



FTN COCOA PROCESSORS PLC

**REPORTS AND FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH SEPTEMBER 2022**

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FTN COCOA PROCESSORS PLC**CORPORATE INFORMATION**

Directors:	High Chief (Sir) Simeon Olusola Oguntimehin, OON - <i>(Chairman)</i> Pastor Akin Laoye - <i>Managing</i> Otunba' Wale Jubril
Company Secretaries:	Alpha-Genasec Limited, Kresta Laurel Complex, 376, Ikorodu Road, Maryland, Lagos. Tel. 234-7035051231 E-mail: alphagenasec@bakertillynigeria.com
Registered Office:	21, Emmanuel Keshi Street, Oladipo Sessi Close, Magodo, GRA, Lagos. Tel. 234-1-7409651 Website: www.ftncocoa.com.ng E-mail: info@ftncocoa.com.ng
Registration Number:	RC 172292
Factory Address:	Km 9, Monatan- Iwo Road, Opposite Arcedem, Wofun Olodo, Ibadan, Oyo State. Tel. 234-2-7404744
Independent Auditors:	Bakertilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, Lagos. Tel. 234-9031613983 E-mail: btnlag@bakertillynigeria.com
Registrars:	Meristem Registrars, 213, Herbert Macaulay Street, Yaba, Lagos. Tel.: 234-1-8920491, 234-1-8920492 E-mail: info@meristemregistrars.com
Bankers:	Ecobank Nigeria Limited Guaranty Trust Bank Plc United Bank for Africa Plc

FTN COCOA PROCESSORS PLC

RESULTS AT A GLANCE

For the period	Q-T-D 30/09/2022	Y-T-D 30/09/2021	Change	Percentage
	₦'000	₦'000	₦'000	%
Revenue	17,784	278,180	260,396	94
Loss before taxation	(289,729)	(848,119)	558,390	(66)
Taxation	-	-	-	-
Loss after taxation	(289,729)	(848,119)	558,390	(66)
Loss per share	(7k)	(39k)	32k	(82)

At period end	Q-T-D 30/09/2022	Y-T-D 31/12/2021	Change	Percentage
	₦'000	₦'000	₦'000	%
Property, plant and equipment	5,833,063	5,913,813	(80,750)	(1)
Total assets	7,300,600	7,441,390	(140,740)	(2)
Total liabilities	8,700,829	8,192,988	507,841	6
Share capital	1,950,000	1,100,000	850,000	77
Revaluation reserve	4,017,369	4,017,369	-	-
Equity	(1,400,229)	(751,598)	(648,631)	86

	Number	Number
Number of employees	55	74
	===	===

FTN COCOA PROCESSORS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2022

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the statement of financial position of the Company at the end of the year and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria. The responsibilities include ensuring that the Company:

- i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company to comply with the requirements of the Companies and Allied Matters Act 2020.
- ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

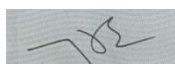
The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in compliance with:

International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company and of the loss for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

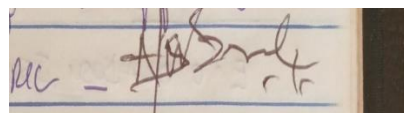
The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:



.....
Pastor Akin Laoye
FRC/2021/003/00000023888

20 October, 2022



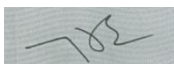
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Otunba Wale Jubril
FRC/2014/CISN/00000006703

20 October, 2022

FTN COCOA PROCESSORS PLC**Certification of 'no misstatements and adequate internal control system'**

The Managing Director and the Chief Financial Officer accept the responsibilities for the preparation of these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act. These responsibilities include designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Managing Director and the Chief Financial Officer further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.



.....
Pastor Akin Laoye
FRC/2021/003/00000023888

20 October, 2022



.....
Mr. Mayowa Jimoh
FRC/2022/PRO/ICAN/001/00000024076

20 October, 2022

FTN COCOA PROCESSORS PLC

**CERTIFICATION PURSUANT TO SECTION 60(2) OF
INVESTMENT AND SECURITIES ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our management reports and financial statements for the quarter ended 30 June, 2022 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) any untrue statement of a material fact, or
 - (ii) omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report;
- (d) We:
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) all significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;
- (f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Akin Laoye
Managing Director
FRC/2021/003/00000023888



Mr. Olumayowa P. Jimoh
for: Chief Finance Officer
FRC/2022/PRO/ICAN/001/00000024076

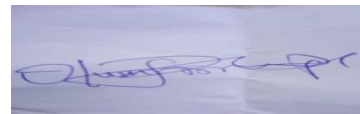
20TH October, 2022

FTN COCOA PROCESSORS PLC
STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30TH SEPTEMBER 2022

