

FTN COCOA PROCESSORS PLC

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

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FOR THE YEAR ENDED 31 DECEMBER, 2013

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FTN COCOA PROCESSORS PLC

CORPORATE INFORMATION

Directors:	High Chief (Sir) Simeon Olusola Oguntimehin, OON - <i>(Chairman)</i> Mr. Abiola Ademola Aderonmu - <i>Managing</i> Mr. Akin Laoye - <i>Executive</i> Mr. Olusoji Adewale Balogun Mr. Oluwole Abegunde Mr. Peter Nwalozie Mr. Wale Jubril (Alternate)
Company Secretaries:	Alpha-Genasec Limited, Kresta Laurel Complex, 376, Ikorodu Road, Maryland, Lagos. Tel. 234-1-7744873
Registered office:	Plot 5, Block 77, Basheer Shittu Avenue, 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
Auditors:	Baker Tilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4th Floor), 376, Ikorodu Road, Maryland, Lagos. Tel. 234-1-7744873
Registrars:	Meristem Registrars, 213, Herbert Macaulay Street, Adekunle, Yaba P. O. Box 51585, Falomo, Ikoyi Lagos Tel. 234-1-8920491; 234-1-8920492
Bankers:	Sterling Bank Plc Diamond Bank Plc Ecobank Plc Guaranty Trust Bank Plc Bank PHB Plc Keystone Bank Limited United Bank for Africa Plc Union Bank of Nigeria Plc

FTN COCOA PROCESSORS PLC

RESULTS AT A GLANCE

For the year	2013 N'000	2012 N'000	% Increase/ (decrease)
Revenue	491,898	278,170	77
Loss before taxation	(286,076)	(405,980)	29
Loss after taxation	(286,076)	(405,980)	29
Loss per share	(13.00k)	(18.45k)	29
At year end			
Property, plant and equipment	3,293,739	3,453,012	(5)
Share capital	1,100,000	1,100,000	-
Equity	1,694,563	1,980,639	(14)
	Number	Number	
Number of employees	102 ==	87 ==	17

FTN COCOA PROCESSORS PLC

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013**

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 .
- 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:



High Chief (Sir) S O Oguntimehin OON
FRC/2013/ICAN/00000003428
11 June, 2014



Abiola A Aderonmu
FRC/2014/NIM/00000007253
11 June, 2014

**FTN COCOA PROCESSORS PLC
REPORT OF THE DIRECTORS**

1. The directors hereby submit their report and the financial statements of the company for the year ended 31 December 2013.

2. **Review of operating performance**

	₦'000
Loss before taxation	286,076
Taxation	-
Loss after taxation	286,076
	=====

3. **Legal form**

FTN Cocoa Processors Plc started as Fantastic Abiola Nigeria Limited, a private Company limited by shares which was incorporated on 26 August, 1991. The name Fantastic Abiola Nigeria Limited was changed to Fantastic Traders Nigeria Limited on 26 August, 1998 and further changed to FTN Cocoa Processors Limited on 3 December, 2007. The status of the company was changed to FTN Cocoa Processors Plc on 29 February, 2008 and the shares of the company were listed on the Nigerian Stock Exchange on 24 July, 2008.

4. **Principal activities**

The principal activities of the company are the processing of Cocoa Beans and Palm Kernel into Cocoa Liquor, Cocoa Cake, Cocoa Butter, Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake. Cocoa Liquor, Cocoa Cake and Cocoa Butter are exported while Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake are marketed locally to manufacturing companies.

5. **Directors**

The names of the directors of the company are as stated on page 1 of these reports and financial statements.

6. **Directors' interests**

- (i) The interest of the directors in the issued share capital of the company are as follows:-

	Shareholdings as at	
	31/12/2013	31/12/2012
High Chief (Sir) S. O. Oguntimehin, OON	100,000	100,000
Mr. A. A. Aderonmu	526,240,000	551,240,000
Mr. Akin Laoye	165,000,000	165,000,000
Mr. Soji Balogun	36,330,000	37,930,000
Mr. Wole Abegunde (Indirect holding through Meristem Securities Limited)	47,927,668	108,663,340
Mr. P. Nwalozie- Direct (Indirect holding through Pinefields Inv. Limited)	10,000 37,785,525	32,826,080 13,440,000

- (ii) None of the directors has notified the company for the purpose of Section 277 of the Companies and Allied Matters Act, Cap C20 LFN 2004 to the effect that he had interest in any contract with which the company was involved during the year under review.

7. Substantial interest in shares

According to the Register of Members, the following persons held more than 5% of the issued share capital of the company on 31 December, 2013:

Shareholders	Number of shares	Percentage
Mr. A. A. Aderonmu	526,240,000	23.9
Mr. Akin Laoye	165,000,000	7.5

8. Directors' responsibility

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act Cap C20 LFN 2004, the directors of the company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that year, and comply with the provisions of the Companies and Allied Matters Act, Cap C20 LFN 2004. In doing so, they ensure that:-

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- the going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

