COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2017

Bertram Hadaway & Company Limited

CHARTERED ACCOUNTANTS

P.O. Box 316
64 Abercromby Street, Port of Spain
Trinidad, W.I.

COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2017

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64 Abercromby Street, P.O.S., Trinidad, W.I. Tel: 625-1558, 624-5913

Independent auditor's report

To the Shareholders of Cocoa Development Company of Trinidad and Tobago Limited

Opinion

We have audited the financial statements of Cocoa Development Company of Trinidad and Tobago Limited (the Company), which comprise the statement of financial position as at 30th September, 2017, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30th September, 2017, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Trinidad and Tobago, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the IFRS for SMEs and the Companies Act 1995 of Trinidad and Tobago and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

(Continued on page 3)

To the Shareholders of Cocoa Development Company of Trinidad and Tobago Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bertram Hadaway & Company Limited

BERTRAM HADAWAY AND COMPANY LIMITED
Chartered Accountants
Port of Spain
Trinidad, W.I.

23rd January, 2019

COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

Statement of financial position

as at: 30th September 2017

	Notes	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	7	10,499,699	10,894,919
Trade and other receivables	8	847,984	1,975,432
Taxation refundable		63,413	59,136
Inventory	9	-	431,738
		11,411,096	13,361,225
Non-current assets			
Property, plant and equipment	6	278,467	721,612
Deferred tax asset	18	533,895	244,583
		812,362	966,195
TOTAL ASSETS		12,223,458	14,327,420
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	13	241,130	454,488
Taxation payable		2,393	4,893
Deferred income	14	7,660,082	8,321,684
		7,903,605	8,781,065
Capital and reserves			
Share capital	11	10	10
Capital reserves	12	248,674	2,873,853
Accumulated surplus		4,071,169	2,672,492
		4,319,853	5,546,355
TOTAL LIABILITIES AND EQUITY		12,223,458	14,327,420

Director: Director: Jacqueline Rawlins

The notes on pages 7 to 24 form an integral part of these financial statements

COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

Statement of comprehensive income

for the year ended: 30th September 2017

	Notes	2017	2016
Income			
Foreign sales		-	834,968
Local sales		416,534	1,418,096
Subvention		2,650,407	1,894,479
		3,066,941	4,147,543
Cost of sales			
Cocoa and coffee		431,720	3,046,589
Commission		-	93,625
		431,720	3,140,214
Gross profit		2,635,221	1,007,329
Expenses			
Administrative and expenses		4,148,870	2,395,439
Net loss for the year before taxation		(1,513,649)	(1,388,110)
Taxation	15	287,147	300,492
Net loss for the year after taxation		(1,226,502)	(1,087,618)

COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

Statement of changes in equity

for the year ended: 30th September 2017

	Stated capital	Capital reserves	Accumulated surplus	Total
Balance at 30th September 2015	10	2,873,853	3,760,110	6,633,973
Loss for the year	-	-	(1,087,618)	(1,087,618)
Balance at 30th September 2016	10	2,873,853	2,672,492	5,546,355
Loss for the year	-	-	(1,226,502)	(1,226,502)
Realisation of capital reserves		(2,625,179)	2,625,179	-
Balance at 30th September 2017	10	248,674	4,071,169	4,319,853

COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

Statement of cash flows

for the year ended: 30th September 2017

	2017	2016
Cash flows from operating activities		
Net loss before taxation	(1,513,649)	(1,388,110)
Adjustments for:		
Depreciation	132,173	377,239
Loss on disposal of property, plant and equipment	345,388	30,645
Operating loss before working capital changes	(1,036,088)	(980,226)
Changes in operating assets and liabilities		
Decrease in trade and other receivables	1,127,448	2,150,508
Decrease in inventory	431,738	2,377,243
Decrease in creditors and accruals	(213,358)	(4,796)
	1,345,828	4,522,955
Cash generated from operations	309,740	3,542,729
Taxation paid	(8,942)	(1,407,787)
Net cash from operations	300,798	2,134,942
Investing activities		
Purchase of property, plant and equipment	(34,416)	-
Proceeds from sale of property, plant and equipment	-	30,700
Net cash (used in)/from investing activities	(34,416)	30,700
Financing activities		
(Decrease)/increase in deferred subvention proceeds	(661,602)	180,897
Net cash (used in)/from financing activities	(661,602)	180,897
Net (decrease)/increase in cash for the year	(395,220)	2,346,539
Cash and cash equivalents:		
Balance at the beginning of the year	10,894,919	8,548,380
Balance at the end of the year	10,499,699	10,894,919

1. General information

The Cocoa Development Company of Trinidad and Tobago Limited (CDCTTL) was incorporated in the Republic of Trinidad and Tobago on 23 December, 2013 as a limited liability company, wholly owned by Corporation Sole (Government of the Republic of Trinidad and Tobago).

The address of the company's registered office and principal place of business is 17 Yard Street, Chaguanas.

The company was formed to replace the Cocoa and Coffee Industry Board (CCIB) which has been dissolved as a result of the Cocoa and Coffee Industry Act Chapter 64:20 being repealed by Section 9 of the Finance Act No. 4 of 2014.

The CDCTTL's broad scope and functions are to provide support for the development of the cocoa industry, aim to increase cocoa production, link with various research agencies to improve research and development, help to market Trinidad and Tobago's cocoa beans in international niche markets as well as providing support to local cocoa stakeholders, especially all farmers.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of CDCTTL are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and are stated in Trinidad and Tobago dollars.

