



FTN COCOA PROCESSORS PLC

**REPORTS AND FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30TH SEPTEMBER 2023**

TABLE OF CONTENT

CONTENTS	PAGE
Corporate information	3
Results at a glance	4
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Shareholding structure	31

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 Zenith Bank Plc

FTN COCOA PROCESSORS PLC

RESULTS AT A GLANCE

For the period	Q-T-D	Y-T-D	Change	Percentage
	30/09/2023	31/12/2022		
	₦'000	₦'000	₦'000	%
Revenue	0	62,194	(62,194)	(100)
Loss before taxation	(331,741)	(430,876)	99,135	(23)
Taxation	-	(311)	311	(100)
Loss after taxation	(331,741)	(431,187)	99,446	(23)
Loss per share	(8.5k)	(11k)	2.5	(23)

At period end	Q-T-D	Y-T-D	Change	Percentage
	30/09/2023	31/12/2022		
	₦'000	₦'000	₦'000	%
Property, plant and equipment	5,849,021	5,804,832	44,189	1
Total assets	8,040,505	7,276,723	763,782	10.5
Total liabilities	9,926,785	8,831,261	1,095,524	12.4
Share capital	1,950,000	1,950,000	-	-
Revaluation reserve	4,017,369	4,017,369	-	-
Equity	(1,886,280)	(1,554,538)	(331,741)	21.34

	Number	Number
Number of employees	48	63
	====	====

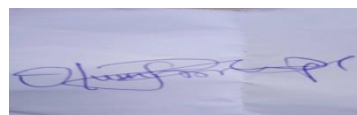
FTN COCOA PROCESSORS PLC**CERTIFICATION PURSUANT TO SECTION 60(2) OF
INVESTMENT AND SECURITIES ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our management reports and financial statements for the quarter ended 30 September, 2023 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

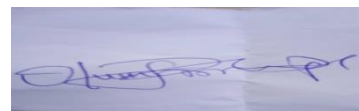
11TH OCTOBER, 2023

FTN COCOA PROCESSORS PLC
STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30TH SEPTEMBER 2023

		Q-T-D 30/09/2023 N'000	Y-T-D 31/12/2022 N'000
Non-current assets			
Property and equipment	5	5,849,021	5,804,834
Available for sale financial assets	6	300	300
Other receivables	7.2	<u>1,106,115</u>	<u>1,106,115</u>
Total non-current assets		6,955,436	6,911,249
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Current assets			
Inventories	8	372,856	328,724
Trade and other receivables	7.1	35,236	31,806
Cash and cash equivalents	9	<u>676,977</u>	<u>4,946</u>
Total current assets		1,085,069	365,476
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Total assets		8,040,505	7,276,725
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Current liabilities			
Trade and other payables	10	723,608	797,532
Borrowings	11.1	76,588	76,589
Current taxation	12.2	<u>67,299</u>	<u>67,299</u>
Total current liabilities		867,495	941,420
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Non-current liabilities			
Borrowings	11.2	<u>9,059,290</u>	<u>7,889,843</u>
Total non-current liabilities		9,059,290	7,334,521
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Total liabilities		9,926,785	8,831,263
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Equity:			
Share capital	14	1,950,000	1,950,000
Share premium	15	1,413,439	1,413,439
Revaluation reserve	16	4,017,369	4,017,369
Revenue reserve	17	<u>(9,267,088)</u>	<u>(8,935,346)</u>
Total equity		(1,886,280)	(1,554,538)
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Total liabilities and equity		8,040,505	7,246,725
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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 2023**

