COCOA PROCESSING COMPANY LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2014

COCOA PROCESSING COMPANY LIMITED

REPORTS AND FINANCIAL STATEMENTS

I N D E X

	P a g e
Corporate Information	2
Report of the Directors	3
Independent Auditorôs Report	5
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	11
Notes to the Financial Statements	12-43
Shareholding	*Appendix 1*

COCOA PROCESSING COMPANY LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Hon. Jacob S. Arthur (*Chairman)* Nana Oduro Owusu (*Managing*) Dr (Mrs) RoseEmma Entsua-Mensah Samuel Arkhurst Nana Kojo Toku Dr Yao Asamoa John Kofi Mensah Dr. Stephen Kwabena Opuni Aloko Francis Mahdi Charles Debrah Asante *(Retired 30/4/14)* Brig-Gen Charles H Mankatah (Rtd) *(Resigned 29/10/15)* Professor Joshua Abor (*Resigned 1/11/14)* Mr. Stephen Yeboah *(Appointed 17/12/14)* Mr. Jacob Ofosu-Koree *(Resigned 31/1/15)* Mr. Bennet Akantoa *(Appointed 25/2/15)*
REGISTERED OFFICE	Cocoa Processing Company Limited Heavy Industrial Area Private Mail Bag Tema
SOLICITOR/SECRETARY	Aimee M. Youri 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 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The companyôs 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$16.3 million (2013: US$11.8 million) for the year and at 30 September 2014, the companyôs current liabilities exceeded its current assets by US$60.1 million (2013: US$48.4 million). A substantial part of the companyôs 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 confirmed it will not seek repayment of amounts due to it 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 put together a team to review the 10 year strategic plan that has been in place for the last 3 years. The review is meant to redirect organisational effort in dealing with current and future issues to return the company to profitability.

FINANCIAL STATEMENTS AND DIVIDEND

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

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

The Directors consider the state of the companyôs 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.

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

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.

CHANGES IN DIRECTORSHIP

During the year under review three Directors namely Professor Joshua Abor, Brig. Gen Charles H. Mankatah (Rtd) and Mr. Jacob Ofosu-Koree resigned, two new Directors namely Mr. Stephen Yeboah and Mr. Bennet Akantoa were appointed and Charles Debrah Asante, the managing director retired.

DIRECTORS RETIRING AND SEEKING RE-ELECTION

In accordance with the Companies Act, 1963 (Act 179), the Companyôs Regulations and Ghana Stock Exchange Rules the retiring Directors seek re-election at the next Annual General Meeting. The Board would like to recommend that shareholders support their re-election.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the company were approved by the Board of Directors on é é é é é é é é é é ...and were signed on their behalf by:

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DIRECTOR **DIRECTOR**

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

Report on the Financial Statements

We have audited the financial statements of Cocoa Processing Company Limited, which comprise the statement of financial position at 30 September 2014, 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 43.

Directors' Responsibility for the Financial Statements

The companyôs 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 auditorôs 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 entityôs 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 entityôs 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 give a true and fair view of the financial position of Cocoa Processing Company Limited at 30 September 2014 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.

SIGNED BY: ANTHONY KWASI SARPONG (ICAG/P/1369)
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2014/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

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COCOA PROCESSING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

	Note	2014 US$	2013 US$
Assets			
Property, plant and equipment	7	123,280,715	128,010,369
Total non-current assets		123,280,715	128,010,369
Inventories	8	12,011,300	18,845,980
Trade and other receivables	9	6,661,563	12,100,004
Cash and cash equivalents	10(a)	1,639,521	2,352,933
Total current assets		20,312,384	33,298,917
Total assets		143,593,099	161,309,286
Equity			
Share capital	14(a)	26,071,630	26,071,630
Translation reserve	14(c)	(20,070,388)	(20,070,388)
Revaluation reserve	14(d)	64,729,745	67,905,844
Retained earnings	14(e)	(58,410,265)	(45,662,707)
Total equity		12,320,722	28,244,379
Borrowings	12(b)	49,732,521	50,006,656
Employee benefit obligations	13(b)	1,090,621	1,348,779
Total non-current liabilities		50,823,142	51,355,435
Bank overdraft	10(b)	1,836,614	2,869,220
Trade and other payables	11	70,080,799	69,864,833
Borrowings	12(a)	8,531,822	8,975,419
Total current liabilities		80,449,235	81,709,472
Total liabilities		131,272,377	133,064,907
Total equity and liabilities		143,593,099	161,309,286