		Q-T-D 30/09/2022 N'000	Y-T-D 31/12/2021 N'000
	Note		
Non-current assets			
Property and equipment	5	5,833,063	5,913,813
Available for sale financial assets	6	300	300
Other receivables	7.2	<u>1,106,115</u>	<u>1,106,114</u>
Total non-current assets		6,939,478	7,020,227
		-----	-----
Current assets			
Inventories	8	323,401	372,844
Trade and other receivables	7.1	31,338	34,897
Cash and cash equivalents	9	<u>6,383</u>	<u>13,422</u>
Total current assets		361,122	421,163
		-----	-----
Total assets		7,300,600	7,441,390
		=====	=====
Current liabilities			
Trade and other payables	10	772,717	714,891
Borrowings	11.1	76,588	76,588
Current taxation	12.2	<u>66,988</u>	<u>66,988</u>
Total current liabilities		916,293	858,467
		-----	-----
Non-current liabilities			
Borrowings	11.2	<u>7,784,536</u>	<u>7,334,521</u>
Total non-current liabilities		7,784,536	7,334,521
		-----	-----
Total liabilities		8,700,829	8,192,988
		=====	=====
Equity:			
Share capital	14	1,950,000	1,100,000
Share premium	15	1,413,439	1,413,439
Revaluation reserve	16	4,017,369	4,017,369
Revenue reserve	17	<u>(8,781,037)</u>	<u>(7,282,406)</u>
Total equity		(1,400,229)	(751,598)
		-----	-----
Total liabilities and equity		7,300,600	7,441,390
		=====	=====



.....
Mr. Akin Laoye
Managing Director
FRC/2021/003/00000023888



.....
Mr. Olumayowa P. Jimoh
for: Chief Finance Officer
FRC/2022/PRO/ICAN/001/00000024076

FTN COCOA PROCESSORS PLC

**STATEMENT OF COMPREHENSIVE INCOME AND
OTHER COMPREHENSIVE INCOME FOR THE QUARTER
ENDED 30TH SEPTEMBER 2022**

	Note	Q-T-D 30/09/2022 N'000	Q-T-D 30/09/2021 N'000	Y-T-D 31/12/2021 N'000	Y-T-D 31/12/2020 N'000
Revenue	18	17,784	278,180	290,779	235,209
Cost of sales	19.1	<u>(163,805)</u>	<u>(519,804)</u>	<u>(503,137)</u>	<u>(532,381)</u>
Gross loss		(146,021)	(241,624)	(212,358)	(297,172)
Selling and distribution cost	19.2	(360)	(9,006)	(9,761)	(12,133)
Operating expenses	19.3	(98,809)	(107,227)	(142,264)	(164,714)
Allowance for impairment	19.4	-	-	-	-
Other operating income	20	<u>6,612</u>	<u>28,249</u>	<u>115,858</u>	<u>28,323</u>
Operating loss		(238,578)	(329,609)	(248,528)	(445,696)
Finance income/loss	21	7,037	(301,966)	(924,362)	-
Finance cost	21	<u>(58,188)</u>	<u>(216,544)</u>	<u>(305,004)</u>	<u>(397,111)</u>
Net finance income/loss		(51,151)	(518,510)	(1,229,366)	(397,111)
Loss before taxation		(289,729)	(848,119)	(1,477,894)	(842,807)
Current taxation	17	-	(-)	727	(588)
Loss after taxation transferred to revenue reserve		(289,729)	(848,119)	(1,478,621)	(843,395)
Other comprehensive income					
Net appreciation on revaluation of	16	-	-	-	-
Property, plant & equipment		<u>(289,729)</u>	<u>(848,119)</u>	<u>(1,478,620.8)</u>	<u>(843,395)</u>
Loss per share		(7k)	(39k)	(67k)	(38k)

The accounting policies and notes on pages 12 to 34 form an integral part of these financial statements

FTN COCOA PROCESSORS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Issued share Capital N'000	Share Premium N'000	Revaluation Reserve N'000	Retained Earnings N'000	Total Equity N'000
Fund as at 1st January 2022	1,100,000	1,413,439	4,017,369	(7,282,406)	(751,598)
Opening balance adjustment				(1,208,902)	(1,208,902)
Additional issued share capital	850,000				850,000
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(289,729)</u>	<u>(298,729)</u>
Balance as at 30th September 2022	<u>1,950,000</u>	<u>1,413,439</u>	<u>4,017,369</u>	<u>(8,781,037)</u>	<u>(1,400,229)</u>
Fund as at 1st January 2021	1,100,000	1,413,439	983,017	(4,884,960)	(1,388,504)
Revaluation Surplus			3,034,352		3,034,352
Restatement				(918,825)	(918,825)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,478,621)</u>	<u>(1,478,621)</u>
Balance as at 31 December, 2021	<u>1,100,000</u>	<u>1,413,439</u>	<u>4,017,369</u>	<u>(7,282,406)</u>	<u>(751,598)</u>

The accounting policies and notes on pages 12 to 34 form an integral part of these financial statements