9. Analysis of shareholding as at 31 December, 2013

Range	No. of holders	Holders %	Holders Cum.	Units	Unit %	Units Cum.
1 - 1,000	550	9.36	550	324,996	0.01	324,996
1,001 - 10,000	2,127	36.19	2,677	11,428,158	0.52	11,753,154
10,001 - 50,000	1,628	27.70	4,305	41,046,219	1.87	52,799,373
50,001 - 100,000	488	8.30	4,793	39,139,554	1.78	91,938,927
100,001 - 500,000	779	13.26	5,572	158,430,348	7.20	250,369,275
500,001 - 1,000,000	142	2.42	5,714	102,138,983	4.64	352,508,258
1,000,001 - 10,000,000	140	2.38	5,854	330,652,364	15.03	683,160,622
10,000,001 - above	<u>23</u>	<u>0.39</u>	5,877	<u>1,516,839,378</u>	<u>68.95</u>	2,200,000,000
	5,875	100.00		2,200,000,000	100.00	
	=====	=====		=====	=====	

10. Property, plant and equipment

Movements in property, plant and equipment during the year are shown in Note 8 to the financial statements on page 33. In the opinion of the directors, the market value of the company's property, plant and equipment is not lower than the value shown in the financial statements.

11. Dividend

The directors do not recommend the payment of any dividend in the year 2013 in view of the loss sustained during the year.

12. Personnel

(i) *Employment of disabled persons:*

The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their knowledge and skills within the organisation. As at 31 December, 2013 there were, however, no disabled persons in the company's employment.

(ii) *Employee's involvement and training:*

The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. The company provides a range of training from time to time with potential broadening opportunities for employees' career development within the organisation.

(iii) *Staff welfare and safety at work:*

The company places high premium on its human resources and there is existing provision for lunch, rent and transport allowances. The company conducts its activities in a way to take foremost account of the safety of its employees and other persons.

13. Donations

No donation was made by the company during the year.

14. Compliance with the code of corporate governance

The Directors confirmed that the affairs of the company are managed in accordance with the provisions of the code of corporate governance in Nigeria with regards to matters stated concerning the Board of Directors, the Shareholders and the Audit Committee.

Board of Directors meeting

Board meetings are scheduled well in advance. Also the agenda of Board meetings and reports on full business review, full report from the various Board Committees and reports from the Audit Committee are circularized to all Directors.

The Board met once during the year under review: -

Names	Meetings held	Number of meetings attended
High Chief (Sir) Simeon Olusola Oguntimehin, OON	2	2
Mr. Abiola Ademola Aderonmu	2	2
Mr. Akin Laoye	2	2
Mr. Olusoji Adewale Balogun	2	2
Mr. Oluwole Abegunde	2	1
Mr. Peter Nwalozie	2	2

15. **Audit Committee**

In accordance with Section 359(3) of the Companies and Allied Matters Act, Cap C20 LFN 2004, the Audit Committee members of the company elected at the last Annual General Meeting are as follows: -

Emmanuel Oladosu
Chinwendu Achara
Olusoji Balogun
Oluwole Abegunde

The functions of the audit committee are as stated in Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004.

Audit Committee meetings

The committee met once during the year under review. Membership and attendance at the meetings during the year were as follows: -

Names	Designation	Number of meetings held	Number of meetings attended
Emmanuel Oladosu	Chairman	2	2
Chinwendu Achara	Member	2	2
Olusoji Balogun	Member	2	2
Oluwole Abegunde	Member	2	1

Management team

The day to day management of the business is the responsibility of the managing director and the executive director who are assisted by a management team made up of heads of all the departments in the company. The management team holds scheduled meetings weekly to deliberate on critical issues affecting the day to day running of the company.

16. **Risk management policy**

FTN Cocoa processors plc recognizes the need for fast and efficient service delivery. At the same time, necessary attention is given to risk management. The company's approach is to minimize risk complexity whilst improving efficiency in the workplace.

Financial risks

FTN Cocoa processors plc is an active player in the economy. In the course of its operations, the company uses various financial instruments including cash and its equivalents, bonds, equities and trade debtors. FTN Cocoa processors plc is exposed to likely losses arising from market risk. Such risks comprise fluctuations in interest rates, equity prices and rate of exchange of foreign currencies and default in collection of receivables.

FTN Cocoa processors plc has developed a comprehensive financial management policy taking into account the relevant regulatory investment guidelines. Appropriate manuals are provided detailing administrative and accounting procedures. These manuals set out the framework for the investing function and specify the conditions and benchmarks for the acceptable levels of exposure to credit, currency and interest rate risks, etc.

Liquidity and credit risks

Liquidity or cashflow risk relate to the possibility that the company may encounter some difficulty to mobilize funds to discharge its obligation to clients as and when the need arises.

FTN Cocoa processors plc's investment guidelines are formulated such that minimum levels of financial assets are held in cash and cash equivalents with short maturity periods and easily convertible to cash at short notice.

Credit risk refers to the likelihood that one party to a financial transaction may fail to fulfill its obligation as and when due thereby causing the other party to a transaction to suffer financial loss. Our company is exposed to credit risks through its investment in financial assets such as short-term deposits, fixed interest securities and receivables.

FTN Cocoa Processors Plc's approach is to ensure that short-term deposits are placed with financial institutions with high credit rating. Moreover, deposits are spread amongst high quality institutions to avoid undue concentration on any one organization.

Credit risks associated with receivables are managed through a deliberate assessment of present and potential clients to ensure their ratings meet with our set criteria for granting credit and making necessary provision for doubtful and irrecoverable debts.