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DIRECTOR

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DIRECTOR

The notes on pages 12 to 43 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 US$	2013 US$
Revenue	15	36,402,206	60,186,136
Cost of sales	16	(36,375,950)	(59,630,709)
Gross profit		26,256	555,427
Other income	17	410,118	552,460
Selling and distribution costs	30	(1,469,030)	(1,157,489)
General and administrative expenses	29	(11,078,991)	(8,796,711)
Operating loss		(12,111,647)	(8,846,313)
Finance income	21	32,067	45,596
Finance cost	22	(4,195,875)	(2,971,287)
Loss before tax	18	(16,275,455)	(11,772,004)
Income tax expense		-	-
Loss		(16,275,455)	(11,772,004)
Other comprehensive income			
Other items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment		-	39,765,991
Defined benefit plan actuarial gains/(loss)		351,798	(247,283)
Total other comprehensive income		351,798	39,518,708
Total comprehensive income		(15,923,657)	27,746,704
Earnings per share			
Basic earnings per share	23	(0.008)	(0.006)
Diluted earnings per share	23	(0.008)	(0.006)

The notes on pages 12 to 43 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	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						
Loss	-	-	-	-	(11,772,004)	(11,772,004)
Other comprehensive income						
Defined benefit plan actuarial loss	-	-	-	-	(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
Transfers within equity						
Revaluation reserve transferred	-	-	(1,477,298)	-	1,477,298	-
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 43 form an integral part of these financial statements

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COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014 (CONTINUED)

	Share Capital US$	Deposit for Shares US$	Revaluation US$	Translation Reserve US$	Retained Earnings US$	Total Equity US$
Balance at 1 October 2013	26,071,630	-	67,905,844	(20,070,388)	(45,662,707)	28,244,379
Total comprehensive income						
Loss	-	-	-	-	(16,275,455)	(16,275,457)
Other comprehensive income						
Defined benefit plan actuarial gain	-	-	-	-	351,798	351,798
Total comprehensive income	-	-	-	-	(15,923,657)	(15,459,356)
Transfer within equity						
Revaluation reserve transferred	-	-	(3,176,099)	-	3,176,099	-
Balance at 30 September 2014	26,071,630	-	64,729,745	(20,070,388)	(58,410,265)	12,320,722

The notes on pages 12 to 43 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 US$	2013 US$
Cash flows from operating activities			
Loss		(16,275,455)	(11,772,004)
Adjustments for:			
Depreciation	7	5,035,099	4,118,654
Loss on disposal of property, plant and equipment		-	2,420
Finance cost	21	4,195,875	1,370,179
Finance income	21	(32,067)	(45,596)
Employee benefit obligations	13	292,986	320,214
Employee benefit paid	13	(199,346)	(52,472)
Impairment of trade receivables		83,463	-
Effect of movement in exchange rates on cash held		14,377	14,935
		(6,885,068)	(6,043,670)
Changes in:			
Inventories	8	6,834,680	9,118,832
Trade and other receivables	9	5,354,978	867,833
Trade and other payables	11	148,402	2,507,319
Net cash flow from operating activities		5,452,992	6,450,314
Cash flows from investing activities			
Interest received	21	32,067	45,596
Purchase of property, plant and equipment	7	(305,445)	(943,538)
Proceeds from disposal of property, plant and equipment	7.1	-	1,969
Net cash flow used in investing activities		(273,378)	(895,973)
Cash flows used in financing activities			
Interest paid		(2,527,204)	(1,370,179)
Repayment of borrowings	12	(2,318,839)	(3,819,702)
Net cash used in financing activities		(4,846,043)	(5,189,881)
Net increase/(decrease) in cash and cash equivalents		333,571	364,460
Cash and cash equivalent at 1 October		(516,287)	(865,812)
Effect of movement in exchange rates on cash held		(14,377)	(14,935)
Cash and cash equivalents at 30 September	10	(197,093)	(516,287)

The notes on pages 12 to 43 form an integral part of these financial statements.

COCOA PROCESSING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. REPORTING ENTITY

Cocoa Processing Company Limited is a company registered and domiciled in Ghana. The financial statements at and for the year ended 30 September 2014 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, net of the fair value of fund assets.

c. Functional and presentation currency

The financial statements are presented in US Dollar (US$) which is the companyôs 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

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of the Groupôs 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 recognized prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 September 2015 is included in the following notes:

- Note 5 - Determination of revalued amounts for property, plant and equipment
- Note 13 ï Measurement of defined benefit obligations: Key actuarial assumptions

3. SIGNIFICANT ACCOUNTING POLICIES

Except as indicated in note 4 the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group entities using exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at exchange rates ruling at that date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. Foreign exchange differences are recognised in profit or loss under General and Administrative expense.

(b) Financial instruments

(i) Non-derivative financial instruments

Recognition and derecognition

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, borrowings, bank overdraft, trade and other payables and share capital (stated capital).

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

Short-duration receivables and payables with no stated interest rate are measured at their original invoice amount unless the effect of imputing interest would be significant.

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 risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognised as a separate assets or liability.

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

Offsetting

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 the 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.