FTN COCOA PROCESSORS PLC
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

		Q-T-D 30/09/2022	Q-T-D 30/09/2021	Y-T-D 31/12/2021
	Note	₦'000	₦'000	₦'000
Cash flows from operating activities				
Operating profit before working capital changes	23	(146,942)	(672,052)	(135,964)
Working capital changes	24	<u>110,864</u>	<u>145,492</u>	<u>92,494</u>
		(36,078)	(526,560)	(43,469)
		-----		-----
Cash flows from investing activities				
Purchase of property, plant and equipment		-	(4,892)	(6,703)
Proceed from disposal of PP&E		<u>-</u>	<u>-</u>	<u>0</u>
Net cash used in investing activities		-	(4,892)	(6,703)
		-----	-----	-----
Cash flows from financing activities				
Borrowings paid/(obtained)		29,039	550,782	15,160
Deposit for shares		<u>-</u>	<u>-</u>	<u>-</u>
Net cash generated from financing activities		29,039		15,160
		-----		-----
Net increase in cash and cash equivalents		(7,039)	19,330	(35,012)
Cash and cash equivalents at beginning of year		<u>13,422</u>	<u>48,434</u>	<u>48,434</u>
Cash and cash equivalents at end of year	9	6,383	67,764	13,422
		=====	=====	=====

The accounting policies and notes on pages 12 to 34 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

1. General Information

FTN Cocoa Processors Plc was incorporated on 26 August 1991 in Nigeria as a private company limited by shares under the name Fantastic Abiola Nigeria Limited which later became Fantastic Traders Nigeria Limited on 26 August, 1998. The company became a public limited liability company on 29 February 2008 and got listed on the Nigeria Stock Exchange. The principal activities of the company is the processing of cocoa beans and palm kernel into cocoa cake, liquor, butter, palm kernel oil and palm kernel cake for export and sales to local manufacturing companies.

2. Statement of Compliance

The financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the company's financial statements are set out below.

3.1 Basis of preparation of the financial statements

i. Basis of Measurement

The accounts have been prepared on an accrual's basis and under the historical cost convention except for available for certain financial instruments which are measured at fair value.

These financial statements are presented in Nigerian Naira (N), which is the company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless otherwise stated.

ii. Use of estimates and judgements

The preparation of financial statements requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to

accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.2 ***Foreign Currency***

i. ***Foreign Currency Translation***

The Company's transactions in foreign currency are translated to its functional currency for inclusion in the financial statements. Functional currency is the currency of the primary economic environment in which the entity operates. For FTN Cocoa Processors Plc the functional currency is the Nigerian Naira which is also its presentation currency.

ii. ***Foreign Currency Transactions***

- Foreign currency transactions are recorded on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.
- Foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

iii. ***Exchange differences***

- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss within 'finance income or cost' except where translation reserve is required it is then recognised in other comprehensive income.

3.3 ***Property, plant and equipment***

The company uses the cost model for property, plant and equipment. All property, plant and equipment are stated at cost less accumulated depreciation and impairments.

Cost includes

- The purchase price, including import duties, and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including costs associated with site preparation.

Subsequent costs

- The costs of replacing part of an item of property, plant and equipment is recognised in the asset's carrying amount, only when it is probable that future economic benefits

associated with the item will flow to the company and the cost of the item can be measured reliably.

- All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred

ii. **Depreciation**

Depreciation on property, plant and equipment is calculated on the straight line basis to write-off the costs of components that have homogenous useful lives to their residual values over their estimated useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

Buildings	2%	50 years
Office Equipment	10%	10 years
Plant and machinery	5%	20 years
Motor vehicles	20%	5 years
Furniture and fittings	10%	10 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iii. **De-recognition**

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefit is expected to flow to the company from its continuing use. Any gain or loss arising from de-recognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is recognised in the income statement, in the year the asset is de-recognised.

3.4 **Intangible Assets**

i. **Acquired Computer Software**

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the estimated useful life of the computer software, the estimated useful life and amortisation is reviewed at the end of each reporting period, with the effect of any changes being accounted

for on a prospective basis. Acquired computer software is amortized over a three (3) year period.

Acquired computer software is de-recognised when no future economic benefit is expected from its use.

3.5 **Inventories**

These are measured at the lower of cost and net realisable value. The net realisable value is the amount the inventories are expected to realise less the estimated costs of completion and selling expenses. The estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined using the weighted average cost formula. Any write down or reversals are recognised in the profit or loss account.

i. ***Raw materials***

These are measured using the weighted average cost formula. It comprises of the purchase price and all other cost incurred that are necessary to bring it to its present location and condition. Raw materials are sourced locally and internationally.

ii. ***Spare parts***

These are stated at their purchase price and are generally expensed. However, where they are used specifically for the enhancement of an equipment or machinery it is capitalised.

iii. ***Finished Goods and Work-in-progress***

These are measured at production cost based on weighted average cost taking into account the stage of production. It includes an apportionment of the factory production overheads incurred based on the normal operating capacity.

3.6 **Revenue**

Revenue represents amounts received and receivable from third parties for goods supplied to customers. It is recognized in the profit and loss account when the amount of revenue can be measured reliably, the significant risk and rewards are transferred to the buyer, recovery of the consideration is probable and the associated cost and possible return of products can be reliably estimated and there is no management involvement in the product. Revenue is derived from export and local sales of cocoa cake, liquor, cocoa powder, palm kernel oil, butter and palm kernel cake.

i. ***Export Sales***

Revenue is recognised on exported goods in the income statement when the significant risk and rewards of ownership of the goods has been transferred to the buyer and this is mainly

upon shipment. This is also when the final invoice and bill of lading is raised. Export sales are measured at the agreed price based on current market situation.

ii. ***Local Sales***

Revenue on local sales is recognised in the income statement upon delivery of the goods to the buyer's warehouse. This is when the significant risk and rewards of ownership on the goods are transferred to the buyer. It is measured at the fair value of consideration received or receivable net of VAT, excise duties, returns, customer discounts and other sales related discounts.

iii. ***Other Income***

Other income comprises grants on export (Export expansion grant receivable from the Federal Government as a rebate on export costs), interest income, dividend received, bad debt recovered, exchange gain and others.