17. **Auditors**

Messrs Baker Tilly Nigeria, (Chartered Accountants), have indicated their willingness to continue as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C20 LFN 2004. A resolution will be proposed to authorise the directors to fix their remuneration.

By order of the Board



Alpha-Genasec Limited
Company Secretaries
FRC/2013/ICSAN/00000003362

LAGOS, Nigeria
11 June, 2014

FTN COCOA PROCESSORS PLC
STATEMENT OF MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER, 2013

The Management's Discussion and Analysis was prepared on 11 June, 2014.

Forward-Looking Statements

This Management's Discussion and Analysis may contain statements relating to strategies used by FTN Cocoa Processors plc or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may,” “could,” “should,” “would,” “suspect,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” and “continue” (or the negative thereof), as well as words such as “objective” or “goal” or other similar words or expressions. Such statements constitute forward-looking statements within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning the Company’s possible or assumed future operating results. These statements are not historical facts; they represent only the Company’s expectations, estimates and projections regarding future events.

Documents Related To the Financial Results

All documents related to the financial results of FTN Cocoa Processors Plc are available in the Company's website at www.ftncocoa.com.ng; in the section under Financial Reports.

Description of FTN Cocoa Processors Plc

FTN Cocoa Processors Plc is an agro allied company. The principal activities of the company are the processing of Cocoa Beans and Palm Kernel into Cocoa Liquor, Cocoa Cake, Cocoa Butter, Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake. Cocoa Liquor, Cocoa Cake and Cocoa Butter are exported while Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake are marketed locally to manufacturing companies.

Legal constitution

FTN Cocoa Processors Plc started as Fantastic Abiola Nigeria Limited, a private Company limited by shares which was incorporated on 26 August, 1991. The name Fantastic Abiola Nigeria Limited was changed to Fantastic Traders Nigeria Limited on 26 August, 1998 and further changed to FTN Cocoa Processors Limited on 3 December, 2007. The status of the company was changed to FTN Cocoa Processors Plc on 29 February, 2008 and the shares of the company were listed on the Nigerian Stock Exchange on 24 July, 2009.

Business strategy of the company and overall performance

The Company is registered and incorporated in Nigeria and is primarily engaged in the processing of Cocoa Beans and Palm Kernel into Cocoa Beans and Palm Kernel into Cocoa Liquor, Cocoa Cake, Cocoa Butter, Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake. Cocoa Liquor, Cocoa Cake and Cocoa Butter are exported while Cocoa Powder, Palm Kernel Oil and Palm Kernel Cake.

Over the years, various strategies have been put in place to achieve the objectives such as networking by expanding its distribution channels, products offering reappraisal, refocusing and managing the existing talents to create value.

Operating result, cashflow and financial condition

The entity’s critical performance measurement and indicators to evaluate the entity’s performance against stated objectives includes budgeting, ratio analysis and bench marking with industry average.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
FTN COCOA PROCESSORS PLC**

Report on the financial statements

We have audited the accompanying financial statements of FTN Cocoa Processors Plc, for the year ended 31 December, 2013, set out on pages 15 to 42 which have been prepared on the basis of significant accounting policies on pages 19 to 30 and other explanatory notes on pages 31 to 40.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with statements of accounting standards issued by Nigerian Accounting Standards Board (now Financial Reporting Council of Nigeria) and with requirements of the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December, 2013 its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards and with the requirement of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the Company; and
- iii) The Company's balance sheet and profit and loss account are in agreement with the books of account.



OLUWOLE O. OGUNDEJI
FRC/2013/ICAN/00000002825

On behalf of
Baker Tilly Nigeria
(Chartered Accountants)

LAGOS, Nigeria
12 June, 2014

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 audited reports and financial statements for the year ended 31 December, 2013 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 statement, 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, summarise 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.



Amin A. Amzat
FRC/2014/ICAN/00000006914
Chief Finance Officer
11 June, 2014



Abiola A. Aderonmu
FRC/2014/NIM/00000007253
Chief Executive Officer
11 June, 2014

FTN COCOA PROCESSORS PLC
REPORT OF THE AUDIT COMMITTEE

We, the Audit Committee members of FTN Cocoa Processors Plc, in compliance with the provision of Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004, have carried out the following functions: -

- 1) Confirmed that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- 2) Reviewed the scope and plan for the audit for the year ended 31 December, 2013; and
- 3) Reviewed the external and internal auditors' recommendations on accounting procedures and internal controls and management's responses to the Auditors' findings were satisfactory.

In our opinion, the scope and planning of the audit for the year ended 31 December, 2013 were adequate and management's responses to the auditors' findings were satisfactory.