(ii) Non-derivative financial instrument - Measurement

Non-derivative financial assets

The company classifies non derivative financial assets into loans and receivable category and other non-derivative financial liabilities into the other financial liabilities category.

Loans and receivables comprise cash and cash equivalents and trade and other receivables. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include bank overdrafts that are repayable on demand and forms an integral part of the Companyôs cash management.

Non-derivative financial liabilities

Nonï derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise borrowings, trade and other payables and bank overdrafts.

(iii) 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

The companyôs redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the companyôs equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Companyôs shareholders.

(c) Impairment

(i) Financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

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.

(i) Financial assets (cont'd)

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 original effective interest rate.

The Company considers evidence of impairment of these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified.

Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

All impairment losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Companyôs non-financial assets other than 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 assetôs recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risk specific to the asset.

A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the assetôs net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(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.

(i) Recognition and measurement (continued)

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 expenditure

Subsequent expenditure is capitalised only if it is 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.

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.

(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) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision 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.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in periods during which services are rendered by employees.

(a) Social Security Contribution

Under a national pension scheme, the Company contributes 13% of employeeôs basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Companyôs obligation is limited to the relevant contributions, which have been recognized in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

(b) Provident Fund

The Company has a provident fund scheme for staff to which the Company contributes 10% and 8% of the basic salaries of junior and senior staff respectively. Obligations under the plan are limited to the relevant contributions, which are charged to profit or loss as and when they fall due.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities of the company arising from defined benefit obligations and related current service costs are determined on an actuarial basis using the projected unit of credit method.

(iii) Defined benefit plans (continued)

The Company uses this method to determine the present value of defined benefit obligations, related current service costs and, where applicable, past service costs. Actuarial gains and losses, which arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what actually occurred, are recognised immediately in other comprehensive income.

The company determines the net interest expense on the net defined benefits liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then ï defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(g) 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 occurs when the goods are delivered to the customer.

(h) Finance income and finance costs

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 costs 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.

(i) 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.

(j) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(k) Future developments/changes in accounting policies

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014; however, the company has not applied these new or amended standards in preparing these financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early.

- **IFRS 9 Financial Instruments**

IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The company is assessing the potential impact on its financial statements resulting from the application of IFRS 9. Given the nature of the companyôs operations, this standard is expected to have a pervasive impact on the companyôs financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes.*

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The company is assessing the potential impact on its financial statements resulting from the application of IFRS 15, therefore the impact is currently unknown.

The following new or amended standards are not expected to have a significant impact on the Groupôs financial statements.

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010 ï 2012 Cycle.
- Annual Improvements to IFRSs 2011 ï 2013 Cycle.
- IFRS 14 Regulatory Deferral Accounts.

- **IFRS 15 Revenue from Contracts with Customers (continued)**

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41).
- Equity Method in Separate Financial Statements (Amendments to IAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Annual Improvements to IFRSs 2012 ï 2014 Cycle ï various standards.

4. CHANGES IN ACCOUNTING POLICY

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

a. IFRS 13 Fair Value Measurement
b. IAS 19 Employee Benefits
c. IAS 1 Presentation of items of other comprehensive income

(a) Fair value measurement

In accordance with the transitional provisions of IFRS 13, the Company has applied the new definition of fair value, as set out in Note 5 prospectively. The change had some impact on the measurements of the Companyôs assets and liabilities, but the Company has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information as the Company has prospectively applied the new fair value measurement guidance.

(b) Post-employment defined benefit plans

As a result of IAS 19 (2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post retirement defined benefit plans.

The change did not have a significant impact on the Company's financial statements. The Company previously recognized actuarial gains and losses on post-employment benefit plan in other comprehensive income and not directly in profit or loss, which is consistent with the requirements of IAS 19 (2011).

(c) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the company has modified the presentation of items of Other Comprehensive Income in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

5. DETERMINATION OF FAIR VALUES

Some of the Companyôs accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in determining fair values is included in Note 25 financial instrument- fair value and risk management.

6. OPERATING SEGMENT

(a) Segment results, assets and liabilities

Year ended 30 September 2014

	Cocoa Factory US$	Confectionery Factory US$	Total US$
Revenue for reportable segments			
Sales to external customers	30,253,603	6,148,603	36,402,206
Gross profit	(184,643)	210,899	26,256
Other income	307,589	102,529	410,118
Operating profit	122,946	313,428	436,374
Selling and distribution costs	(1,101,773)	(367,257)	(1,469,030)
Administrative costs	(8,309,243)	(2,769,748)	(11,078,991)
Finance costs	(3,146,906)	(1,048,969)	(4,195,875)
Finance income	24,050	8,017	32,067
Depreciation	(3,776,324)	(1,258,775)	(5,035,099)
Loss before tax	(12,410,926)	(3,864,529)	(16,275,455)
	========	=======	========
Reportable segment assets	88,159,394	55,433,704	143,593,098
Additions to PPE	223,802	81,643	305,445
Reportable segment liabilities	113,070,368	18,252,009	131,322,377
	---	---	---

