



*COCOA PROCESSING COMPANY LIMITED*

*ANNUAL REPORTS AND FINANCIAL STATEMENTS  
30 SEPTEMBER 2017*

COCOA PROCESSING COMPANY LIMITED  
REPORTS AND FINANCIAL STATEMENTS

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**COCOA PROCESSING COMPANY LIMITED**  
**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Nana Agyenim Boateng (*Managing*)  
Dr (Mrs) RoseEmma Entsua-Mensah  
Samuel Arkhurst  
Nana Kojo Toku  
Dr Yao Asamoah  
Dr. Stephen Kwabena Opuni  
Aloko Francis Mahdi  
Mr. Stephen Yeboah  
Mr. Bennet Akantoo

**REGISTERED OFFICE**

Cocoa Processing Company Limited  
Heavy Industrial Area  
Private Mail Bag  
Tema

**SOLICITOR/ SECRETARY**

Ekow Rhule  
Cocoa Processing Company Limited  
Heavy Industrial Area  
Private Mail Bag  
Tema

**AUDITOR**

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

**BANKERS**

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

**REGISTRAR**

NTHC Limited  
Martco House  
P O Box 9563  
Airport  
Accra

**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 2017.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for the preparation of financial statements that give a true and fair view of Cocoa Processing Company Limited, comprising the statement of financial position at 30 September 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). In addition, the Directors are responsible for the preparation of the Report of Directors.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

**GOING CONCERN CONSIDERATION AND STATE OF AFFAIRS OF THE COMPANY**

The Company reported a loss of US\$7.4 million (2016: US\$9.1 million) for the year and at 30 September 2017, the Company's total liabilities exceeded its total assets by US\$28.4 million (2016: US\$21.5 million).

A substantial part of the Company's liabilities are due to the majority shareholder, Ghana Cocoa Board (COCOBOD), and a syndicate of banks. The Company has defaulted in the payment of the interest on COCOBOD loan. In addition, the Company is unable to make adequate payments towards the syndicated bank loan. The Company's inability to comply with the terms of the loan agreements has resulted in renegotiation of the COCOBOD and syndicated loans.

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

From 2012, the supply of cocoa beans has however significantly reduced. Cocoa beans purchased in 2015 was approximately 5,800 MT compared to budgeted amount of 20,000 MT. As a result, the Company has been producing below capacity and unable to cover its operational costs.

The Company plans to enter into a collateral management agreement with Cocoa Marketing Company (CMC) for the purchase of cocoa beans. Under the arrangement, CMC would issue the Company with a letter of guarantee to supply 23,000MT of cocoa beans yearly (main and light crop with the light crop proportion larger than the main crop).

The Company is soliciting letters of guarantees from certain financial institutions to support its working capital needs and invest in infrastructure and machinery. The Company intends to use part of the funds it will receive to build a 5MW ECT Cocoa shell based steam power co-generation plant and its corresponding accessories. The steam boiler plant shall be designed to use cocoa shells, saw dust, firewood, shell cake, rice husk as fuel and shall have steam generation capacity of 25TPH at 67kg/cm<sup>2</sup> pressure and steam temperature of 490 Degree Celsius.

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
COCOA PROCESSING COMPANY LIMITED (CONT'D)**

**GOING CONCERN CONSIDERATION AND STATE OF AFFAIRS OF THE COMPANY (CONT'D)**

The plant will significantly reduce the cost of electricity, diesel and LPG which currently approximates US\$450,000 per month.

In addition, the Company plans to purchase additional Chocomaster (moulding plant), three new wrapping machines, drinking chocolate plant and also rehabilitate the milling section accessories and installation. These equipment are intended to increase chocolate production and the project will take a year to complete.

The Company intends to increase its revenue by:

- Introducing hand crafted-chocolates and customised chocolates (own label chocolate bars).
- Introducing Nutty chocolates (non-coated dragees)
- Establishing tolling arrangement with relevant parties.
- Improving visibility to increase local consumption of Goldentree confectionery products.
- Rebranding of Alltime instant drinking chocolate and the introduction of another instant drinking chocolate to be known as Goldentree instant drinking chocolate.

The Company has also constructed six (6) depth bore-holes to reduce the cost of water by about US\$168,000 – US\$220,000 per annum.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. However in the event that the Company does not achieve these conditions, a material uncertainty exist which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**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.

**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.

The Company has not filed its annual returns with the Registrar General and Ghana Stock Exchange (GSA). The financial statements were also not published as required under GSA rules. The non-submission and publication of the Company's financial statements resulted in a suspension of trading of its shares on the GSA with effect from 29 August 2017.

REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
COCOA PROCESSING COMPANY LIMITED (CONT'D)

HOLDING COMPANY

The Company is 57.73% owned by Ghana Cocoa Board, a Company incorporated in Ghana.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors on  
10 December 2018 and were signed on their behalf by:



.....  
DIRECTOR



.....  
DIRECTOR

