)
Loss before tax	(10,318,253)	(1,453,751)	-	(11,772,004)
Reportable segment assets	137,585,105	23,724,181	-	161,309,286
Reportable segment liabilities	129,371,471	3,693,436	-	133,064,907

5. SEGMENT RESULTS (CONTINUED)

(a) Analysis by product

	2013 US$
Cocoa Butter	28,947,753
Cocoa Liquor	4,997,878
Cocoa Cake	17,252,315
Cocoa Powder	1,911,226
Confectionery	7,076,964
	60,186,136

Analysis by market segment

	Export Sales US$	Local Sales US$	Total US$
Year ended 30 September 2013			
Semi-finished Products	52,994,383	114,789	53,109,172
Confectionery	809,189	6,267,775	7,076,964
	53,803,572	6,382,564	60,186,136

Year ended 30 September 2012

	Cocoa Factory US$	Confectionery Factory US$	Inter-Segment Transactions US$	Company US$
Revenue for reportable segments				
Sales to external customers	48,946,034	6,195,464	-	55,141,498
Inter segment sales	756,754	-	(756,754)	-
	49,702,788	6,195,464	(756,754)	55,141,498
Cost of sales	(48,297,009)	(5,464,900)	-	(53,761,909)
Inter segment cost of sales	-	(756,754)	756,754	-
Gross profit	1,405,779	(26,190)	-	1,379,589
Other income	242,267	80,756	-	323,023
Operating profit	1,648,046	54,566	-	1,702,612

5. SEGMENT RESULTS (CONTINUED)

	Cocoa Factory US$	Confectionery Factory US$	Inter-Segment Transactions US$	Company US$
Expenditure for reportable segments				
Selling and distribution costs	(582,546)	(194,182)	-	(776,728)
Administrative costs	(5,925,885)	(1,975,295)	-	(7,901,180)
Finance costs	(2,500,877)	(833,625)	-	(3,334,502)
Finance income	48,113	16,037	-	64,150
	(8,961,195)	(2,987,065)	-	(11,948,260)
Loss before tax	(7,313,149)	(2,932,499)	-	(10,245,648)
Reportable segment assets	117,460,944	16,189,573	-	133,650,517
Reportable segment liabilities	127,797,486	5,355,356	-	133,152,842

(b) Analysis by product

	2013 US$
Cocoa Butter	16,350,070
Cocoa Liquor	8,076,442
Cocoa Cake	21,296,972
Cocoa Powder	3,222,550
Confectionery	6,195,464
	55,141,498

Analysis by market segment

	Export Sales US$	Local Sales US$	Total US$
Year ended 30 September 2012			
Semi-finished Products	48,823,804	122,230	48,946,034
Confectionery	267,347	5,928,117	6,195,464
	49,091,151	6,050,347	55,141,498

6. PROPERTY, PLANT & EQUIPMENT

2013	Capital Work-In Progress US$	Land, Buildings & Road Works US$	Staff Bungalow and Flats US$	Plant and Machinery US$	Motor Vehicles US$	Office Furniture & Equipment US$	Bungalow Furniture & Equipment US$	Laboratory Equipment US$	Total US$
Gross value									
At 1/10/12	1,219,127	33,119,278	269,543	71,236,271	517,042	573,013	20,510	235,290	107,190,074
Additions	104,875	-	-	707,151	73,409	58,103	-	-	943,538
Disposals	-	-	-	-	(17,895)	-	-	-	(17,895)
Revaluation adjustment	-	(4,602,789)	(24,519)	(14,390,189)	(390,934)	(292,355)	(13,657)	(156,896)	(19,871,339)
Revaluation surplus	-	18,741,421	317,126	20,603,184	188,227	(163,063)	(6,853)	85,949	39,765,991
At 30/9/13	1,324,002	47,257,910	562,150	78,156,417	369,849	175,698	-	164,343	128,010,369
Comprising									
Cost of asset revalued	1,324,002	28,516,489	245,024	57,553,233	181,622	338,761	6,853	78,394	88,244,378
Revaluation surplus	-	18,741,421	317,126	20,603,184	188,227	(163,063)	(6,853)	85,949	39,765,991
At 30/9/13	1,324,002	47,257,910	562,150	78,156,417	369,849	175,698	-	164,343	128,010,369
Accumulated depreciation and impairment losses									
At 1/10/12	-	3,635,766	19,519	11,389,459	355,403	216,804	11,943	137,297	15,766,191
Charge for the year	-	967,023	5,000	3,000,730	49,037	75,551	1,714	19,599	4,118,654
Impairment	-	-	-	-	-	-	-	-	-
Released on disposals	-	-	-	-	(13,506)	-	-	-	(13,506)
Revaluation adjustment	-	(4,602,789)	(24,519)	(14,390,189)	(390,934)	(292,355)	(13,657)	(156,896)	(19,871,399)
At 30/9/13	-	-	-	-	-	-	-	-	-
Carrying amounts at 30/9/13	1,324,002	47,257,910	562,150	78,156,417	369,849	175,698	-	164,343	128,010,369