(a) Segment results, assets and liabilities (continued)

Year ended 30 September 2013

	Cocoa Factory US$	Confectionery Factory US$	Total US$
Revenue for reportable segments			
Sales to external customers	53,109,172	7,076,964	60,186,136
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
Selling and distribution costs	(864,666)	(288,222)	(1,152,888)
Administrative costs	(6,802,291)	(1,999,021)	(8,801,312)
Finance costs	(2,228,465)	(742,822)	(2,971,287)
Finance income	34,197	11,399	45,596
Depreciation	3,088,990	1,029,664	4,118,654
Loss before tax	(10,318,253)	(1,453,751)	(11,772,004)
	========	=======	========
Reportable segment assets	137,585,105	23,724,181	161,309,286
Additions to PPE	707,654	235,884	943,538
Reportable segment liabilities	129,371,471	3,693,436	133,064,907
	---	---	---

(b) Analysis of Revenue by product

	2014 US$	2013 US$
Cocoa butter	19,122,060	28,947,753
Cocoa liquor	3,841,950	4,997,878
Cocoa cake	6,644,364	17,252,315
Cocoa powder	645,230	1,911,226
Confectionery	6,148,602	7,076,964
	---	---
	36,402,206	60,186,136
	========	========

(c) Analysis of Revenue by market segment

	Export Sales US$	Local Sales US$	Total US$
Year ended 30 September 2014			
Semi-finished products	29,946,336	307,267	30,253,603
Confectionery	604,619	5,543,984	6,148,603
	---	---	---
	30,550,955	5,851,251	36,402,206
	========	=======	========
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
	=======	=======	========

7. PROPERTY, PLANT & EQUIPMENT

2014	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$	Laboratory Equipment US$	Total US$
Gross value								
At 1/10/13	1,324,002	47,257,910	562,150	78,156,417	369,849	175,698	164,343	128,010,369
Additions	48,669	-	-	223,802	-	32,974	-	305,445
Transfers	(748,332)	10,626	-	737,706	-	-	-	-
At 30/9/14	624,339	47,268,536	562,150	79,117,925	369,849	208,672	164,343	128,315,814
Comprising								
Cost of asset revalued	624,339	28,527,115	245,024	58,514,741	181,622	371,735	78,394	88,542,970
Revaluation surplus	-	18,741,421	317,126	20,603,184	188,227	(163,063)	85,949	39,772,844
At 30/9/14	624,339	47,268,536	562,150	79,117,925	369,849	208,672	164,343	128,315,814
Accumulated depreciation								
At 1/10/13	-	-	-	-	-	-	-	-
Charge for the year	-	945,156	11,243	3,915,049	92,462	38,187	33,002	5,035,099
At 30/9/14	-	945,156	11,243	3,915,049	92,462	38,187	33,002	5,035,099
Carrying amounts								
at 30/9/14	624,339	46,323,380	550,907	75,202,876	277,387	170,485	131,341	123,280,715

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 and were incorporated into the books of the Company on that date. The companyôs property, plant and equipment have been used as security for loans and overdrafts from syndicate of banks led by Barclays Bank of Ghana Limited and Prudential Bank Limited respectively.

7. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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									
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
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 and were incorporated into the books of the Company on that date. The companyôs property, plant and equipment have been used as security for loans and overdrafts from syndicate of banks led by Barclays Bank of Ghana Limited and Prudential Bank Limited respectively.

7.1 Disposal of property, plant and equipment

	2014 US$	2013 US$
Gross value	-	17,895
Less: Accumulated depreciation	-	(13,506)
Net carrying value	-	4,389
Sale proceeds	-	1,969
Loss on disposal	-	(2,420)

8. INVENTORIES

Raw materials	4,379,958	332,068
Packaging materials	2,602,283	2,708,466
Finished goods	3,382,326	14,008,362
Technical store parts	1,627,948	1,691,013
Fuel and lubricants	18,785	106,071
	12,011,300	18,845,980

The write down of inventories to net realisable value amounted to US$136,108 (2013: US$369,152).

9. TRADE AND OTHER RECEIVABLES

	2014 US$	2013 US$
Trade receivables	3,633,618	8,578,009
Staff debtors	573,627	769,400
Deposits on letter of credits	886,116	936,856
Prepayments	155,789	267,228
Other receivables	143,273	305,162
Fixed deposit investments	1,269,140	1,243,349
	6,661,563	12,100,004

Included in staff debtors are staff loans which attract no interest. The maximum amount due from staff during the year was US$769,400 (2013: US$769,400).

The fixed deposits have been used as collateral for bank overdraft with Prudential Bank Limited. The Company is restricted from withdrawing from the fixed deposit investments assigned to the bank as security until the overdraft facility is paid off.