Chinwedu Achara
Member, Audit Committee
FRC/2013/IODN/00000002851

Dated this 10 June, 2014

Members of the committee:

Emmanuel Oladosu
Chinwedu Achara
Olusoji Balogun
Oluwole Abegunde

Shareholders' representative
Shareholders' representative
Non-executive directors' representative
Non-executive directors' representative

FTN COCOA PROCESSORS PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Note	2013 N'000	2012 N'000
Revenue	4	491,898	278,170
Cost of sales	5.1	<u>(587,081)</u>	<u>(531,572)</u>
Gross loss		(95,183)	(253,402)
Dividends received		85	11
Selling and distribution cost	5.2	(5,124)	(2,615)
Operating expenses	5.3	(196,361)	(169,884)
Allowance and impairment loss	5.4	(2,387)	(29,315)
Other operating income	6	63,889	56,447
Depreciation		<u>8,237</u>	<u>8,261</u>
Operating loss		(243,318)	(407,019)
		-----	-----
Finance income	7	120,433	77,446
Finance cost	7	<u>(163,191)</u>	<u>(76,407)</u>
Net finance (loss)/income		(42,758)	1,039
		-----	-----
Loss before taxation		(286,076)	(405,980)
Current taxation		-----	-----
Loss after taxation transferred to revenue reserve		(286,076)	(405,980)
Other comprehensive income			
Net gains on available for sale financial asset		-----	940
		(286,076)	405,040
		=====	=====
Loss per share		(13.00k)	(18.45k)

FTN COCOA PROCESSORS PLC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER, 2013

		2013	2012
	Note	N'000	N'000
Non-current assets			
Property and equipment	8	3,293,739	3,453,012
Available for sale financial assets	9	300	2,133
Other receivables	10.2	<u>379,910</u>	<u>342,246</u>
Total non-current assets		3,673,949	3,797,391
		=====	=====
Current asset			
Inventories	11	576,148	384,830
Trade and other receivables	10.1	300,411	193,493
Cash and cash equivalents	12	<u>2,769</u>	<u>13,688</u>
Total current asset		879,328	592,011
		-----	-----
Total asset		4,553,277	4,389,402
		=====	=====
Current liabilities			
Trade and other payables	13	660,650	292,392
Borrowings	14.1	1,389,462	974,861
Current taxation	15.2	<u>34,685</u>	<u>34,685</u>
Total current liabilities		2,084,797	1,301,938
		=====	=====
Non-current liabilities			
Deferred taxation	16	60,783	60,783
Borrowings	14.2	<u>713,134</u>	<u>1,046,042</u>
Total non-current liabilities		773,917	1,106,825
		-----	-----
Total liabilities		2,858,714	2,408,763
		=====	=====
Equity:			
Share capital	17	1,100,000	1,100,000
Share premium	18	1,459,282	1,459,282
Fair value reserve	19	-	940
Revenue reserve	20	<u>(864,719)</u>	<u>(579,583)</u>
Total equity		1,694,563	1,980,639
		=====	=====
Total liabilities and equity		4,553,277	4,389,402
		=====	=====

The financial statements were approved by the Board of Directors on 11 June, 2014 and signed on its behalf by:



High Chief (Sir) Simeon O. Oguntimehin OON
Chairman
FRC/2013/ICAN/00000003428
11 June, 2014



Mr. Abiola A. Aderonmu
Managing Director
FRC/2014/NIM/00000007253
11 June, 2014



Mr. Amin A. Amzat
Chief Finance Officer
FRC/2014/ICAN/00000006914
11 June, 2014

FTN COCOA PROCESSORS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Issued share Capital N'000	Share Premium N'000	Fair value Reserve N'000	Retained Earnings N'000	Total Equity N'000
Fund as at 1 January, 2013	1,100,000	1,459,282	940	(579,583)	1,980,639
Fair value gain on available for Sale financial assets	-	-	(940)	940	-
Total comprehensive loss for the year	_____ -	_____ -	_____ -	<u>(286,076)</u>	<u>(286,076)</u>
Balance as at 31 December, 2013	1,100,000 =====	1,459,282 =====	- ===	(864,719) =====	1,694,563 =====
Fund as at 1 January, 2012	1,100,000	1,459,282	-	(173,603)	2,385,679
Fair value gain on available for Sale financial assets	-	-	940	-	940
Total comprehensive loss for the year	_____ -	_____ -	_____ -	<u>(405,980)</u>	<u>(405,980)</u>
Balance as at 31 December, 2012	1,100,000 =====	1,459,282 =====	940 ===	(579,583) =====	1,980,639 =====

FTN COCOA PROCESSORS PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Note	2013 N'000	2012 N'000
Cash flows from operating activities			
Loss for the year		(286,076)	(405,980)
Adjustments for non-cash items:			
Depreciation of property, plant and equipment		163,622	163,650
Profit on disposal of property, plant and equipment		<u>(225)</u>	<u>(885)</u>
		(122,679)	(243,215)
Increase/(decrease) in inventories		(191,318)	93,922
Increase/(decrease) in trade and other receivables		(144,582)	288,148
Increase in trade payables and other payables		368,258	73,992
Income tax paid		<u> -</u>	<u> -</u>
Net cash used in operating activities		(90,321)	212,847
		-----	-----
Cash flows from investing activities			
Proceeds from sales of available for sale financial assets		1,833	(941)
Net gain on available for sale financial assets		-	940
Purchase of property, plant and equipment		(4,349)	(346,537)
Proceeds from disposal of property, plant and equipment		<u>225</u>	<u>885</u>
Net cash used in investing activities		(2,291)	(345,653)
		-----	-----
Cash flows from financing activities			
Borrowings		81,693	144,517
		-----	-----
Net increase /(decrease) in cash and cash equivalents		(10,919)	11,711
Cash and cash equivalents at beginning of year		<u>13,688</u>	<u>1,977</u>
Cash and cash equivalents at end of year	12.1	2,769	13,688
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

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 have 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 accruals basis and under the historical cost convention except for certain available for sale 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	10%	10 years
Motor vehicles	20%	5 years
Furniture and fittings	10%	10 years

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 recognised 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.