Property, plant and equipment were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values at 30 September 2013. The company's assets have been used as security for loans and overdrafts from syndicate of banks led by Barclays Bank of Ghana Limited and Prudential Bank respectively.

6. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

2012	Capital Work-In Progress US$	Land, Buildings & Road Works US$	Staff Bungalow and Flats US$	Plant and Machinery US$	Motor Vehicles US$	Office Furniture & Equipment US$	Bungalow Furniture & Equipment US$	Laboratory Equipment US$	Total US$
Gross value									
At 1/10/11	1,181,237	33,119,278	269,543	71,164,709	607,436	553,653	20,510	233,465	107,149,831
Additions	37,890	-	-	71,562	-	19,360	-	1,825	130,637
Disposals	-	-	-	-	(90,394)	-	-	-	(90,394)
At 30/9/12	1,219,127	33,119,278	269,543	71,236,271	517,042	573,013	20,510	235,290	107,190,074
Accumulated depreciation and impairment losses									
At 1/10/11	-	2,733,005	15,500	8,853,104	370,750	150,692	10,757	118,821	12,252,629
Charge for the year	-	902,761	4,019	2,486,037	35,603	66,112	1,186	18,476	3,514,194
Impairment	-	-	-	50,318	-	-	-	-	50,318
Released on disposals	-	-	-	-	(50,950)	-	-	-	(50,950)
At 30/9/12	-	3,635,766	19,519	11,389,459	355,403	216,804	11,943	137,297	15,766,191
Carrying amounts at 30/9/12	1,219,127	29,483,512	250,024	59,846,812	161,639	356,209	8,567	97,993	91,423,883

Property, plant and equipment were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values at 30 September 2008. The company's assets have been used as security for loans and overdrafts from syndicate of banks led by Barclays Bank of Ghana Limited and Prudential Bank respectively.

6. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

1/10/2012	Capital Work In Progress US$	Land, Buildings & Road Works US$	Staff Bungalow and Flats US$	Plant and Machinery US$	Motor Vehicles US$	Office Furniture & Equipment US$	Bungalow Furniture & Equipment US$	Laboratory Equipment US$	Total US$
Gross Value									
At 1/10/10	12,521,160	32,264,415	269,543	59,452,819	882,872	399,821	46,609	228,896	106,066,135
Additions	934,240	35,964	-	256,626	-	153,832	-	4,569	1,385,231
Disposals	-	-	-	-	(275,436)	-	(26,099)	-	(301,535)
Transfers	(12,274,163)	818,899	-	11,455,264	-	-	-	-	-
At 30/9/11	1,181,237	33,119,278	269,543	71,164,709	607,436	553,653	20,510	233,465	107,149,831
Accumulated depreciation and impairment losses									
At 1/10/10	-	2,407,108	10,527	6,138,751	332,580	88,934	15,461	91,358	9,084,719
Charge for the year	-	325,897	4,973	2,714,353	117,788	61,758	5,310	27,463	3,257,542
Released on disposals	-	-	-	-	(79,618)	-	(10,014)	-	(89,632)
At 30/9/11	-	2,733,005	15,500	8,853,104	370,750	150,692	10,757	118,821	12,252,629
Carrying amounts at 30/9/11	1,181,237	30,386,273	254,043	62,311,605	236,686	402,961	9,753	114,644	94,897,202

Property, plant and equipment were revalued by Valuation and Investments Associates (Professional Valuers, Estate Agents and Property Consultants) on the basis of their open market values at 30 September 2008. The company's assets have been used as security for loans and overdrafts from syndicate of banks led by Barclays Bank of Ghana Limited and Prudential Bank respectively.