10. CASH AND CASH EQUIVALENTS

(a)

	2014 US$	2013 US$
Cash at Bank	1,602,915	2,311,239
Cash in hand	10,278	8,407
91-day treasury bills	26,328	33,287
Cash and cash equivalents	1,639,521	2,352,933
Bank overdraft	(1,836,614)	(2,869,220)
Cash and cash equivalents in the statement of cash flows	(197,093)	(516,287)

(b) Bank Overdraft

The company had an approved overdraft facilities of US$1.34 million (2013: US$2.1 million) with Prudential Bank Limited.

	2014 US$	2013 US$
Prudential Bank Limited (GH¢ based facility)	1,836,614	2,869,220

In August 2013, Prudential Bank Limited, renewed an overdraft facility of US$2.1 million available to the company to supplement its working capital. This facility was subsequently renewed to US$1.34 million in November 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 companyôs fixed deposit number 004FXDL073340040004 with a balance of US$1,243,349 at 30 September 2014.

11. TRADE AND OTHER PAYABLES

	2014 US$	2013 US$
Trade payables	59,085,473	60,181,590
Other payables	10,995,326	9,683,243
	70,080,799	69,864,833

12. BORROWINGS

		2014 US$	2013 US$
Barclays Bank of Ghana Limited led Syndicate Euro Loan	(i)	9,991,432	10,883,063
Barclays Bank of Ghana Limited led Syndicate Dollar Loan	(ii)	11,447,442	12,874,650
Ghana Cocoa Board Dollar Loan	(iii)	36,825,469	35,224,362
		58,264,343	58,982,075
(a) Short-term portion of borrowings		8,531,822	8,975,419
(b) Long term borrowings		49,732,521	50,006,656

Included in Cocobod Dollar Loan is accrued interest of US$4,803,322 (2013: US$3,202,215).

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 and Ecobank Ghana Limited. The loan facility is secured with 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 dollars based facility during the 2014 financial year of the Company. The loan will mature in 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%.

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. This represents balances on COCOBODôs 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 2014 was US$4,803,322 (2013: US$3,202,215).

13. EMPLOYEE BENEFIT OBLIGATIONS

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. The plan is not funded and individual staff account balances do not bear interest.

The defined benefit plans expose the Company to actuarial risks, such as longevity and interest rate risks.

(a) Employee benefit obligations recognised in the statement of financial position

	2014 **US$**	**2013** **US$**
Pension funds: defined benefit plan	1,090,621	1,348,779

(b) Movement in net defined benefit liabilities

Balance at 1 October	1,348,779	833,754
Included in profit or loss		
Current service costs	133,280	142,259
Interest costs	159,706	177,955
	292,986	320,214
Included in OCI		
Actuarial (gain)/loss	(351,798)	247,283
Other		
Benefits paid	(199,346)	(52,472)
Balance at 30 September	1,090,621	1,348,779

(c) Actuarial assumption

The following were the principal actuarial assumptions at the reporting date.

	2014 **%**	**2013** **%**
Discount rate	18	19
Expected rate of salary increase	10	10

(d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

30 September 2014	**Defined benefit obligations**	
	Increase	**Decrease**
	US$	**US$**
Discount rate (1% movement)	(81,183)	92,322
Salary inflation (1% movement)	98,561	(87,442)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

14. SHARE CAPITAL (STATED CAPITAL) AND RESERVES

(a) Authorised shares

	2014	**2013**
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	**Amount**	**Number**	**Amount**
	'm	**US$**	**'m**	**US$**
Ordinary shares for cash	2,038.5	26,071,559	2,038.5	26,071,559
	=====		=====	

(b) Preference shares

	Number		**Number**	
	1	71	1	71
	==	----------	==	----------
		26,071,630		26,071,630
		========		========

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 at 30 September 2013. The revaluation surplus is recorded in equity as it is a non-distributable reserve. The movement on the revaluation reserve is resulting from transfer made to the retained earnings account.

(e) Retained earnings (Income surplus account)

This represents the residual of cumulative annual profits/losses.

15. REVENUE

	2014 US$	2013 US$
Sale of goods		
Gross Local Sales	7,864,089	7,508,899
Less: Duties and Taxes	(2,012,838)	(1,126,335)
	---	---
	5,851,251	6,382,564
Add: Export Sales	27,990,619	53,803,572
Tolling	2,560,336	-
	---	---
	36,402,206	60,186,136
	========	========

Tolling revenue represents fees charged on cocoa beans processed on behalf of third parties.