- ***Export Expansion Grant***

Export expansion grants are grants receivable from the Federal Government of Nigeria through the Nigerian Export Promotion Council. The grant is backed by the Export (incentives and miscellaneous provisions) Act Cap 118 LFN 1990 act cap E19 LFN 2004 to encourage companies engaged in exportation of locally manufactured products by reducing the cost borne by local producers/non-oil exporters through giving a rebate of 30% on goods exported. It is recognised as an income in the period in which the export is made. The export grant is not given in monetary value but as certificate known as the Negotiable Duty Credit Certificate (NDCC).

A company is entitled to receive the export expansion grant only if it has fulfilled the relevant conditions and has made necessary application to the Nigerian Export Promotion Council. The certificate on the average is issued on submission of necessary export documents.

Export expansion grants are initially recognised at fair value and subsequently discounted at the point of sale.

- ***Dividend and Interest Income***

Dividend income from investments is recognised only when shareholders right to receive payment has been established and the amount of income can be reliably measured. Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the company and the amount of income can be reliably measured. Interest income is accrued on a time basis with reference to the principal outstanding and the effective interest rates applicable.

3.7 **Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

3.8 **Income tax expense**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount differs from the tax base of the assets. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets and liability). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.9 **Provisions, Contingent Liabilities and Contingent Assets**

i. ***Provisions***

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The company reviews provisions existing at the end of each reporting period and makes appropriate adjustment to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

ii. ***Contingent liability***

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

iii. ***Contingent assets***

Contingent assets arising from unplanned or other unexpected events giving rise to the possibility of an inflow of economic benefits are disclosed in the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

3.10 **Financial Assets**

Financial assets and liabilities

Recognition

Financial assets are initially recognized at their fair value plus, in the case of financial asset not carried at fair value through profit or loss, directly attributable costs to their acquisition.

All other financial assets and liabilities are initially recognized on the trade date at which the company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

Financial assets are classified into one of the following measurement categories:

- Amortized cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets
- Equity Instruments

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

a) **Financial assets measured at amortized cost**

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated considering any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. Loans measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) **Financial assets measured at FVOCI**

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI). Upon de-recognition, realized gains and losses are reclassified from OCI and recorded in Other Income in the Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Statement of Income using the effective interest rate method. Impairment on financial assets measured at FVOCI is calculated using the expected credit loss approach.

c) **Financial assets measured at FVTPL**

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely for business transaction. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income as part of Other Income. Realized and unrealized gains and losses are recognized as part of Other Income in the Statement of Income.

d) **Equity Instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, any contract that evidences a residual interest in the issuer's net assets. Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Other Income in the Statement of Income.

The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer -term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when

derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of Income. Dividends received are recorded in other income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security. Transaction cost on disposal of equity instruments is recognized as an expense in the income statement.

Financial liabilities are classified into one of the following measurement categories:

- Amortized cost
- Fair Value through Profit or Loss (FVTPL)

e) **Financial Liabilities at Amortized cost**

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at Amortized cost using the effective interest rate method. Financial liabilities measured at Amortized cost are loans and other borrowed funds

f) **Financial Liabilities at fair value through profit or loss**

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'. Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise, or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Other Income in the Statement of Income, except for changes in fair value arising from changes in the company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon de-recognition/extinguishment of the liabilities.

3.11 **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. A change in the Bank's business model will occur only when the company either begins or ceases to perform an activity that is significant to its operations such as significant internal restructuring and any other reason that might warrant a change in the company's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the company with different business models. When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the company decides to shut down the corporate mortgage business segment, the reclassification date is the first day of the next reporting period.

3.12 **Impairment of Financial Assets**

In line with IFRS 9, the company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;

Equity instruments and financial assets measured at FVTL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Company's allowance for credit losses calculations are outputs of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company adopts a three-stage approach for impairment assessment.

Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Like Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. Details of these statistical parameters/inputs are as follows:

Probability of Default – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- **12-month PDs** – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The company obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.
- **Lifetime PDs** – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’ and ‘stage 3’ exposures. PDs are limited to the maximum period of exposure required by IFRS 9. Variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

Exposure at Default – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Loss Given Default – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time.

Forward-looking information

IFRS 9 specifies that ECLs should include a forward-looking element which translates into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macro-economic environment on ECLs, so that an appropriate level of provisions can be raised. The most acceptable way of allowing for macro-economic conditions is to build a regression model that aims to explain and predict the impact of macro-economic indicators on default rates. Such regression models are usually built on a history of default rates and macro-economic variables covering at least one economic cycle, but preferable more. Information gathering is based on historical Nigerian macro-economic indicators from a host of reliable sources, including the International Monetary Fund. The following steps were followed in quantifying the impact of macro-economic scenarios on ECLs.