	Note	Q-T-D 30/09/2023 N'000	Q-T-D 30/09/2022 N'000	Y-T-D 31/12/2022 N'000	Y-T-D 31/12/2021 N'000
Revenue	18	0	17,784	62,194	290,779
Cost of sales	19.1	<u>(147,595)</u>	<u>(163,805)</u>	<u>(241,838)</u>	<u>(503,137)</u>
Gross loss		(147,595)	(146,021)	(179,644)	(212,358)
Selling and distribution cost	19.2	(65)	(360)	(360)	(9,761)
Operating expenses	19.3	(80,486)	(98,809)	(124,744)	(142,264)
Exchange gain		1,770	-	13,303	-
Other operating income	20	430	6,612	6,692	115,858
Operating loss		(225,945)	(238,578)	(284,753)	(248,528)
		-----	-----	-----	-----
Finance income/loss	21	0	7,037	0	(924,362)
Finance cost	21	<u>(105,796)</u>	<u>(58,188)</u>	<u>(146,124)</u>	<u>(305,004)</u>
Net finance income/loss		<u>(105,796)</u>	<u>(51,151)</u>	<u>(146,124)</u>	<u>(1,229,366)</u>
		-----	-----	-----	-----
Loss before taxation		(331,741)	(289,729)	(430,877)	(1,477,894)
Current taxation	12	-	(-)	(311)	(727)
Loss after taxation transferred to revenue reserve		<u>(331,741)</u>	<u>(289,729)</u>	<u>(431,188)</u>	<u>(1,478,621)</u>
		-----	-----	-----	-----
Other comprehensive income					
Net appreciation on revaluation of Property, plant & equipment		-	-	-	-
		<u>(331,741)</u>	<u>(289,729)</u>	<u>(431,188)</u>	<u>(1,478,621)</u>
Loss per share		(8.5k)	(7k)	(11k)	(67k)

FTN COCOA PROCESSORS PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30TH SEPTEMBER 2023**

	Issued share Capital ₦'000	Share Premium ₦'000	Revaluation Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Fund as at January 2023	1,950,000	1,413,439	4,017,369	(8,935,347)	(1,554,539)
Opening balance adjustment					
Total comprehensive income for the year	-	-	-	(331,741)	(331,741)
Balance as at 30 September 2023	1,950,000	1,413,439	4,017,369	(9,267,088)	(1,886,280)
Fund as at January 2022	1,100,000	1,413,439	4,017,369	(8,504,160)	(1,973,352)
Increase in share capital	850,000				850,000
Restatement					
Total comprehensive income for the year	-	-	-	(431,187)	(431,187)
Balance as at 31 December, 2022	1,950,000	1,413,439	4,017,369	(8,935,347)	(1,554,539)

The accounting policies and notes on pages 10 to 30 form an integral part of these financial statements

FTN COCOA PROCESSORS PLC
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30TH SEPTEMBER 2023

		Q-T-D 30/09/2023	Y-T-D 31/12/2022
	Note	N'000	N'000
Cash flows from operating activities			
Operating profit before working capital changes	23	(141,257)	(171,903)
Working capital changes	24	<u>(121,484)</u>	<u>117,000</u>
		(262,742)	(54,903)
		-----	-----
Cash flows from investing activities			
Purchase of property, plant and equipment		(128,877)	(3,871)
Interest received		(105,796)	(146,124)
Proceed from disposal of PP&E		<u>0</u>	<u>0</u>
Net cash used in investing activities		(234,674)	(149,995)
		-----	-----
Cash flows from financing activities			
Borrowings paid/(obtained)		1,169,447	(653,580)
Increase in Shares		<u>0</u>	<u>850,000</u>
Net cash generated from financing activities		1,169,447	196,420
		-----	-----
Net increase in cash and cash equivalents		672,031	(8,478)
Cash and cash equivalents at beginning of year		<u>4,946</u>	<u>13,422</u>
Cash and cash equivalents at end of year	9	676,977	4,946
		=====	=====

The accounting policies and notes on pages 10 to 30 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30TH SEPTEMBER 2023

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**

i. ***Financial assets***

The company classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the financial assets were acquired.

Financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial measurement at the end of each reporting date, financial assets are measured either at fair value or amortised cost, depending on their designation.

Financial assets are derecognised (in full or partly) when the company's rights to cash flows from the respective assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

ii. **Classification of financial assets:**

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes the following: staff loans, staff advances, trade and other receivables.

Subsequent to initial measurement, loans and receivables are carried at amortised cost using the effective interest rate method less provision for impairment on doubtful receivables.

Provision for impairment on doubtful receivables represent the company's estimates of incurred losses arising from the failure or inability of customers to make payments when due.