16. COST OF SALES

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

	2014 US$	2013 US$
Raw/Packaging Materials Consumed	30,178,996	50,815,173
Production Overheads	6,196,954	8,815,536
	---	---
	36,375,950	59,630,709
	========	========

17. OTHER INCOME

	2014 US$	2013 US$
Sale of shells	-	17,046
Sale of sacks & others	47,890	245,412
Sale of rejected items	46,494	77,718
Provision no longer required	315,734	212,284
	410,118	552,460

18. LOSS BEFORE TAX

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

	Note		
Depreciation of property, plant and equipment	6	5,035,099	4,118,654
Auditorôs remuneration		35,000	30,000
Directorsô remuneration	19	118,371	125,334
Unrealised exchange loss		567,017	1,514,386

19. DIRECTORS' REMUNERATION

Executive directorsô remuneration	36,013	56,081
Directorsô fees and allowances	82,358	69,253
	118,371	125,334

20. PERSONNEL COSTS

Wages and salaries	2,960,322	3,549,497
Social security costs	266,685	319,708
Provident fund contributions	155,638	191,222
Employee benefit obligation	292,986	267,742
Other costs	2,401,660	1,642,541
	6,077,291	5,970,710

Other costs include canteen, transportation, medical expenses etc.

20. PERSONNEL COSTS (CONTINUED)

Employee Categories

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

	2014 Number	2013 Number
Junior Staff	218	212
Senior Staff	44	56
Management Staff	15	15
	---	---
	277	283
	===	===

21. FINANCE INCOME

	2014 US$	2013 US$
Financial asset – amortised cost		
Interest received	32,067	45,596
	=====	=====

22. FINANCE COSTS

Financial liabilities ï Amortised cost		
Interest expense	4,195,875	2,971,287
	=======	=======

23. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 September 2014 was based on the loss attributable to ordinary shareholders of US$16,275,455 (2013: US$11,772,004) and a weighted average number of ordinary shares outstanding of 2,038,074,176 (2013: 2,038,074,176).

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

Loss attributable to ordinary shareholders (basic and diluted)

	2014 US$	2013 US$
Loss for the year attributable to the owners of the company	(16,275,455)	(11,772,004)
	========	========

23. EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares (basic and diluted)

	2014 Number	2013 Number
Issued ordinary shares at beginning	2,038,074,176	2,038,074,176
Effect of conversion of debt to equity	-	-
Weighted average number of ordinary shares at 30 September	2,038,074,176	2,038,074,176
Basic earnings per share	(0.008)	(0.006)
Diluted earnings per share	(0.008)	(0.006)

24. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions

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 was as follows:

	2014 US$	2013 US$
Purchases from Cocoa Marketing Company Limited	20,249,651	37,678,463

(b) Balances

Balances due to related company were as follows:

Ghana Cocoa Board

- Borrowings	32,022,147	32,022,147
- Accrued interest	4,803,322	3,202,215
Refer to Note 12	36,825,469	35,224,362
- Trade payables	57,976,714	59,309,088
	94,802,183	94,533,450

(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.

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 yearsô service ï 8 monthsô salary for every 5 years of service
- Exceeding 5 years but not exceeding 10 yearsô service ï 9½ monthsô salary for every 5 years of service
- Exceeding 10 years but not exceeding 15 yearsô service ï 11 monthsô salary for every 5 years of service
- Exceeding 15 years ï 12½ monthsô salary for every 5 years of service

Key management personnel compensation comprised of the following.

	2014 **US$**	**2013** **US$**
Short term employee benefits	85,823	102,448
Other long term benefits	104,789	20,000
	---	---
	190,612	122,448
	======	======

Non-executive Directorsô compensation comprised the following:

Directorsô fees and allowances	82,358	69,253
	=====	=====

25. FINANCIAL RISK MANAGEMENT

Financial Instrument – Fair Values and Risk Management

(a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2014	**Carrying amount loans and receivables US$**	**Fair value other financial liabilities US$**	**Total US$**	**Level 2 US$**
Financial assets not measured at fair value				
Trade and other receivables	5,619,658	-	5,619,658	-
Cash and bank balances	1,639,521	-	1,639,521	-
	---	---	---	---
	7,259,179	-	7,259,179	-
	=======	====	=======	====

(a) Accounting classification and fair values (continued)

	Carrying amount loans and receivables US$	Fair value other financial liabilities US$	Total US$	Level 2 US$
Financial liabilities not measured at fair value				
Trade and other payables	-	70,080,799	70,080,799	-
Bank overdraft	-	1,836,614	1,836,614	-
Cocobod dollar loan	-	36,825,469	36,825,469	-
Bank loans	-	21,438,874	21,438,874	-
	-	130,181,756	130,181,756	-

2013

Financial assets not measured at fair value				
Trade and other receivables	10,895,920	-	10,895,920	-
Cash and bank balances	2,352,933	-	2,352,933	-
	13,248,853	-	13,248,853	-
Financial liabilities not measured at fair value				
Trade and other payables	-	60,181,590	60,181,590	-
Bank overdraft	-	2,869,220	2,869,220	-
Cocobod dollar loan	-	35,224,362	35,224,362	-
Bank loans	-	23,757,713	23,757,713	-
	-	122,032,885	122,032,885	-

(b) Risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Companyôs risk management framework. The Audit Committee is responsible for monitoring compliance with the Companyôs risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Company.