Step 1

Using the statistical methodology of multiple Regression, estimate the relationship between collected historical non-performing loans and on a list of macro-economic indicators.

Step 2

Identify variables that are statistically significant (that is variables that have the most significant predictive power)

Step 3

Forecast macroeconomic forward-looking information for periods over which lifetime PD will be determined

Step 4

Using the equation derived in step one as, significant coefficient obtained in step 2 as well as forecast macroeconomic forward-looking information in step 3, predict the default probability for relevant periods

Step 5

Determine Scalars for relevant period. In order to remove the impact of any historical trends included in the data, the scalar denominator is adjusted based on the estimation period used to derive the PDs.

Step 6

Apply the scalars calculated in Step 5 to the lifetime PDs as derived. A scalar factor of one means that the probability of default for the forecast year is expected to be in line with historical average probability of default. A scalar factor less than one means that the probability of default for the forecast year is expected to be less than the historical average probability of default. A scalar factor greater than one means that the probability of default for the forecast year is expected to be greater than the historical average probability of default.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write-off

The company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;

- Where all possible avenues for recoveries have been explored and it is evident that the financial capacity of the borrower makes it impossible to recover part or the whole amount of indebtedness.

All impaired financial asset write-offs shall require endorsement at the appropriate level, as stated in the company Policy. write-off approval shall be documented in writing and properly initialed by the approving authority. A write-off constitutes a de-recognition event.

3.13. **Offsetting financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when and only when the Company has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.14. **Prepayments**

Prepayments and accrued income comprise payments made in advance relating to the following year.

3.15. **Cash and Cash Equivalent**

Cash and cash equivalents comprise balances with not more than three months' maturity from the reporting date, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

3.16. **Earnings per share**

The Company presents its basic earnings per share (EPS) and diluted earnings on the statement of comprehensive income. Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders of the entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

3.17. **Dividend Distribution**

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the period in which the dividend is approved by the company's shareholders. Dividends for the year that are declared after the date of the financial position are dealt with in the subsequent events note.

3.18. Retirement Benefit Scheme

Defined Contribution Scheme

In line with the provisions of the Nigerian Pension Reform Act 2004, FTN Cocoa Processors Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the company at the rate of 8% by employees and 10% by the company of basic salary, transport and housing allowances invested outside the company through Pension Fund Administrators (PFAs) preferred by employees.

The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by the company to the relevant PFAs are recognized as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. The contributions are recognized as employee benefit expense when they become due.

3.19. Share Capital and Reserves

Share issue costs

FTN cocoa applied for Debt-to-Equity Conversion on behalf of our Investor OH Origins Global Commodity LLC (Foreign Investor). Consequently, it was approved by SEC in September 2022. There is an additional 1,700,000,000 units of ordinary shares of 50kobo each at 50k per share now recognized.

Incremental costs directly attributable to the issue of an equity instrument are shown in equity as a deduction.

4. Fair value estimation

The investments are carried at fair value by valuation method, the different levels have been defined as follow:

Level 1 – Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical liabilities using the last bid price;

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly i.e. derived from prices; and

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

			Level 1	Level 2	Level 3	Total	
	Sovereign Insurance		300	-	-	300	
			===	=====	=====	=====	
5.	Property, plant and equipment						
Cost:	Plant & Machinery Under construction N'000	Land & building N'000	Plant & Machinery N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Office Equipment N'000	Total N'000
At 1 Jan. 2022	655,150	2,290,589	5,290,420	16,255	24,784	42,391	8,319,589
Additions	-	-	3,757	-	115	-	3,872
Classification	(23,700)	-----	23,700	-	----	-----	-----
At 30 Sept, 2022	631,450	2,290,589	5,317,877	16,255	24,899	42,391	8,323,461
	=====	=====	=====	=====	=====	=====	=====
At 1 Jan. 2021	293,701	1,420,312	3,485,078	16,255	23,984	39,207	5,278,537
Additions	-	-	-	-	268	6,435	6,703
Revaluation	361,450	870,278	1,805,342	-	533	(3,250)	3,034,352
Disposal	-	-	-	-	-	-	-
At 31 Dec. 2021	655,150	2,290,590	5,290,420	16,255	24,785	42,392	8,319,592
	=====	=====	=====	=====	=====	=====	=====
Depreciation:							
At 1 Jan. 2022	-	353,946	1,976,456	16,255	23,563	35,558	2,405,779
For the qtr	-	34,358	49,624	-	92	546	84,620
Disposals	-	-	-	-	-	-	-
At 30 Sept, 2022	-	388,304	2,026,080	16,255	23,655	36,105	2,490,398
	=====	=====	=====	=====	=====	=====	=====
At 1 Jan. 2021	-	315,387	1,919,717	16,255	23,461	35,198	2,310,018
Charge for the year	-	38,560	56,739	-	102	360	95,761
Disposal	-	-	-	-	-	-	-
=							
At 31 Dec., 2021	-	353,947	1,976,456	16,255	23,563	35,558	2,405,779
	=====	=====	=====	=====	=====	=====	=====
Carrying value							
At 30 Sept. 2022	631,450	1,902,285	3,291,797	-	1,244	6,287	5,833,063
	=====	=====	=====	=====	=====	=====	=====
At 31 Dec., 2021	655,150	1,936,643	3,313,964	-	1,222	6,834	5,913,813
	=====	=====	=====	=====	=====	=====	=====

Depreciation charge on Plant and Machinery was recognized at 25% of the annual charge as a result of low utilization of production capacity.