These estimates are based on the ageing of customer's balances and specific credit circumstances.

Loans and receivables are further classified as current and non-current depending on whether these will be realized within twelve months after the balance sheet date or beyond.

- ***Held to maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities. The company uses this designation when it has an intention and ability to hold until maturity and the re-sale of such investments is prohibited.

Subsequent to initial recognition, held-to-maturity investments are recognised at amortised cost less impairment losses.

Where the company sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in equity.

Interest on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income'. Impairment loss on held to maturity investments is reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on Investments securities' held-to-maturity investments are further classified as current and non-current depending on whether these will mature within twelve months after the financial position date or beyond.

- ***Financial assets at fair value through profit and loss***

The financial asset at fair value through profit or loss can be classified as either held for trading or is designated as such upon initial recognition.

- ***Held-for-trading***

These financial assets are marketable securities and other fixed income portfolios that are acquired principally with the aim of selling them in the near term or it forms part of a portfolio of financial assets that are managed together and for which there is evidence of short-term profit taking.

Short-term investments in securities and fixed income instruments are made in line

with the company's liquidity and credit risk management policies and fair value basis which are provided by the company's key management personnel.

- ***Financial assets designated as fair value through profit and loss upon initial recognition***

Financial assets are designated as such upon initial recognition if it is part of a group of financial assets that is managed and its performance is evaluated on a fair value basis in accordance with the documented risk management or investment strategy and information about this group is provided internally on that basis to the company's key management personnel.

The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (Referred to as 'an accounting mismatch').

- ***Available-for-sale assets***

Available-for-sale assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. This category comprises mainly financial assets: investments in quoted equity instruments of other companies.

Subsequent to initial measurement available-for-sale assets are stated at fair value with all unrealised gains or losses arising from changes in fair value recognised in other comprehensive income while the investment is held until their disposal when such gains or losses are recognised in the income statement.

Available-for-sale assets are further classified as current and non-current depending on whether these will be realized within twelve months after the balance sheet date or beyond.

- ***De-recognition of financial assets***

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred or when the company has transferred substantially all risks and rewards of ownership.

3.11 Financial Liabilities

- **Financial liabilities at amortised cost**

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs

Subsequent to initial measurement, financial liabilities are recognised at amortised

cost unless they are part of a fair value hedge relationship.

The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the income statement over the contractual terms using the effective interest rate method. This category includes the following: trade and other payables, stock finance and discounting facility, bonds and other borrowing.

Financial liabilities at amortised cost are further classified as current and non-current depending whether these will fall due within twelve months after the financial position date or beyond.

Financial liabilities are derecognised (in full or partly) when either the company is discharged from its obligation, it expires, is cancelled or replaced by a new liability with substantially modified terms.

3.12 Fair Value Measurement

The company determines the fair values of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments.

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions. When fair values of unquoted instruments cannot be measured with sufficient reliability, the company carries such instruments at cost less impairments, if applicable.

3.13 Impairment of Assets

The company reviews the carrying amount of its financial assets, property plant and equipment and intangible assets at the end of the period to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss.

An asset is impaired only if there is objective evidence of impairment, resulting from one or more loss events that occurred after the initial recognition of the assets which has significant adverse effect on the carrying value of the assets or the estimated future cash flow of the assets. Indicators of objective evidence of impairments of assets includes significant decline in assets market value more than would be expected as a result of passage of time, availability of evidences that indicates that the economic performance of an asset would be worse than expected, objective evidence of physical damage of an asset, significant technological, economical, market and environmental changes that has or will have adverse effect on the company or the market where the asset is designated, breach of contract such as default or delinquency in interest or principal payments, significant financial difficulty of the issuer or debtor, it becoming probable that the issuer or debtor will become bankrupt.

Impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount and this is recognized immediately in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The amount of reversal is also recognized in the income statement.

For certain other financial assets such as trade receivables, objective evidence for a portfolio of receivables could include the company's past experience of collecting payments, an increase in number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

3.14. ***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.

3.15. **Prepayments**

3.16.

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

3.17. ***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.

3.18. ***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.

3.19. ***Dividend Distribution***

Dividend distribution to the company's shareholders is recognised 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.