3.09 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 de-recognised 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 de-recognised (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**

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

3.16. 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.

3.17. 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.

3.18. 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.

3.19. 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 7½% by employees and 7½% 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.

3.20. 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.

		2013 N'000	2012 N'000
4.	Revenue		
	Export sales:		
	Cocoa butter	215,478	127,458
	Cocoa cake	-	<u>17,422</u>
		215,478	144,880
		=====	=====
	Local sales:		
	Cocoa butter	-	5,568
	Cocoa powder	276,010	108,226
	Palm Kernel Oil	-	17,837
	Cocoa liquor	<u>410</u>	<u>1,659</u>
		276,420	133,290
		-----	-----
		491,898	278,170
		=====	=====
5.	Expenses by nature		
5.1	Cost of sales		
	Included in cost of sales are as follows:-		
	Change in inventories of finished goods		
	Work in progress	423,574	277,749
	Personnel expenses	24,970	60,727
	Depreciation of property, plant and equipment (note 8)	80,814	155,389
	Repairs & maintenance – factory building and plant & machinery	5,371	3,921
	Other direct cost	<u>52,352</u>	<u>33,786</u>
		587,081	531,572
		=====	=====
5.2	Selling and distribution cost		
	Included in selling and distribution costs are as follows:		
	Advertisement expenses	200	-
	NESS fee payable	1,062	725
	Sales commission and promotion	<u>3,862</u>	<u>1,890</u>
		5,124	2,615
		=====	=====
5.3	Operating expenses		
	Included in operating expenses are as follows:-		
	Directors' fee	1,950	1,950
	Employee benefit expenses (note 5.5)	79,234	79,710
	Office and general expenses	7,608	1,655
	Legal and registration fee	1,355	7,473
	Professional fee	3,305	6,000
	Bank and other finance charges	73,149	37,179
	Insurance	7,260	6,458
	Travelling expenses	2,611	3,362
	Entertainment	506	838

	2013	2012
	₦'000	₦'000
AGM expenses	3,500	3,938
Printing stationery	146	-
Electricity power and water	313	428
Vehicle repair and maintenance	334	1,982
Security expenses	2,070	2,334
Computer expenses	532	3,096
Fuel and oil	3,793	3,929
Audit fee	1,700	1,700
Telephone, telex and postages	2,132	1,976
Rent and rates and taxes	1,711	2,084
Newspapers and periodicals	136	80
Repairs and maintenance	994	788
Subscription and donation	959	142
Consultancy fees	-	200
Loss on disposal of investment	256	-
Industrial Training Fund	807	1,931
Bad debt written off	<u>-</u>	<u>651</u>
	196,361	169,884
	=====	=====
5.4 <i>Allowance and impairment loss</i>		
Trade receivables	2,387	29,315
	=====	=====
5.5. <i>Employee benefit expenses</i>		
Directors' other remunerations	46,624	50,315
Staff salaries and allowances	25,698	25,972
Staff welfare and medical expenses	2,992	2,323
Redundancy benefit	497	-
Pension employers contribution	<u>3,423</u>	<u>1,100</u>
	79,234	79,710
	=====	=====
5.6 The average number of persons employed by the company, including directors, during the year was as follows:		
Management	9	10
Senior	29	33
Junior	<u>64</u>	<u>44</u>
	102	87
	=====	=====
5.7 Employee range of remuneration is as follows:-		
Below ₦150,000	-	-
₦150,001 – ₦240,000	13	8
₦240,001 – ₦480,000	55	38
₦480,001 – ₦720,000	19	23