6.1 Disposal of property, plant and equipment

	2013 US$	2012 US$
Gross value	17,895	90,394
Less: Accumulated depreciation and impairment losses	(13,506)	(50,950)
Net carrying value	4,389	39,444
Sale proceeds	1,969	22,641
Loss on disposal	(2,420)	(16,803)

7. INVENTORIES

Raw materials	332,068	1,685,149
Packaging materials	2,708,466	1,614,249
Finished goods	14,008,362	22,332,964
Technical store parts	1,691,013	2,220,930
Fuel and lubricants	106,071	111,520
	18,845,980	27,964,812

The write down of inventories to net realisable value amounted to US$369,152 (2012: US$10,266).

8. TRADE AND OTHER RECEIVABLES

	2013 US$	2012 US$
Trade receivables	8,578,009	8,682,219
Staff debtors	769,400	399,081
Deposits on letter of credits	936,856	721,795
Prepayments	267,228	241,814
Other receivables	305,162	436,230
	10,856,655	10,481,139

Included in staff debtors are staff loans which attract no interest. The maximum amount due from staff during the year was US$769,400 (2012: US$399,081).

9. CASH AND CASH EQUIVALENTS

(a)

	2013 US$	2012 US$
Cash at Bank	2,311,239	2,771,994
Cash in hand	8,407	19,585
91-day treasury bills	33,287	28,525
Fixed deposits	1,243,349	960,579
Cash and cash equivalents	3,596,282	3,780,683
Bank overdraft	(2,869,220)	(2,159,797)
Cash and cash equivalents in the statement of cash flows	727,062	1,620,886

The fixed deposits and 91-day treasury bills have been used as collateral for bank overdraft and loans with Prudential Bank Limited.

(b) Bank Overdraft

The company had approved overdraft facilities of US$2.1 million (2012: US$2 million) with Prudential Bank Limited.

	2013 US$	2012 US$
Prudential Bank (Cedi)	2,869,220	2,159,797

In July 2012, Prudential Bank Limited, renewed an overdraft facility of US$2 million available to the company to supplement its working capital. This facility was subsequently renewed to US$2.1 million in August 2013. The overdraft is to be repaid within a period of 12 months from the date of completion of legal documentation to support the facility. Interest is charged at 27% per annum.

The facility is secured with the following assignments:

i. The company's fixed deposit number 004FXDL073340040004 with a balance of US$1,243,349 at year-end.

ii. General charge over three (3) machines installed at the factory in Tema with a total value of US$2,181,324.

10. NON-CURRENT ASSETS HELD FOR SALE

	2013 US$	2012 US$
Balance at 1 October	-	20,653
Impairment for the year	-	(20,653)
Balance at 30 September	-	-

This represents old furniture and fittings which have been retired from the fixed assets register to be sold. These assets were subsequently impaired.

11. TRADE AND OTHER PAYABLES

	2013 US$	2012 US$
Trade Payables	60,181,590	60,352,164
Other Payables	9,683,243	7,005,350
	69,864,833	67,357,514

12. BORROWINGS

	Note		
Barclays Bank led Syndicate Euro Loan	(i)	10,883,063	12,654,763
Barclays Bank led Syndicate Dollar Loan	(ii)	12,874,650	15,658,170
EDIF Cedi Loan	(iii)	-	865,590
Ghana Cocoa Board Dollar Loan	(v)	35,224,362	33,623,254
		58,982,075	62,801,777

Included in Cocobod Dollar Loan is accrued interest of US$3,202,215 (2012: US$1,601,107)

i. This represents the balance on a twenty-two million Euro (Euro 22 million) loan facility from a syndicate of banks led by Barclays Bank of Ghana Limited for expansion of production capacity from 25,000 metric tonnes to 65,000 metric tonnes. The other participating banks are SG-SSB Bank Limited, The Trust bank and Ecobank Ghana Limited. The loan facility is secured by fixed and floating charges over assets of the company. The syndicated loan is denominated and repayable in Euros over 5 years in equal quarterly instalments after one year moratorium. Interest on the facility is charged at EURIBOR plus 2.5% per annum. The loan was converted to US$ during the current year and will mature in March 2019 and the interest rate will be the aggregate of the prevailing 6 month USD Libor rate plus a margin of 9.19%.