3.20. **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 recognised 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 recognised as employee benefit expense when they become due.

3.21. **Share Capital and Reserves**

Share issue costs

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

3.21. *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

4. **Security Trading Policy**

Insider Trading and dealing in Company's shares

The board has approved a Security Trading Policy which sets out the guidelines of both the sale and the purchase of any security by Key management Personnel (directors, employees and their associates). The policy is to assist the Key Management Personnel to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to

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

	Q-T-D 30/09/2023 ₦'000	Y-T-D 31/12/2022 ₦'000
Cost of sales	84,072	162,198
Operating expenses	<u>80,485</u>	<u>124,744</u>
	<u>164,557</u>	<u>286,941</u>
	=====	=====
	Q-T-D 30/09/2023 ₦'000	Y-T-D 31/12/2022 ₦'000
6. Available for sale financial assets		
Quoted securities (<i>Sovereign Trust Insurance</i>)		
Cost	300	300
Appreciation in quoted securities	<u>-</u>	<u>-</u>
	<u>300</u>	<u>300</u>
	====	====
7. Trade and other receivables		
Trade receivables	-	-
Allowance for impairment loss	<u>-</u>	<u>-</u>
	-	-
Other receivables:		
Export expansion grant	1,131,948	1,113,948
Other debtors	3,479	3,754
Prepayment	0	0
-	-----	-----
	<u>1,135,427</u>	<u>1,135,702</u>
	=====	=====
7.1 Current		
Trade receivables	-	-
Other receivables:		
Export expansion grant (NDDC)	25,834	25,834
Other debtors	3,479	3,754
Prepayment	<u>5,923</u>	<u>2,217</u>
	<u>35,236</u>	<u>31,805</u>
	=====	=====
7.2 Non-current		
Other receivable		
Export expansion grant	1,106,115	1,106,115
	=====	=====

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 30/09/2023 ₦'000	Y-T-D 31/12/2022 ₦'000
8. Inventories		
Finished goods	109,139	109,139
Raw materials	24,571	24,571
Spare parts	161,185	159,860
Work in progress	24,539	24,539
Consumables	<u>53,422</u>	<u>10,615</u>
	<u>372,856</u>	<u>328,724</u>
	=====	=====
9. Cash and cash equivalent		
Cash	9,848	2,892
Cash held with Nigerian banks	<u>667,129</u>	<u>2,054</u>
	<u>676,977</u>	<u>4,946</u>
Cash and cash equivalent in the statement of cash flow	<u>676,977</u>	<u>4,946</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)	134,139	185,370
Other payables	486,658	474,412
Accrued expenses	<u>120,811</u>	<u>137,748</u>
	<u>723,608</u>	<u>797,530</u>
	=====	=====
10.1. Trade and other payables principally comprise amounts outstanding for trade purchases and advance against future sales.		

	Q-T-D 30/09/2023 ₦'000	Y-T-D 31/12/2022 ₦'000
11. Borrowings		
11.1 Current borrowings		
Working capital loan/payables	76,588	76,588
	-----	-----
11.2 Non-current borrowings		
	-	-
.Corporate bond (11.6)	2,707,972	2,707,972
O H Origin global commodity inc	5,253,293	<u>5,181,871</u>
OH Ecosystem	<u>888,791</u>	
	9,059,290	7,889,843
	-----	-----
Total borrowings	9,135,878	7,966,431
	=====	=====
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>9,059,290</u>	<u>7,889,843</u>
	9,135,878	7,966,431
	=====	=====

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.

OH Ecosystem, the core investor in FTN is investing in the Company. Factory facelift is ongoing alongside import of spare parts in preparation for commencement of operating activities.

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 ₦3.404/1yen on 31 December, 2022. 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.