		2013	2012
	₦720,001 – ₦960,000	5	4
	₦960,001 – ₦1,200,000	2	5
	₦1,200,001 and above	<u>8</u>	<u>9</u>
		102	87
		===	==
6.	Other operating income		
		₦'000	₦'000
	Interest	-	206
	Export expansion grant	63,664	43,699
	Profit on disposal of PPE	225	885
	Provision no longer required	<u>-</u>	<u>11,657</u>
		63,889	56,447
		=====	=====
7.	Net finance charges		
	Finance income		
	Exchange gain	120,433	77,446
		-----	-----
	Finance costs		
	Interest expenses:		
	Overdraft	16,747	35,567
	Borrowing	102,780	28,465
	Interest on liability portion of corporate bond	<u>43,664</u>	<u>12,375</u>
		163,191	76,407
		-----	-----
	Net finance (cost)/income	(42,758)	1,039
		=====	=====
8.	Property, plant and equipment		
		Plant & Machinery	Land & building
	Cost	Under construction	₦'000
		₦'000	₦'000
	At 1 Jan., 2013	1,898,516	937,340
	Additions	-	600
	Disposal	<u>-</u>	<u>-</u>
	At 31 Dec., 2013	1,898,516	937,940
		=====	=====
	Depreciation		
	At 1 Jan., 2013	-	106,233
	For the year	-	18,223
	Disposal	<u>-</u>	<u>-</u>
	At 31 Dec., 2013	-	124,456
		=====	=====
	Carrying value		
	At 31 Dec., 2013	1,898,516	813,484
		=====	=====
	At 31 Dec., 2012	1,898,516	831,107
		=====	=====
		Plant & Machinery	Motor Vehicles
	₦'000	₦'000	₦'000
	At 1 Jan., 2013	1,422,270	20,050
	Additions	3,140	-
	Disposal	<u>-</u>	<u>(3,795)</u>
	At 31 Dec., 2013	1,425,410	16,255
		=====	=====
	Depreciation		
	At 1 Jan., 2013	719,316	20,050
	For the year	141,169	-
	Disposal	<u>-</u>	<u>(3,795)</u>
	At 31 Dec., 2013	860,485	16,255
		=====	=====
	Carrying value		
	At 31 Dec., 2013	564,925	-
		=====	=====
	At 31 Dec., 2012	702,954	-
		=====	=====
		Furniture & Fittings	Office Equipment
	₦'000	₦'000	₦'000
	At 1 Jan., 2013	20,293	22,083
	Additions	34	575
	Disposal	<u>-</u>	<u>-</u>
	At 31 Dec., 2013	20,327	22,658
		=====	=====
	Depreciation		
	At 1 Jan., 2013	10,764	11,177
	For the year	2,030	2,200
	Disposal	<u>-</u>	<u>-</u>
	At 31 Dec., 2013	12,794	13,377
		=====	=====
	Carrying value		
	At 31 Dec., 2013	7,533	9,281
		=====	=====
	At 31 Dec., 2012	9,529	10,906
		=====	=====
		Total	₦'000
	At 1 Jan., 2013	4,320,552	
	Additions	4,349	
	Disposal	<u>(3,795)</u>	
	At 31 Dec., 2013	4,321,106	
		=====	
	Depreciation		
	At 1 Jan., 2013	867,540	
	For the year	163,622	
	Disposal	<u>(3,795)</u>	
	At 31 Dec., 2013	1,027,367	
		=====	
	Carrying value		
	At 31 Dec., 2013	3,293,739	
		=====	
	At 31 Dec., 2012	3,453,012	
		=====	

	2013 N'000	2012 N'000
8.1 <i>Depreciation has been charged to profit and loss as follows:</i>		
Cost of sales	80,814	155,389
Operating expenses	8,237	8,261
Depreciation absorbed	<u>74,571</u>	<u>-</u>
	163,622	163,650
	=====	=====

8.2 Details of the company's property used as collateral are disclosed below:

- Plots 1-5 Tiamiyu-Adigun Bello Layout, Oniponrin area, along Lagos-Ibadan express way, Ibadan with FSV of N122.0 million and carrying amount of N40.185 million
- Plot 5, Block 77, Basheer Shittu Avenue, Magodo, GRA, Lagos with forced sale value of N100.8 million and carrying amount of N58.625 million. The property is located on land measuring 940.43 square meters.
- Legal mortgage over the property of the company situated along Iwo Road by Gelato Bus Stop, Olodo Ibadan, valued at N243,636,000 (OMV) and N175,417,920 (FSV) by Jide Taiwo & Company.

9. **Available for sale financial assets**

Quoted securities		
Cost	300	1,193
Appreciation in quoted securities	<u>-</u>	<u>940</u>
	300	2,133
	===	=====

9.1 ***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
	===	===	===	=====

	2013 N'000	2012 N'000
10. Trade and other receivables		
Trade receivables	253,709	136,973
Impairment for doubtful debts	<u>(35,833)</u>	<u>(33,446)</u>
	217,876	103,527
Other receivables:		
Export expansion grant	444,273	431,909
Other debtors	<u>18,172</u>	<u>303</u>
	680,321	535,739
	=====	=====
Due to their short term nature, the carrying amount of the trade receivables approximates their fair value. No receivable is pledged as security for borrowings.		
10.1 Current		
Trade receivables	217,876	103,527
Other receivables:		
Export expansion grant	64,363	89,663
Other debtors	<u>18,172</u>	<u>303</u>
	300,411	193,493
	=====	=====
10.2 Non-current		
Other receivable:		
Export expansion grant	379,910	342,246
	=====	=====
10.3 Movement in provision for impairment		
At January	33,446	4,131
Charge for the year	<u>2,387</u>	<u>29,315</u>
At 31 December	35,833	33,446
	=====	=====
10.4 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 Cap118 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.		
11. Inventories		
Finished goods	174,971	26,948
Raw materials	6,410	465

	2013	2012
	₦'000	₦'000
Spare parts	285,687	340,731
Work in progress	104,312	13,924
Consumables	<u>4,768</u>	<u>2,762</u>
	576,148	384,830
	=====	=====

The cost of inventories recognised as expense and included in 'cost of sales' amounted to ~~₦~~423.574 million (2012: ~~₦~~277.749 million). Inventory carried at Net Realisable Value as at balance sheet date amounted was Nil (2012: Nil).

During the year ended 31 December, 2013: ~~₦~~245,923.74 (2012: Nil) was charged to the income statement for damages, obsolescence and write downs.

12. **Cash and cash equivalent**

Cash	1,314	955
Cash held with Nigerian banks	<u>1,455</u>	<u>12,733</u>
	2,769	13,688
	=====	=====

For the purpose of the cash flow statement, 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.

12.1 Cash and cash equivalents	2,769	13,688
Bank overdrafts	<u>(225,245)</u>	<u>(420,592)</u>
Cash and cash equivalents in the statement of cash flow	(225,476)	(406,892)
	=====	=====

13. **Trade and other payables**

Trade payable – amount due to suppliers	336,963	140,354
Other payables	199,028	96,520
Accrued expenses	<u>124,659</u>	<u>55,518</u>
	660,650	292,392
	=====	=====

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going cost.