12. BORROWINGS (CONTINUED)

ii. This represents the outstanding balance on another loan facility of twenty-two million US Dollars (US$22 million) from the syndicate of banks in (a) above led by Barclays Bank of Ghana Limited for expansion of production capacity. The loan facility is secured by an assignment of export contracts and receivables amounting to a maximum of eighty percent (80%) of all receivables and fixed and floating charges over the assets of the company stamped to cover the overall exposure as well as debentures over the debt service reserve account of the company. Although disbursement of the loan started in September 2003, the facility agreement was formally signed on 18 February 2005. The syndicated loan is denominated and repayable in US Dollars over 5 years in equal quarterly instalments after one year moratorium. Interest on the facility is charged at LIBOR plus 3.32% per annum. The maturity date was revised to March 2019 and the interest rate has been revised to the aggregate of the prevailing 6 month USD Libor rate plus a margin of 9.19%.

iii. The company obtained a loan facility of four million five hundred thousand Ghana cedis (GH¢4,500,000) from the Export Development and Investment Fund (EDIF) to supplement its working capital during the year. The facility is secured over the company's fixed deposits with a total balance of US$960,579 at year-end and general charge over three (3) machines installed at the factory at Tema with a total value of US$2,181,324. The total amount is repayable in quarterly instalments over a period of forty-two (42) months from 26 November 2009 including a moratorium period of six (6) months on both principal and interest. Interest is chargeable at twelve and a half percent (12.5%) per annum. The loan was fully repaid during the year.

iv. This represents balances on COCOBOD's current account which has been converted into a medium term loan. The amount of US$32,022,146.42 is to be repaid in ten (10) years from September 2011 with five (5) years moratorium on the principal at an interest rate of 5% per annum during the moratorium period. The principal will be repaid in equal instalments at an interest rate of Libor plus 2. Interest accrued as at 30 September 2013 was US$3,202,215 (2012: US$1,601,107).

		2013 US$	2012 US$
(a)	Short-term portion of borrowings	8,975,419	30,779,630
(b)	Long term borrowings	50,006,656	32,022,147

13. EMPLOYEE BENEFIT OBLIGATIONS

(a) Defined Contribution Plans

(i) <u>Social Security</u>

Under a national pension scheme, the company contributes 13% of employee's basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The company's obligation is limited to the relevant contributions, and these have been recognised in profit or loss. The pension liabilities and obligations, however, rest with SSNIT.

(ii) Provident Fund

The company has a provident fund scheme for staff under which the company contributes 8% of staff basic salary. The company's obligations under the plan are limited to the relevant contributions and these have been recognised in profit or loss.

(b) Defined Benefit Plan

End of Service Benefit

The company has an end of service benefit scheme for staff which started on 1 January 2006. There is a two year qualifying period.

(i) Employee benefit obligations recognised in the Statement of financial position

	2013 US$	2012 US$
Pension funds: defined benefit plan	1,348,779	833,754

(ii) Reconciliation of assets and employee benefit obligations recognised in the statement of financial position

	2013 US$	2012 US$
Defined benefit pension plan		
Present value of funded obligation	-	-
Fair value of planned assets	-	-
Excess of liabilities/(assets) of funded obligations	-	-
Present value of unfunded obligations	1,348,779	833,754
Net unrecognised actuarial (losses)/gains	-	-
Unrecognised assets	-	-
Net employee benefit obligations recognised in the statement of financial position	1,348,779	833,754
Movements in the present value of defined benefit obligations		
Unfunded defined benefit obligations as of 1 September	833,754	2,442,859
Current service cost	142,259	334,451
Interest	177,955	250,714
Benefits paid	(52,472)	(52,217)
Recognised actuarial (gains)/losses	247,283	(2,142,053)
Total present value of defined benefit obligation at 30 September	1,348,779	833,754

Expenses recognised in profit or loss

	2013 US$	2012 US$
Current service cost	142,259	334,451
Interest expenses	177,955	250,714
Benefits paid	(52,472)	(52,217)
Expected return on plan assets	-	-
Employees' contributions	-	-
Total defined benefit expenses	267,742	532,948

Principal actuarial assumptions used

	2013 %	2012 %
Discount rate	19	23
Expected rate of salary increase	10	10

The assumptions are assessed on a yearly basis when valuation of the plan is carried out. Net actuarial losses not recognised at the year-end was Nil (2012: Nil).