5.1 ***Depreciation has been charged to profit and loss as follows:***

	Q-T-D 30/09/2022 N'000	Q-T-D 30/09/2021 N'000
Cost of sales	83,983	172,542
Operating expenses	640	3,521
	84,623	176,063
	=====	=====

	Q-T-D 30/09/2022 ₦'000	Y-T-D 31/12/2021 ₦'000
6. Available for sale financial assets		
Quoted securities (<i>Sovereign Trust Insurance</i>)		
Cost	300	300
Appreciation in quoted securities	-	-
	<u>300</u>	<u>300</u>
	===	===
7. Trade and other receivables		
Trade receivables	0.60	-
Allowance for impairment loss	-	-
	<u>0.60</u>	<u>-</u>
Other receivables:		
Export expansion grant	1,131,948	1,131,948
Other debtors	2,539	9,063
Prepayment	2,964	-
—	-----	-----
	1,137,451	1,141,011
	=====	=====
7.1 Current		
Trade receivables	-	-
Other receivables:		
Export expansion grant (NDCC)	25,834	25,834
Other debtors	<u>5,504</u>	<u>9,063</u>
	31,338	34,897
	=====	=====
7.2 Non-current		
Other receivable		
Export expansion grant	1,106,114	1,106,114
	=====	=====

Export expansion grant

The export expansion grant (EEG) is a policy tool used by the Federal republic of Nigeria to facilitate export oriented activities that will stimulate the growth of the non-oil export sector of the economy. The grant is being backed by the Export (Incentive and Miscellaneous Provision) Act Cap 118 LFN1990 Cap Act Cap E19 LFN 2004. Application for grants by companies is assessed through the weighted eligibility criteria using the documents supplied by individual companies as baseline for calculation of the export expansion grant. It is calculated at 30% of total exported goods.

Negotiable Duty Credit Certificate (NDCC): This is instrument of the government for settling of the EEG receivable. The NDCC is used for the payment of import and excise duties in lieu of cash. In the last two years, the Company and other industry players have not been able to use the certificates in settlement of customs duties.

	Q-T-D 30/09/2022 N'000	Y-T-D 31/12/2021 N'000
8. Inventories		
Finished goods	115,845	132,252
Raw materials	20,992	56,510
Spare parts	163,573	161,562
Work in progress	12,253	12,253
Consumables	<u>10,738</u>	<u>10,266</u>
	323,401	372,844
	=====	=====
9. Cash and cash equivalent		
Cash	3,189	2,667
Cash held with Nigerian banks	<u>3,194</u>	<u>10,754</u>
	6,383	13,422
Cash and cash equivalent	6,383	13,422
Cash and cash equivalent in the statement of cash flow	<u>6,383</u>	<u>13,422</u>
For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, cash at bank and net of bank overdraft. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.		
10. Trade and other payables		
Advance against sales	-	-
Trade payable – amount due to suppliers (note 10a)	184,659	168,027
Other payables	466,405	463,228
Accrued expenses	<u>121,653</u>	<u>83,636</u>
	772,717	714,891
	=====	=====
10a. Trade and other payables principally comprise amounts outstanding for trade purchases.		
	Q-T-D 30/09/2022 N'000	Y-T-D 31/12/2021 N'000
11. Borrowings		
11.1 Current borrowings		
Working capital loan/payables	76,588	76,588
	-----	-----
11.2 Non-current borrowings		
Corporate bond (11.6)	2,642,327	2,642,327
O H Origin global commodity inc.	5,142,209	<u>4,692,194</u>
	7,784,536	7,334,520
	=====	=====
Total borrowings	<u>7,861,124</u>	<u>7,411,109</u>
	=====	=====

Certain transactions relating to prior periods were reconciled as a result of available information. The transactions have now been corrected accordingly.

11.3 ***The borrowings are repayable as follows:***

Within one year	76,588	76,588
Between two to three years	0	
More than three years	<u>7,784,536</u>	<u>7,334,521</u>
	7,861,124	7,411,109
	=====	=====

11.4 ***Working capital loan***

The company has a short term loan facility from Zedcrest Capital Limited to meet some urgent working capital needs of the company.

11.5 ***Corporate bond***

FTN Cocoa Processors Plc issued an 18 year JPY 500 million 0% coupon Bond in 2008 due in 2026 to Daewoo Securities (Europe) with an option to convert the bond into ordinary shares of FTN Cocoa Processors Plc at maturity.

The proceed from the bond issue received in 2009 was used for the initial expansion of the company. The bond is a direct, unsubordinated and unsecured obligation of the company. However FTN has pledged that as long as any of the bonds remains outstanding, neither FTN nor any of its subsidiary will procure, create, incur, issue, assume or permit to be outstanding any mortgage, charge, pledge, lien or other security interest upon the whole or any part of its property, assets or revenue present or future in order to secure the bondholders.