The Audit Committee gains assurances on the effectiveness of internal control and risk management from: summary information relating to the management of identified risks; detailed reviews of the effectiveness of management of selected key risks; results of managementôs self assessment processes over internal control; and independent work carried out by the Global Audit and Risk function, which provide the audit committee and management with results of procedures carried out on key risks, including extent of compliance with standards set on governance; and assurances over the quality of the Companyôs internal control.

The Company also has a control, compliance and ethics function in place, which monitors compliance with internal procedures and processes and assesses the effectiveness of internal controls.

The Companyôs risk management policies are established to identify and analyse risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Through training, standards and procedures, the Company aims to maintain a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(i) **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 receivable from customers.

Trade receivables

The Companyôs exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit control committee has established a credit policy under which new customers are assessed individually for credit worthiness before the Companyôs standard payment terms and conditions are offered. The Company generally trades with pre-defined and selected customers. Credit exposure on trade receivable is covered by customers issuing post-dated cheques to cover amounts owed, as well as using landed properties as collateral and bank guarantees.

Allowances for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk for trade and other receivables at the reporting date was:

	2014	**2013**
	US$	**US$**
Key distributors	3,633,618	8,578,009
Individuals and companies	143,273	305,162
Employees	573,627	769,400
	---	---
	4,350,518	9,652,571
	=======	=======

Impairment losses

The aging of trade receivables at the reporting date was:

2014	**Gross Amount US$**	**Allowance for impairment US$**
Not past due (0ï 30 days)	2,192,414	-
Trade receivables past due but not impaired 30 to 90 days	973,130	-
Trade receivables past due but not impaired 90-1year	467,381	-
Individually impaired	193,797	193,797
	---	---
	3,826,722	193,797
	=======	=====
2013		
Not past due (0ï 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)
	=======	======

The company does not hold collateral on these balances.

Impairment movement

	2014 US$	**2013 US$**
Balance at 1 October	110,334	110,334
Impairment loss recognized	83,463	-
	---	---
	193,797	110,334
	======	======

The movement in impairment allowance in respect of trade receivables during the year was as follow:

Impairment losses have been recognised for specific customers whose debts are considered impaired. Based on historical default rates, no additional impairment losses are considered necessary in respect of trade receivables.

No impairment loss was recognised for financial assets other than trade receivables.

Cash and bank balances

The Company held cash and cash equivalent of US$1,629,243 at 30 September 2014 (2013: US$2,344,526) which represents its maximum exposure. The cash and bank balances are held with the Companyôs bankers.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Company would either not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The Companyôs approach to managing liquidity is to ensure that it maintains adequate liquidity to meet its liabilities as and when they fall due. The Company assesses its debt position every month. The Company also monitors the level of expected cash inflows on trade and other receivables on a daily basis.

The following are contractual maturities of financial liabilities:

Year ended 30 September 2014

		Contractual cash flows			
	Carrying amount GH¢	**Total GH¢**	**6mths or less GH¢**	**6-12mths GH¢**	**1-5years GH¢**
Non-derivative financial liability					
Trade and other payables	70,080,799	(70,080,799)	(70,080,799)	-	-
Bank overdraft	1,836,614	(1,836,614)	(1,836,614)	-	-
Cocobod dollar loan	36,825,469	(37,140,034)	(4,803,322)	(1,601,107)	(30,735,605)
Bank Loans	21,438,874	(21,612,217)	(2,037,593)	(1,864,250)	(17,710,374)
Balance at 30 September 2014	130,181,756	(130,669,664)	(78,758,328)	(3,465,357)	(48,445,979\)

30 September 2013

Trade and other payables	69,864,833	(69,864,833)	(69,864,833)	-	-
Bank overdraft	2,869,220	(2,869,220)	(2,869,220)	-	-
Loan from Cocobod	35,224,362	(22,583,940)	(3,202,215)	-	(19,381,725)
Bank Loans	23,757,713	(23,939,806)	(1,811,300)	(1,144,268)	(20,984,238)
Balance at 30 September 2013	131,716,128	(109,482,718)	(78,548,122)	(1,144,268)	(40,365,963)

(iii) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Companyôs 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

Foreign 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 entityôs 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 2014

	2014	**2013**
Assets		
Trade and other receivables		
- GH¢	1,563,362	1,858,042
- Euro	-	45,500
Bank balances		
- GH¢	210,361	982,676
- Euro	13,529	132,333
- CFA	-	9,000
Liabilities		
Trade and other Payables		
- GH¢	(37,456,575)	(20,238,989)
Bank loans and overdraft		
- GH¢	(5,754,662)	(5,171,791)
- Euro	(7,591,395)	(8,049,603)

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date**	
	2014	**2013**	**2014**	**2013**
GH¢	2.5692	1.93	3.133	2.00
Euro	0.7334	0.7614	0.7598	0.7396
CFA	-	499.92	-	491.5

Sensitivity analysis on currency risks

The following table shows the effect of a strengthening or weakening of US$ against all other currencies on the companyôs 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.