14. SHARE CAPITAL AND RESERVES

(a) Authorised shares

	2013	2012
Ordinary shares of no par value	20,000,000,000	20,000,000,000
Preference share of no par value	1	1

Issued and fully paid

	Number 'm	Amount US$	Number 'm	Amount US$
Ordinary shares for cash	2,038.5	26,071,559	2,038.5	26,071,559

(b) Preference shares

	Number		Number	
	1	77	1	71
		26,071,630		26,071,630

(b) Preference shares (continued)

The Government of Ghana holds the special rights redeemable preference share of no par value (the Golden Chocolate Share). The Golden Share is non-voting but the holder is entitled to receive notices of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden share has a preferential right to return of capital, the value of which will be US$71 (Seventy-one US Dollars).

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 in September 2013. The revaluation surplus is recorded in equity as it is a non-distributable reserve until the company disposes of the related assets.

(e) Retained earnings (Income surplus account)

This represents the residual of cumulative annual Profits/losses.

15. TURNOVER

	2013 US$	2012 US$
Gross Local Sales	7,508,899	7,118,055
Less: VAT	(1,126,335)	(1,067,708)
	6,382,564	6,050,347
Add: Export Sales	53,803,572	49,091,151
	60,186,136	55,141,498

16. COST OF GOODS SOLD

This comprises raw materials, packaging materials and production costs as follows:

	2013 US$	2012 US$
Raw/Packaging Materials Consumed	50,815,173	44,740,265
Production Overheads	8,815,536	9,021,644
	59,630,709	53,761,909

17. OTHER INCOME

	2013 US$	2012 US$
Sale of shells	17,046	9,066
Sale of sacks & others	245,412	73,317
Sponsorships	-	1,130
Sale of rejected items	77,718	18,171
Recovery of impaired balance	-	221,339
Reversal of inventory write down	212,284	-
	552,460	323,023

18. LOSS BEFORE TAX

Loss before tax has been arrived at after charging the following:

	Note		
Depreciation of property, plant and equipment	6	4,118,654	3,514,194
Auditor's remuneration		30,000	25,424
Directors' remuneration	19	98,412	93,125
Staff costs	20	5,970,710	6,214,388
Unrealised exchange loss		1,514,386	1,345,858

19. DIRECTORS' REMUNERATION

Executive directors' remuneration	56,081	52,169
Directors' fees	19,033	20,746
Sitting allowance	23,298	20,210
	98,412	93,125

20. STAFF COSTS

Wages and salaries	3,549,497	3,534,305
Social security costs	319,708	314,627
Provident fund contributions	191,222	186,958
Employee benefit obligation	267,742	579,425
Other costs	1,642,541	1,599,073
	5,970,710	6,214,388

Other costs include canteen, transportation, medical expenses etc.

Employee Categories

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

	2013 Number	2012 Number
Junior Staff	212	215
Senior Staff	56	62
	268	277

21. FINANCE INCOME

	2013 US$	2012 US$
Interest received	45,596	64,150

22. FINANCE COSTS

Other financial liabilities	2,971,287	3,334,502

23. TAXATION

No provision is made for corporate tax as the company was granted the Free Zone license with an effective date of 28 July 2004. Free zone companies are exempt from corporate income tax for the first ten years of acquiring free zone status.

No provision has been made for deferred taxes as temporary differences result in a deferred tax asset for which there is no certainty of realisation against future taxable profits.

24. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 September 2013 was based on the loss attributable to ordinary shareholders of US$11,772,004 (2012: US$10,245,648) and a weighted average number of ordinary shares outstanding of 2,038,074,176 (2012: 2,038,074,176).