The bond has a 4.375% yield to maturity. The convertible bond of JPY 500 million has been converted into Naira at the ruling exchange rate of ₦3.5872/1yen on 31 December, 2021. It is expected to be partly or fully repaid in 2026. However, there is the option of converting the bond into ordinary shares at a floor rate of ₦0.50 per share.

Details of the company's obligation on the corporate bond as at year end is as follows: -

	2022	2021
	₦'000	₦'000
Liability element of convertible bond at 1 January	2,005,741	2,005,741
Interest charge for the year (note 21)	<u>14,498</u>	<u>14,498</u>
	2,020,239	2,020,239
Loss on translating monetary items	<u>622,088</u>	<u>622,088</u>
	2,642,327	2,642,327
Equity element of convertible loan (note 15)	<u>367,862</u>	<u>367,862</u>
	3,010,189	3,010,189
	=====	=====

11.5 The management of FTN Cocoa Processors Plc and O.H Origin (investor) agreed to recognize Convertible loan of \$12,819,514.56 at the exchange rate of ₦366.02 in the book of the company which will later be converted to equity. The Company's management and Board with the approval of shareholders of the company planned to increase its share capital

to accommodate foreign investors in its bid to resume operation at optimum capacity and maximize the available opportunities in Nigerian agricultural sector.

	Q-T-D 30/09/2022 N'000	Q-T-D 30/09/2021 N'000
12. Taxation		
12.1 Profit and loss account		
Company tax	-	
Education tax	-	727
Minimum tax	-	-----
	-	727
	=====	=====
	Q-T-D 30/09/2022 N'000	Y-T-D 31/12/2021 N'000
12.2 Balance sheet		
At 1 January	66,988	66,261
Charge for the year	-	<u>727</u>
At 31 December, 2021	66,988	66,988
	=====	=====
13. Deferred taxation		
At 1 January	-	-
For the year	-	-
At 31 December, 2021	-	-
	=====	=====
14. Share capital		
Authorized share capital		
5,000,000,000 ordinary shares of 50k	2,500,000	1,100,000
Increase in shares	-	<u>1,400,000</u>
5,000,000,000 ordinary shares of 50k	2,500,000	2,500,000
	=====	=====
Authorized and fully paid share capital		
2,200,000,000 ordinary shares of 50k	1,100,000	1,100,000
1,700,000,000 ordinary shares of 50k (Debt to Equity)	<u>850,000</u>	-
	1,950,000	
	=====	=====
15. Share premium		
Share premium	1,413,439	1,045,577
Equity element of convertible bond		367,862
Increase in share capital expenses	-	-
	1,413,439	1,413,439
	=====	=====
16. Revaluation reserve		
At 1 January	4,017,369	983,017
Statement of comprehensive income (revaluation surplus)	-	<u>3,034,352</u>
	4,017,369	4,017,369

		=====	=====
		Q-T-D	Y-T-D
		30/09/2022	30/09/2021
		₦'000	₦'000
17	Revenue reserve		
	At 1 January	(7,282,406)	(4,884,960)
	Prior year adjustment	(1,208,902)	(918,825)
	Statement of comprehensive income	<u>(289,729)</u>	<u>(1,478,621)</u>
	31 December	(8,781,037)	(7,282,406)
		=====	=====
		Q-T-D	Q-T-D
		30/09/2022	30/9/2021
		₦'000	₦'000
18.	Revenue		
	Export sales:		
	Cocoa butter	-	133,408
	Cocoa cake	<u>-</u>	<u>-</u>
		-	133,408
		-----	-----
	Local sales:		
	Cocoa cake	-	3,502
	Cocoa butter	12,968	-
	Cocoa powder	4,816	139,380
	Cocoa liquor	<u>-----</u>	<u>1,890</u>
		17,784	144,772
		=====	=====
		17,784	278,180
		=====	=====
		Q-T-D	Q-T-D
		30/09/2022	30/09/2021
		₦'000	₦'000
19.	Expenses by nature		
19.1	Cost of sales		
	Included in cost of sales are as follows: -		
	Change in inventories of finished goods		
	Raw materials	19,405	265,711
	Other prime cost	0	0
	Personnel expenses	51,341	52,682
	Industrial training fund expenses	313	355
	Depreciation of property, plant and equipment (note 5)	83,983	172,542
	Repairs & maintenance – factory building and plant & machinery	276	7,476
	Other direct costs	<u>8,487</u>	<u>21,038</u>
		163,805	519,804
		=====	=====

The company has been producing below of 5% of installed capacity due to the lingering working capital inadequacy. This impacted on the gross margin as a result of huge fixed cost that has to be borne.