	Q-T-D	Y-T-D
	30/09/2023	31/12/2022
	₦'000	₦'000
12. Taxation		
12.1 Profit and loss account		
Company tax	-	
Education tax	-	311
Minimum tax	-	-----
	-----	311
	=====	=====
	Q-T-D	Y-T-D
	30/09/2023	31/12/2022
	₦'000	₦'000
12.2 Balance sheet		
At 1 January	67,299	66,988
Charge for the year	-	311
At 30 June, 2023	<u>67,299</u>	<u>67,299</u>
	=====	=====
13. Deferred taxation		
At 1 January	-	-
For the year	-	-
At 30 June, 2023	<u>-</u>	<u>-</u>
	=====	=====
14. Share capital		
Authorized share capital		
5,000,000,000 ordinary shares of 50k	2,500,000	2,500,000
Increase in share		
5,000,000,000 ordinary shares of 50k	2,500,000	2,500,000
	=====	=====
Issued and fully paid share capital		
2,200,000,000 ordinary shares of 50k	1,100,000	1,100,000
Increase in share capital	850,000	-
3,900,000 ordinary shares of 50k	<u>1,950,000</u>	<u>1,100,000</u>
	=====	=====
15. Share premium		
Share premium	1,045,577	1,045,577
Equity element of convertible bond	367,862	367,862
Increase in share capital expenses	-	
	<u>1,413,439</u>	<u>1,413,439</u>
	=====	=====

		Q-T-D 30/09/2023 ₹'000	Y-T-D 31/12/2022 ₹'000
16.	Revaluation reserve		
	At 1 January	4,017,369	4,017,369
	Statement of comprehensive income (revaluation surplus)	-	-
		<u>4,017,369</u>	<u>4,017,369</u>
		=====	=====
		Q-T-D 30/09/2023 ₹'000	Y-T-D 31/12/2022 ₹'000
17	Revenue reserve		
	At 1 January	(8,935,347)	(8,504,160)
	Prior year adjustment	0	0
	Statement of comprehensive income	<u>(331,741)</u>	<u>(431,187)</u>
	30 June, 2023	<u>(9,267,088)</u>	<u>(8,935,347)</u>
		=====	=====
		Q-T-D 30/09/2023 ₹'000	Y-T-D 31/12/2022 ₹'000
18.	Revenue		
	<i>Export sales:</i>		
	Cocoa butter	-	57,378
	Cocoa cake	<u>-</u>	<u>-</u>
		-	57,378
		-----	-----
	<i>Local sales:</i>		
	Cocoa cake	-	-
	Cocoa butter	-	-
	Cocoa powder	-	4,816
		-	-
		<u>-</u>	<u>62,194</u>
		=====	=====
		Q-T-D 30/09/2023 ₹'000	Y-T-D 31/12/2022 ₹'000
19.	Expenses by nature		
19.1	Cost of sales		
	<i>Included in cost of sales are as follows: -</i>		
	Change in inventories of finished goods		
	Raw materials	33	50,202
	Other prime cost	0	4,832
	Personnel expenses	45,670	68,075
	Industrial training fund expenses	-	-
	Depreciation of property, plant and equipment (note 5)	84,039	111,996
	Repairs & maintenance – factory building and plant & machinery	1,650	284
	Other direct costs	<u>16,203</u>	<u>11,280</u>
		<u>147,595</u>	<u>241,838</u>
		=====	=====

The company has not been producing 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
Sales commission and promotion	<u>65</u>	=
	<u>65</u>	<u>360</u>
	=====	=====

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

Bank and other charges	4,216	609
Directors remuneration	20,155	26,930
Employee benefit expenses (note 19.4)	22,460	31,390
Depreciation (note 5.1)	650	856
Travelling expenses	1,748	1,344
Office and general expenses	3,787	9,878
Professional fee	12,764	31,001
Insurance	1,367	3,416
Fuel and oil	513	757
Telephone, telex and postages	1,705	3,094
Entertainment	1,429	594
AGM Expenses	377	598
Security expenses	1,533	2,291
Newspaper and periodicals	-	78
Audit fee	-	2,000
Rent and rates and taxes	3,687	3,570
Repairs and maintenance	1,214	3,449
Industrial Training Fund	186	260
Printing stationery	99	340
Computer expenses	2,196	1,610
Electricity power and water	<u>399</u>	<u>755</u>
	80,486	124,744
	=====	=====