There were no potential dilutive ordinary shares. This is calculated as follows:

Loss attributable to ordinary shareholders (basic and diluted)

	2013 US$	2012 US$
Loss for the year attributable to the owners of the company	(11,772,004)	(10,245,648)

Weighted average number of ordinary shares (basic and diluted)

	2013 Number	2012 Number
Issued ordinary shares at beginning	2,038,074,176	1,100,826,240
Effect of conversion of debt to equity	-	937,247,936
Weighted average number of ordinary shares at 30 September	2,038,074,176	2,038,074,176
Basic earnings per share	(0.006)	(0.005)
Diluted earnings per share	(0.006)	(0.005)

25. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

The company purchases raw cocoa beans from Cocoa Marketing Company Limited, a company controlled by Ghana Cocoa Board. The purchases are on the same terms and conditions as those entered into by other companies.

The value of transactions between the company and its related party during the year was as follows:

	2013 US$	2012 US$
Purchases from Cocoa Marketing Company Limited	37,678,463	45,256,180

(b) Balances

Balances due to related company are as follows:

	2013	2012
Cocoa Marketing Company Limited		
- Borrowings (Refer to Note 12)	32,022,147	32,022,147
- Accrued interest	3,202,215	1,601,107
- Trade payables	59,309,088	59,547,311
	94,533,450	93,170,565

(c) Transactions with key management personnel

Key management compensation

In addition to their salaries, the company also contributes to a post-employment defined benefit plan to its executive officers. The plan was started on 1 January 2006 and has a 2 year qualifying period.

Key management compensation (continued)

In accordance with the terms of the plan, the executive officers retire at age 60 and are entitled to receive a lump sum payment based on the following criteria,

- Exceeding 2 years but not exceeding 5 years' service – 8 months' salary for every 5 years of service
- Exceeding 5 years but not exceeding 10 years' service – 9½ months' salary for every 5 years of service
- Exceeding 10 years but not exceeding 15 years' service – 11 months' salary for every 5 years of service
- Exceeding 15 years – 12½ months' salary for every 5 years of service

Key management personnel compensation comprised of the following.

	2013 US$	2012 US$
Short term employee benefits	90,683	136,820
Provident fund	11,765	10,945
Post-employment benefits	20,000	16,335
	122,448	164,100

Non-executive Directors' compensation comprised the following:

Directors' fees	19,033	20,746
Sitting allowance	23,298	20,120
	42,331	40,866

26. FINANCIAL RISK MANAGEMENT

Financial risk management policies and objectives

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The company's Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Financial risk management policies and objectives (continued)

The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Trade and other receivables

The company has no significant concentrations of credit risk, due to the wide spread of its customer base.

Credit transactions are limited to high credit quality institutions. The company actively seeks to limit the amount of credit exposure to any one institution.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2013 US$	**2012 US$**
Trade receivables	8,578,009	8,682,219
Other receivables	1,074,562	835,311
Cash and cash equivalents	3,587,875	3,761,098
	13,240,446	13,278,628

Ageing and impairment analysis

The aging of trade receivables at the reporting date was:

2013	**Gross Amount US$**	**Allowance for impairment US$**
Not past due (0–30 days)	5,326,327	-
Trade receivables past due but not impaired		
30 to 90 days	3,251,682	-
Individually impaired	110,334	(110,334)
	8,688,343	(110,334)

Ageing and impairment analysis (continued)

2012	Gross Amount US$	Allowance for impairment US$
Not past due (0–30 days)	5,906,793	-
Trade receivables past due but not impaired		
30 to 90 days	2,775,426	-
Individually impaired	110,334	(110,334)
	8,792,553	(110,334)

The company does not hold collateral on these balances.

Impairment movement

	2013 US$	2012 US$
At the beginning of the year	110,334	808,763
Additions	-	-
Unused	-	(698,429)
	110,334	110,334

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are contractual undiscounted maturities of financial liabilities:

Year ended 30 September 2013

	Total US$	0-3 Months US$	3-6 Months US$	6-12 Months US$	Over 12 Months US$
Bank overdraft	2,869,220	2,869,220	-	-	-
Trade and other payables	69,864,833	69,864,833	-	-	-
Short-term portion of borrowings	8,975,419	1,888,808	966,147	2,918,249	3,202,215
Long-term borrowings	50,006,656	-	-	-	50,006,656
	131,716,128	74,622,861	966,147	2,918,249	53,208,871

Liquidity risk (continued)