19.2 ***Selling and distribution cost***

Included in selling and distribution costs are as follows:

NESS fee payables	360	378
Sales commission and promotion	-	<u>8,628</u>
	360	<u>9,006</u>
	=====	=====

19.3 ***Operating expenses******Included in operating expenses are as follows:-***

Bank and other charges	486	587
Directors' fee	-	418
Directors remuneration	20,202	38,670
Employee benefit expenses (note 19.4)	23,688	30,393
Depreciation (note 5.1)	640	3,521
Travelling expenses	670	1,436
Office and general expenses	9,358	11,454
Legal and professional fee	27,602	5,332
Insurance	2,305	2,307
Fuel and oil	560	1,056
Telephone, telex and postages	2,405	3,004
Entertainment	292	677
AGM Expenses	597	742
Security expenses	1,686	1,647
Newspaper and periodicals	216	46
Rent and rates and taxes	2,677	2,678
Nigeria Social Insurance Trust Fund	-	982
Repairs and maintenance	2,995	791
Industrial Training Fund	195	244
Printing stationery	82	116
Subscription and donation	-	500
Computer expenses	1,573	176
Electricity power and water	<u>550</u>	<u>452</u>
	98,809	107,227
	=====	=====

Employee benefit expenses

Staff salaries and allowances	20,090	25,631
Staff welfare and medical expenses	880	375
Pension employers' contribution	<u>2,718</u>	<u>4,387</u>
	23,688	30,393
	=====	=====

19.5 The average number of persons employed by the company, including directors, during the year was as follows:

Management	5	3
Senior	18	21
Junior	<u>32</u>	<u>45</u>
	55	69
	=====	=====

19.6	Employee range of remuneration is as follows: -	Number	Number
	₦ 150,001 – ₦ 240,000	17	-
	₦ 240,001 – ₦ 480,000	19	20
	₦ 480,001 – ₦ 720,000	5	20
	₦ 720,001 – ₦ 960,000	2	11
	₦ 960,001 – ₦ 1,200,000	5	8
	₦ 1,200,001 and above	<u>7</u>	<u>10</u>
		55	69
		==	==
		Q-T-D	Q-T-D
		30/09/2022	30/09/2021
		₦'000	₦'000
20.	Other operating income		
	Export expansion grant	-	1,576
	(Loss)/profit on Assets disposed	-	-
	Recoverable transport expenses	130	-
	Other sundry income	<u>6,482</u>	<u>26,672</u>
		6,612	28,249
		=====	=====
		Q-T-D	Q-T-D
		30/09/2022	30/09/2021
		₦'000	₦'000
21.	Finance costs		
	Exchange gain	11,262	21,912
	Exchange loss	<u>(4,224)</u>	<u>(323,878)</u>
	Net exchange income	7,037	(301,966)
		-----	-----
	Interest expenses:		
	Borrowing	(58,188)	(216,544)
	Interest on liability portion of corporate bond	<u>-</u>	<u>-</u>
		(58,188)	(216,544)
		-----	-----
	Net finance income/(expense)	(51,151)	(518,510)
		=====	=====
22.	Loss before taxation		
	<i>This is arrived at after charging/ (crediting):</i>		
	Depreciation on PPE (note 5.1)	-	-
	Audit fee	-	-
		=====	=====

23. **Reconciliation of profit after taxation to net cash provided by operating activities:**

	30/09/2022	30/09/2021	31/12/2021
	₦'000	₦'000	₦'000
Loss before taxation	(289,729)	(848,119)	(1,477,894)
<i>Adjustment for non-cash operating items:</i>			
Depreciation	84,623	176,063	95,759
Interest on loan	58,188		
Prior Year	(1,208,902)		300,204
Exchange loss	<u>1,208,879</u>	-----	<u>945,965</u>
	(146,942)	(672,056)	(135,964)
	=====	=====	=====

24. **Working capital changes**

(Increase)/decrease in inventories	49,442	148,925	127,505
Decrease/(Increase) in receivables	3,559	(161)	(25,929)
Increase/(decrease) in trade & other payables	<u>20,598</u>	<u>(3,273)</u>	<u>(9,081)</u>
	72,638	145,492	92,495
	=====	=====	=====

25. **Comparative of figure**

Certain prior year balance have been reclassified to conform to current year presentation format.

26. **Event after financial position date**

No material transactions have occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the period ended 30 September, 2022.

Shareholding Structure/ Free Float Status

Description	30-Sep-22		31-Dec-21	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	3,900,000,000	100%	2,200,000,000	100%
Substantial Shareholdings (5% and above)				
OH Origins Commodity Group LLC	1,700,000,000	43.59%	0	0.00%
Aderonmu Abiola Ademola	520,240,000	13.34%	520,240,000	23.65%
Akin Laoye	165,000,000	4.23%	165,000,000	7.50%
SNNL/Asset Mgt Corporation of Nig. Tra	308,469,953	7.91%	306,937,750	13.95%
Total Substantial Shareholdings	2,693,709,953	69.07%	992,177,750	45.10%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
High Chief (Sir) Simeon O. Oguntimehin, OON	100,000.00	0.00%	100,000.00	0.00%
Otunba Wale Jubril	5,200,000	0.13%	5,200,000	0.24%
Total Directors' Shareholdings	5,300,000	0.13%	5,300,000	0.24%
Other Influential Shareholdings				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	1,200,990,047	30.79%	1,202,522,250	54.66%
Free Float in Value	₦ 324,267,312.69		₦ 589,235,902.50	

Declaration:

(A) FTN Cocoa Processors Plc with a free float percentage of 30.83% as at Sept. 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) FTN Cocoa Processors Plc with a free float value of N324,267,312.69 as at 30th Sept. 2022, is not compliant with The Exchange's free float requirements for companies listed on the Main Board.