



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

COCOA PROCESSING COMPANY LIMITED
REPORTS AND FINANCIAL STATEMENTS

I N D E X

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

COCOA PROCESSING COMPANY LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

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

REGISTERED OFFICE

Cocoa Processing Company Limited
Heavy Industrial Area
Private Mail Bag
Tema

SOLICITOR/ SECRETARY

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

AUDITOR

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

BANKERS

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

REGISTRAR

NTHC Limited
Martco House
P O Box 9563
Airport
Accra

COCOA PROCESSING COMPANY LIMITED

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

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

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

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


KOFI TEKYI
DIRECTOR (FIN & IT)


NANA AGYENIM BOATENG
MANAGING DIRECTOR

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

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

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

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

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

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

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

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

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

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

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

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

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

c. Functional and presentation currency

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

d. Use of estimates and judgement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transactions

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

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

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

(B) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Spare parts

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

(iv) Capital work in progress

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

(v) *Depreciation*

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

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

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

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

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

(vi) *Revaluation gain/loss*

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

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

(d) Inventories

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

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

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

(e) Revenue

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

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

Revenue - Sale of goods

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

2 REVENUE

Analysis of the Company's revenue is as follows

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

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

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

15.(a) COST OF SALES

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

16 OTHER INCOME

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

20 FINANCE INCOME

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

21 FINANCE COST

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

29 GENERAL ADMIN EXPENSES

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

30 SELLING & DISTRIBUTION EXPENSES

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

STAFF COSTS

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

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

Aggregate Remuneration

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

EARNINGS PER SHARE

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

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

8 INVENTORIES

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

9 TRADE AND OTHER RECEIVABLES

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

11 TRADE AND OTHER PAYABLES

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

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

12 BORROWINGS

Balances on existing Loan Facilities

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

12(a) Short term portion of borrowings

<u>47,339,503</u>	<u>47,339,503</u>
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12(b) Long term borrowings

<u>17,916,778</u>	<u>14,507,041</u>
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10(a)	CASH & CASH EQUIVALENTS	Sep-20 US\$	Sep-19 US\$
	Cash at Bank	1,455,838	1,041,658
	Cash in hand	178,831	31,115
	Cash and Cash Equivalents	<u>1,634,669</u>	<u>1,072,773</u>
10(b)	Bank Overdraft	(1,089,132)	(955,704)
	Cash and Cash Equivalents in the statement of cash flow	545,537	117,070

DEBT TO EQUITY RATIO

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

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

RELATED PARTY TRANSACTION AND BALANCES

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

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

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

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

Balances due related company were as follows

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. SHARE CAPITAL (STATED CAPITAL) AND RESERVES

(a) Authorised shares

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

Issued and fully paid

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

(b) Preference shares

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

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

(c) Translation reserve

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

(d) Revaluation reserve

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

(e) Retained earnings (Income surplus account)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Capital management

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

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

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

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

GOING CONCERN CONSIDERATION

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

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

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

SHAREHOLDING DISTRIBUTION AT YEAR ENDED 30th SEPTEMBER 2020

	No. of Shareholders	No. of Shares	% Holdings
1 – 1,000	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
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	<u>49,056</u>	<u>2,038,074,176</u>	<u>100</u>

TWENTY LARGEST SHAREHOLDERS

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