Year ended 30 September 2012

	Total US$	0-3 Months US$	3-6 Months US$	6-12 Months US$	Over 12 Months US$
Bank overdraft	2,159,797	2,159,797	-	-	-
Trade and other payables	67,357,514	67,357,514	-	-	-
Short-term portion of borrowings	30,779,630	30,346,835	432,795	-	-
Long-term borrowings	32,022,147	-	-	-	32,022,147
	132,319,088	99,864,146	432,795	-	32,022,147

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The company is exposed to currency risk on sales, purchases and borrowing that are denominated in a currency other than the functional currency of the company, the US Dollar. The company has no policy on its exposure to foreign currency risk relating to its financial assets and financial liabilities. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Included in the statement of financial position are the following amounts denominated in currencies other than the functional currency of the company.

Year ended 30 September 2013

	2013	2012
Assets		
Trade and other receivables		
- GH¢	1,858,042	2,745,261
- Euro	45,500	-
- CFA	-	-
Bank balances		
- GH¢	982,676	559,014
- Euro	132,333	105,245
- CFA	9,000	30,000

Currency risk (continued)

	2013	2012
Liabilities		
Trade and other Payables		
- GH¢	(20,238,989)	(17,269,512)
Bank loans and overdraft		
- GH¢	(5,171,791)	(5,737,343)
- Euro	(8,049,603)	(9,841,154)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date	
	2013	**2012**	**2013**	**2012**
GH¢	1.93	1.77	2.00	1.90
Euro	0.7614	0.7706	0.7396	0.7776
CFA	499.92	495.87	491.52	500.01

Sensitivity Analysis

The following table shows the effect of a strengthening or weakening of US$ against all other currencies on the company's profit or loss. This sensitivity analysis indicates the potential impact in profit or loss based upon the foreign currency exposures recorded at 30 September and it does not represent actual or future gains or losses. The sensitivity analysis is based on the percentage difference between the highest weekly exchange rate and the average exchange rate per currency recognised in the course of the respective financial year.

A strengthening/weakening of the US Dollar by the rates shown in the table, against the following currencies at 30 September would have increased/(decreased) equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

As of 30 September	2013			2012		
In US$	% Change	Profit or loss impact: Strengthening	Profit or loss impact: Weakening	% Change	Profit or loss impact: Strengthening	Profit or loss impact: Weakening
GHC	4.10%	440,887	(440,887)	10%	942,707	(942,707)
Euro	2.38%	248,499	(248,499)	7%	820,784	(820,784)
CFA	2.28%	(1)	1	8%	(5)	(5)

Interest rate risk

The company has no policy of apportioning its exposure to interest rates between fixed rate and variable rate. At the end of the reporting period the interest rate profile of the company's interest-bearing financial instruments was as follows.

	Nominal amount	
	2013	2012
	US$	US$
Fixed rate instruments		
Financial assets	1,276,636	989,104
Financial liabilities	(32,022,147)	(32,887,737)
	(30,745,511)	(31,898,633)
Variable rate instruments		
Financial liabilities	23,757,713	28,312,933

Fair value sensitivity analysis for fixed rate instrument

The company does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

2012	2013		2012	
	Increase	Decrease	Increase	Decrease
Variable rate instrument	(232,766)	232,766	(283,129)	283,129

Fair values by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statement of financial position by class of financial instrument to which they are assigned, and therefore by the measurement basis:

Fair values vs carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position are as follow.

2013	Loans and Receivables US$	Other Financial Liabilities US$	Total Carrying Amount US$	Fair Value US$
Trade and other receivables	9,652,571	-	9,652,571	7,941,014
Cash and cash equivalents	3,596,282	-	3,596,282	3,596,282
	13,248,853	-	13,248,853	11,537,296
Trade and other payables	-	69,864,833	69,864,833	69,864,833
Bank overdraft	-	2,869,220	2,869,220	2,869,220
Borrowings	-	58,982,075	58,982,075	58,905,624
	-	131,716,128	131,716,128	131,639,677

2012				
Trade and other receivables	9,517,530		9,517,530	8,964,948
Cash and cash equivalents	3,780,683	-	3,780,683	3,780,683
	13,298,213	-	13,298,213	12,745,631
Trade and other payables	-	67,357,514	67,357,514	67,357,514
Bank overdraft	-	2,159,797	2,159,797	2,159,797
Borrowings	-	62,801,777	62,801,777	59,836,952
	-	132,319,088	132,319,088	129,354,263

27. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments for Capital Expenditure

	2013 US$	2012 US$
Contracts placed for future capital expenditure - contracted but not provided for	-	-

Contingent Liabilities

Contingent liabilities for pending law suits against the company is estimated at US$10,000 (2012: US$5,300). Judgement in respect of these cases had not been determined as at 30 September 2013. No provision has been made as professional advice on the case that it is unlikely that any significant loss will arise

28. EVENTS AFTER REPORTING DATE

There has been no significant event after the Statement of financial position date that materially changed the company's financial statements.