19.4 ***Employee benefit expenses***

Staff salaries and allowances	19,299	26,781
Staff welfare and medical expenses	506	989
Pension employers' contribution	<u>2,655</u>	<u>3,620</u>
	22,460	31,390
	=====	=====

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

Management	5	5
Senior	17	19
Junior	<u>26</u>	<u>50</u>
	48	74
	=====	=====

	Number	Number
19.6 Employee range of remuneration is as follows: -		
₹150,000	-	20
₹150,001 – ₹240,000	-	25
₹240,001 – ₹480,000	6	19
₹480,001 – ₹720,000	16	3
₹720,001 – ₹960,000	9	-
₹960,001 – ₹1,200,000	7	-
₹1,200,001 and above	<u>10</u>	<u>7</u>
	48	74
	==	==
	Q-T-D	Y-T-D
	30/09/2023	31/12/2022
	₹'000	₹'000
20. Other operating income		
Export expansion grant	-	-
(Loss)/profit on Assets disposed	-	-
Recoverable transport expenses	-	210
Other sundry income	<u>430</u>	<u>6,482</u>
	430	6,692
	=====	=====
	Q-T-D	Y-T-D
	30/09/2023	31/12/2022
	₹'000	₹'000
21. Finance costs		
Exchange gain	-	-
Exchange loss	-	-
Net exchange income	-	-
	-----	-----
Interest expenses:		
Borrowing	105,796	61,354
Interest on liability portion of corporate bond	<u>-</u>	<u>84,771</u>
	105,796	146,124
	-----	-----
Net finance income/(expense)	105,796	146,124
	=====	=====
22. Loss before taxation		
<i>This is arrived at after charging/ (crediting):</i>		
Depreciation on PPE (note 5.1)	164,557	286,941
Audit fee	-	2,000
	=====	=====

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

	30/09/2023	31/12/2022
	₹'000	₹'000
Loss before taxation	(331,741)	(430,876)
<i>Adjustment for non-cash operating items:</i>		
Depreciation	84,689	112,849
Interest expense	105,796	146,124
Exchange loss	<u> </u>	<u> </u>
	(141,256)	(171,903)
	=====	=====

24. **Working capital changes**

(Increase)/decrease in inventories	(44,132)	44,120
Decrease/(Increase) in receivables	(3,427)	3,091
Increase/(decrease) in trade & other payables	<u>(73,922)</u>	<u>69,788</u>
	(121,481)	116,999
	=====	=====

26. **Event after financial position date**

No material transactions has occurred after the reporting period requiring disclosure in or adjustment to the financial statements for the period ended 30 September, 2023.

Shareholding Structure/Free Float Status

Shareholding Structure/Free Float Status

Description	30-Sept-23		31-Dec-22	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	3,900,000,000	100%	3,900,000,000	100%
Substantial Shareholdings (5% and above)				
OH Origins Commodity Group LLC	1,700,000,000	43.59%	1,700,000,000	43.59%
Aderonmu Abiola Ademola	520,240,000	13.34%	520,240,000	13.34%
Akin Laoye	0	0.00%	0	0.00%
SNNL/Asset Mgt Corporation of Nig Tra			0	0.00%
Nathaniel Durant	348,182,953	8.93%	348,182,953	8.93%
Total Substantial Shareholdings	2,568,422,953	65.86%	2,568,422,953	65.86%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
High Chief (Sir) Simeon O. Oguntimehin, OON	100,000	0.00%	100,000	0.00%
Akin Laoye	165,000,000	4.23%	165,000,000	
Otunba Wale Jubril	5,200,000	0.13%	5,200,000	0.13%
Total Directors' Shareholdings	170,300,000	4.37%	170,300,000	0.13%
Other Influential Shareholdings				
Kurious Co. Nig Ltd	108,000,000	2.77	108,000,000	2.77
Total Other Influential Shareholdings	108,000,000	2.77	108,000,000	2.77
Free Float in Units and Percentage	1,053,277,047	27.01%	1,053,277,047	27.01%
Free Float in Value	₦ 305,450,343.63		₦ 305,450,343.63	

Declaration:

(A) FTN Cocoa Processors Plc with a free float percentage of 27.01% as at September, 2023, 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 N305,450,343.63 as at September, 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.