14. **Borrowings**

14.1 **Current borrowings**

Overdrafts due within one year (14.4)	228,244	420,580
Loans due within one year (14.5)	1,104,918	427,266
Working capital loan (14.6)	56,300	20,000
Stock financing (14.7)	<u>-</u>	<u>107,015</u>
	1,389,462	974,861
	=====	=====

	2013 N'000	2012 N'000
14.2 Non-current borrowings		
Loan due after one year	123,671	385,336
Corporate bond	<u>589,463</u>	<u>660,706</u>
	713,134	1,046,042
	-----	-----
Total borrowings	2,102,596	2,020,903
	=====	=====
14.3 The borrowings are repayable as follows:		
Within one year	1,389,462	974,861
Between one to two years	123,671	261,665
Between two to three years	-	123,671
More than three years	<u>589,463</u>	<u>660,706</u>
	2,102,596	2,020,903
	=====	=====
14.4 Bank overdraft		

The company obtained bank overdraft from Union Bank of Nigeria Plc for its operations. Details of the bank overdraft are as follow:-

Union Bank of Nigeria Plc

The overdraft facility was obtained to meet the shortfall in working capital and to discount export invoices. The facility has a one year tenor and interest rate payable at 19% per annum which is subject to review in line with money market realities as well as shall be advised by the bank from time to time. Other charges include: renewal fee of 1% flat rate, commitment fee of 1% and 1% flat charge on due but unpaid balances chargeable monthly. It has a bankers acceptance option or renewal up to ₦150,000. The overdraft facility is secured on the following:

Legal mortgage on the company's properties located at:

- Plots 1-5 Tiamiyu-Adigun Bello Layout, Oniponrin area, along Lagos-Ibadan express way, Ibadan with FSV of ₦122.0 million.
- Plot 5, Block 77, Basheer Shittu Avenue, Magodo, GRA, Lagos with forced sale value of ₦100.8 million. The property is located on land measuring 940.43 square meters.

14.5 **Term loan**

The company obtained term loan of ₦500 million from the United Bank of Africa (UBA) in April 2010 and an additional ₦250 million in 2011 through the Commercial Agricultural Credit Scheme(CASC) to finance the purchase of Cocoa Press, Roaster, Winnower and Palm Kernel refining equipment.

The loan has a five year (5) tenor inclusive of 18 months and 12 month moratorium on principal only respectively. Interest payable on loan is 9% per annum. Both loans are repayable in 42 equal monthly instalments commencing after their respective moratorium period, while monthly interest payments become due after the drawn down date.

The term loan is secured over the following:

- a. All assets debenture over fixed and floating assets of the company. Deed of all assets debenture stamped for a nominal sum of ₦10million with a provision to up-stamp to over full value of UBA's exposure in case of need.
- b. Legal mortgage over the property of the company situated along Iwo Road by Gelato Bus Stop, Olodo Ibadan, valued at ₦243,636,000 (OMV) and ₦175,417,920 (FSV) by Jide Taiwo & Company.

14.6 ***Working capital loan***

The company obtained a short term loan facility of ₦35.0 million from Zedcrest Capital Limited to meet some urgent working capital needs of the company.

14.7 ***Stock financing facility***

The company obtained a 5 year short term loan (stock replenishment facility) of ₦100 million from the United Bank of Africa Plc in April 2010, through the Commercial Agricultural Credit Scheme (CASC) to finance the purchase of Cocoa Beans for processing into Cocoa Liquor, Cocoa Butter, Cocoa Cake and Cocoa Powder.

The facility is repayable in (6) equal monthly installments commencing one month after drawdown with an interest rate of 9% per annum.

The term loan is secured over the following assets of the company:

- a. Deed of all assets debenture stamped for a nominal sum of ₦10.0 million with a provision to up stamp to cover full value of UBA's exposure in case of need. The fixed assets of the company were valued in March 2008 at ₦1.72 billion (OMV) and ₦1.221 (FSV) by Jide Taiwo & Company.
- b. Comprehensive insurance over the company's assets (from an insurance company acceptable to UBA Plc) with UBA noted as first loss payee having a right of claim under the policy.

As at 31 December, 2013 the company has restructured the stock finance loan obtained into term loan and balances outstanding in the stock finance facility has been transferred to term loan with United Bank for Africa.

14.7 **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 ₦1.48/1yen on 31 December, 2013. (2012 ₦1.80/1yen) 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 ₦1.70 per share.

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

	2013 ₦'000	2012 ₦'000
Liability element of convertible bond at 1 January	660,706	687,839
Interest charge for the year	<u>43,664</u>	<u>48,941</u>
	704,370	736,780
Gain on translating monetary items	<u>(114,907)</u>	<u>(76,074)</u>
	589,463	660,706
Equity element of convertible loan (note 18)	<u>367,862</u>	<u>367,862</u>
	957,325	1,028,568
	=====	=====

15. **Taxation**

15.1 **Profit and loss account**

Company tax	-	-
Education tax	<u>-</u>	<u>-</u>
	-	-
	=====	=====

The company is not liable to tax as a result of the loss sustained for the year; moreover the company is on Pioneer status which was approved for the company by the Nigerian Investment Promotion Commission with effect from 1 January, 2010.