29. GOING CONCERN CONSIDERATION

The company reported a loss for the year of US$11.8million (2012: US$10.2 million) and at 30 September 2013, the company's current liabilities exceeded current assets by US$48.4 million (2012: US$58.1 million).

The company's main liabilities are primarily due to Ghana Cocoa Board (COCOBOD), one of the shareholders and a syndicate of banks.

Should demands for repayment of the banking liabilities be made in accordance with the original terms, the company may not be able to service obligations arising without recourse to other sources of finance.

COCOBOD has converted an amount of US$32,022,146 from its current account into long term loan. The loan is to be repaid in 10 years with 5 years moratorium on the principal at an interest rate of 5% per annum during the moratorium period. The principal will be repaid in equal annual instalments at an interest rate of libor plus 2% at the time of payment.

COCOBOD has confirmed and given assurance of continued supply of cocoa beans to the company. In addition, COCOBOD has restructured a portion of the company's indebtedness into long term loans and has confirmed it will not seek repayment of amounts due to them in a manner that will jeopardise the ability of the company to continue operations. Based on these assurances, confirmations and deferred payment terms, the Directors expect the company to continue as a going concern, and be able to realise its assets and discharge liabilities in the normal course of business.

The financial statements have accordingly been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds arising from the normal course of business will be available to finance future operations of the company and that the settlement of liabilities will occur in the ordinary course of business.

30. RESTATEMENTS

(i) Change in accounting policy

In prior years, the portion of revaluation surplus relating to used portion of revalued assets was maintained in revaluation reserve. During the year, the Directors changed the policy to recognise the difference between the depreciation based on the revalued carrying amount and depreciation based on the assets original cost as a transfer from the revaluation reserve to the retained earning account on an annual basis.

(ii) Reclassification of leasehold land

The company's leasehold land was separately presented as a long term assets from property, plant and equipment in prior years. During the year, leasehold land was reclassified to property, plant and equipment.

30. RESTATEMENTS (CONTINUED)

The financial statements of 2012 and the related opening statement of financial position at 30 September 2011 have been restated to reflect the changes stated above.

2011

Non-current assets

	1/10/12
Cost	
Property, plant and equipment	81,690,171
Reclassified from leasehold land	13,207,031
	94,897,202
Accumulated depreciation	
Leasehold land	13,207,031
Reclassified to property, plant and equipment	(13,207,031)
	-

2012

Non-current assets

Cost	
Property, plant and equipment	78,845,758
Reclassified from leasehold land	12,578,125
	91,423,883
Accumulated depreciation	
Leasehold land	12,578,125
Reclassified to property, plant and equipment	(12,578,125)
	-

	2012 US$	1/10/12 US$
Revaluation reserve		
Balance at 1 October	31,094,449	35,526,342
Transfer to retained earnings	(1,477,298)	(4,431,893)
	29,617,151	31,094,449
Retained earnings		
Balance at 1 October	(28,494,421)	(26,183,059)
Loss for the year	(10,245,648)	(6,818,757)
Transfer from revaluation reserve	1,477,298	4,431,893
Defined benefit plan actuarial gain	2,142,053	75,502
	(35,120,718)	(28,494,421)

Appendix I

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 Amarh	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
		1,935,651,076	94.97
Others		102,423,100	5.03
		2,038,074,176	100.00

DIRECTORS' SHAREHOLDING AT 30 SEPTEMBER 2013

	No. of shares
Emma. Mama Entsua-Mensah	100,000
Aloko Francis Mahdi	70,408
Charles Debrah Asante	30,000

SHAREHOLDING DISTRIBUTION AT 30 SEPTEMBER 2013

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