Sensitivity analysis on currency risks (continued)

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	**2014**			**2013**		
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	3.70	2,024,906	(2,024,906)	4.10	440,887	(440,887)
Euro	3.59	(345,859)	345,859	2.38	248,499	(248,499)
CFA	-	-	-	2.28	(1)	1

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 companyôs interest-bearing financial instruments was as follows.

	Nominal amount	
	2014	**2013**
	US$	**US$**
Fixed rate instruments		
Bank Overdraft	1,836,614	2,869,220
COCOBOD Loan	32,022,147	32,022,147
	---	---
	33,858,761	34,891,367
	========	========
Variable rate instruments		
Barclays Bank led Syndicate Euro Loan	9,991,432	10,883,063
Barclays Bank led Syndicate Dollar Loan	11,447,442	12,874,650
	---	---
	21,438,874	23,757,713
	========	========

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 200 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.

As of 30 September	**2014**			**2013**		
	% Change	Profit and Loss impact: GH¢ô000	Equity GH¢ô000	% Change	Profit and Loss impact: GH¢ô000	Equity GH¢ô000
Syndicated Loans	±2%	±428,422	±428,422	±2%	±232,766	±232,766

Capital management

The Boardôs 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. Capital consist of equity. 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.

The adjusted net debt to equity ratio at the end of the reporting period was a follows:

	2014 **GH¢**	**2013** **GH¢**
Total liabilities	131,272,377	133,064,907
Cash and cash equivalents	(1,639,521)	(2,352,933)
Net debt	129,632,856	130,711,974
Total equity	12,320,722	28,244,379
Net debt to adjusted equity ratio at 30 September	0.01	0.22

26. CONTINGENT LIABILITIES

Contingent liabilities, in respect of possible claims and lawsuits at the year-end amounted to US$3,195 (2013: US$10,000). Judgement in respect of these cases had not been determined as at 30 September 2014. No provision has been made as professional advice on the case that it is unlikely that any significant loss will arise.

27. EVENTS AFTER REPORTING DATE

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

28. GOING CONCERN CONSIDERATION

The company reported a loss for the year of US$ 16.3 million (2013: US$11.8 million) and at 30 September 2014, the companyôs current liabilities exceeded current assets by US$60.1 million (2013: US$48.4 million).

The companyôs 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 companyôs 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.

29. GENERAL AND ADMINISTRATIVE EXPENSES

	2014 US$	2013 US$
Staff cost	5,111,799	4,312,976
Depreciation	2,496,006	149,888
Amortisation of prepaid lease	-	628,906
Auditorôs remuneration	35,000	30,000
Directorsô remuneration	118,371	125,334
Insurance	11,842	47,532
Rent & security	198,129	174,515
Professional/consultancy costs	11,201	13,109
Bank charges	194,596	212,130
AGM expenses	164,164	107,493
Office related expenses	192,236	152,892
Water and electricity	910,023	650,531
Fuel costs	623,567	420,256
Other costs	445,040	256,763
Exchange loss	567,017	1,514,386
	---	---
	11,078,991	8,796,711
	========	=======

30. SELLING AND DISTRIBUTION EXPENSES

Wharfage handling charges	260,143	278,683
Hiring of forklift trucks	124,975	169,100
Depot expenses	36,445	17,198
Bad debt expense	83,463	-
Vehicle running costs	109,644	132,396
Trade samples and promotions	290,815	206,225
Advertising expenses	27,851	48,043
Fuel costs	415,712	240,879
Other costs	27,520	15,928
Depreciation vehicles	92,462	49,037
	---	---
	1,469,030	1,157,489
	=======	=======

Appendix I

SHAREHOLDING DISTRIBUTION AT 30 SEPTEMBER 2014

	No. of Shareholders	No. of Shares	% Holdings
1 ï 1,000	28,100	12,876,891	0.55
1,001 ï 5,000	18,439	41,159,318	1.76
5,001 ï 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
	=====	==========	===

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 ï 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.	Teachersô Fund	500,000	0.02
19.	Hyde Joel Emmanuel	500,000	0.02
20.	Insurance Compensation Fund	480,000	0.02
		---	---
		1,935,651,086	94.97
Others		102,423,100	5.03
		---	---
		2,038,074,186	100.00
		==========	====

DIRECTORS' SHAREHOLDING AT 30 SEPTEMBER 2014

	No. of shares
Emma. Mama Entsua-Mensah	100,000
Aloko Francis Mahdi	70,408
	====