15.2 **Balance sheet**

At 1 January	34,685	34,685
Charge for the year	<u>-</u>	<u>-</u>
At 31 December	34,685	34,685
	=====	=====

		2013	2012
		₦'000	₦'000
16	Deferred taxation		
	At 1 January	60,783	60,783
	Charge for the year	-	-
	At 31 December	60,783	60,783
		=====	=====
16.1	Deferred tax has been computed for the company and this resulted in deferred tax assets of ₦323,018,000 for the year under review, this however was not incorporated into the company's financial statements for prudence.		
17.	Share capital		
	Authorised share capital		
	2,200,000,000 ordinary shares of 50k	1,100,000	1,100,000
		=====	=====
18.	Share premium		
	Share premium	1,091,420	1,091,420
	Equity element of convertible bond	<u>367,862</u>	<u>367,862</u>
		1,459,282	1,459,282
		=====	=====
19.	Fair value reserve		
	At 1 January	940	-
	Gain on available for sale financial assets (note 9)	-	940
	Transfer to retain earnings	<u>(940)</u>	<u>-</u>
		-	940
		=====	=====
20.	Revenue reserve		
	At 1 January	(579,583)	(173,603)
	Transfer from fair value reserve	940	-
	Statement of comprehensive income	<u>(286,076)</u>	<u>(405,980)</u>
		(864,719)	(579,583)
		=====	=====
21.	Approval of Financial Statements		

These financial statements were approved by the Board of Directors of the company on 11 June, 2014.

FTN COCOA PROCESSORS PLC

**STATEMENT OF VALUE ADDED
AS AT 31 DECEMBER 2013**

	2013		2012	
	₦'000	%	₦'000	%
Revenue	491,898		278,170	
Bought in materials and services:				
- Imported	-		-	
- Local	<u>(369,978)</u>		<u>(362,433)</u>	
Value added/(absorbed)	121,920	100	(84,263)	(100)
	=====	===	=====	=====

Applied as follows:

Employees

Salaries and other benefits	81,184	67	81,660	97
Finance cost	163,191	134	76,407	91

Government

Current taxation	-	-	-	-
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Retained for expansion of business

Depreciation	163,621	134	163,650	194
Deferred tax	-	-	-	-
Loss for the year	<u>(286,076)</u>	<u>(235)</u>	<u>(405,980)</u>	<u>(482)</u>
Value added/(absorbed)	121,920	100	(84,263)	(100)
	=====	===	=====	=====

FTN COCOA PROCESSORS PLC
FIVE YEAR FINANCIAL SUMMARY

	2013	2012	2011	2010	2009
	IFRS	IFRS	IFRS	IFRS	NGAAP
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	491,898	278,170	836,936	1,196,729	1,361,490
	=====	=====	=====	=====	=====
(Loss) / Profit before taxation	(286,076)	(404,580)	(243,808)	63,647	259,710
Current taxation	-	-	-	-	-
Deferred taxation	-	-	-	-	-
(Loss)/Profit after taxation	(286,076)	(404,580)	(243,808)	63,647	259,710
	=====	=====	=====	=====	=====
Non-current liabilities assets					
Fixed assets	-	-	-	-	2,046,325
Property, plant and equipment	3,293,739	3,453,012	3,270,125	2,891,700	-
Investments	-	-	-	-	164,222
Available for sale financial assets	300	2,133	1,192	1,404	-
Trade and other receivables	<u>379,910</u>	<u>342,246</u>	<u>298,792</u>	<u>341,886</u>	<u>-</u>
	3,673,949	3,797,391	3,570,109	3,234,990	2,210,547
Current assets	879,328	592,023	1,005,824	1,115,100	984,498
Current liabilities	<u>(2,084,797)</u>	<u>(1,301,950)</u>	<u>(849,035)</u>	<u>(591,473)</u>	<u>(126,406)</u>
	2,468,480	3,087,464	3,726,898	3,758,617	3,068,639
Non-current liabilities					
Deferred taxation	(60,783)	(60,783)	(60,783)	(60,783)	(60,783)
Borrowings	(713,134)	(1,046,042)	(1,280,436)	(1,068,347)	-
Convertible bond	-	-	-	-	<u>(526,519)</u>
Total net assets	1,694,563	1,980,639	2,385,679	2,629,487	2,481,337
	=====	=====	=====	=====	=====
Equity					
Share capital	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Share premium	1,459,282	1,459,282	1,459,282	1,459,282	1,091,420
Fair value reserve	-	940	(173,603)	-	-
Revenue reserve	<u>(864,719)</u>	<u>(579,583)</u>	<u>(73,603)</u>	<u>70,205</u>	<u>289,917</u>
Shareholders fund	1,694,563	1,980,639	2,385,679	2,629,487	2,481,337
	=====	=====	=====	=====	=====
Per kobo share data					
(Loss)/earning (basic)	(13.00k)	(18.45k)	(11.08k)	2.89k	11,80k
Net assets	₦0.77k	₦0.90k	₦1.08k	₦1.20k	₦1.13k
Stock exchange quotations	₦0.50k	₦0.50k	₦0.50k	₦0.61k	₦1.50k
Dividend declared	-	-	-	3.5k	3.5k