The financial statements have been prepared on the historical cost basis, except for financial instruments which are presented at fair value.

The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

(b) Current versus non-current classification

CDCTTL presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:
- it is expected to be settled in normal operating cycle
- it is incurred primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2. Significant accounting policies (continued)

(c) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. CDCTTL recognises significant replacement parts of plant and machinery as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major renovation is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Plant and machinery	25%
Furniture and equipment	10 - 25%
Computers	33.3%
Motor vehicles	25%

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition (including freight and duty) are accounted for on a first-in-first-out basis. Net realisable value is the estimated selling price less estimated costs in the ordinary course of business.

2. Significant accounting policies (continued)

(f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired or originated.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company's financial assets consist of loans and receivables.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the statement of financial position.

2. Significant accounting policies (continued)

(h) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

(i) Taxation

Taxation expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is comprised of corporation tax based on taxable profit for the year and green fund levy at the statutory rate on gross income for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

(j) Provisions

Provisions are recognised when CDCTTL has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Significant accounting policies (continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to CDCTTL and the revenue can be reliably measured, regardless of when the consideration is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. CDCTTL has concluded that it is the principal in all of its revenue arrangements since it is the primary obligator in all the revenue arrangements and is also exposed to credit risk.

Revenue comprises the fair value of the consideration received or receivable for the sale of cocoa and coffee in the ordinary course of activities. Revenue is shown net of returns, rebates and discounts.

(l) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(m) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When a grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(n) Comparative information

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year. Adjustments to previously reports results would be made in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

3. **Changes in accounting policies and disclosures**

(a) **New standards and amendments/revisions to published standards and interpretations effective in this financial year.**

IAS 1 Presentation of financial statements

The narrow scope amendments, entitled Disclosure Initiatives, effective 1 January 2016, make the following changes:

- Materiality : The amendments clarify that

- Information should not be obscured by aggregating or by providing immaterial information,
- Materiality considerations apply to all parts of the financial statements,
- Even when a standard requires a specific disclosure, materiality considerations do apply.

- Statement of financial position and statement of profit or loss and other comprehensive income: The amendments

- Introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
- Clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or lcss.

- Notes: The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

(b) **New standards and amendments/revisions to published standards and interpretations effective in this financial year but not applicable to the company**

- IFRS 10 & IAS 28 — Consolidated financial statements, Disclosures of interest in other entities and Investment in Associates - Amendments regarding the application of consolidated exception (effective for accounting periods beginning on or after 1 January, 2016).

- IFRS 11 — Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

- IFRS 14 — Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

3. **Changes in accounting policies and disclosures (continued)**

(b) New standards and amendments/revisions to published standards and interpretations effective in this financial year but not applicable to the company

- IFRS 16 &, IAS 38 — Property, plant and equipment and intangible assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).

- IFRS 16 & IAS 41 — Property, plant and Equipment and agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

- IAS 27 — Separate financial statements - Amendments regarding the equity method in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).

- Annual improvements to IFRSs 2012-2014 cycle (effective 1 January 2016)
  - IFRS 5 — Non-current assets held for sale and discontinued operations
  - IFRS 7 — Financial instruments: Disclosures
  - IAS 19 — Employee benefits: Disclosures
  - IAS 34 — Interim financial reporting

(c) New and amended accounting standards and interpretations not yet effective and not early adopted by the company

The company has not applied the following standards, revised standards and interpretations that have been issued, but are not yet effective and have not been early adopted, up to the date of issuance of the company's financial statements. The company intends to adopt these standards, if applicable, when they become effective.

- IAS 7 — Statement of cash flows – Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).

- IAS 12 — Income taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).

- IFRS 2 — Share-based payment – Amendments to clarify the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).

3. **Changes in accounting policies and disclosures (continued)**

(c) **New and amended accounting standards and interpretations not yet effective and not early adopted by the company (continued)**

- IFRS 4 — Insurance Contracts – Amendments regarding the implementation of IFRS 9 and the forthcoming new insurance contracts standard IFRS 17 providing entities the option to apply the 'overlay approach' and the 'deferral approach' (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 9 — Financial Instruments – Classification and measurement of financial assets and liabilities (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 15 — Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 16 — Leases (effective for accounting periods beginning on or after 1 January 2019).
- IAS 40 — Investment Property - Amendments relating to transfers of investment property (effective for accounting periods beginning on or after 1 January 2018.
- IFRS 1 — First-time Adoption of IFRS - Amendments regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10 (effective 1 January 2018).
- IFRS 12 — Disclosure of Interest in Other Entities - Regarding clarification of the scope of the standard (to be applied retrospectively for annual periods beginning on or after 1 January 2019).
- IFRS 28 — Investments in Associates and Joint Ventures - Amendments regarding measuring an associate or joint venture at fair value (effective 1 January 2018).
- IFRS 17 — Insurance Contracts - Replaces IFRS 4 (effective for annual periods beginning on or after 1 January 2021).
- IFRIC 22 — Foreign Currency Transactions and Advance Consideration - Regarding foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency (effective for annual periods beginning on or before 1 January 2018).
- IFRIC 23 — Uncertainty Over Income Tax Treatments - Clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over income tax treatments (effective of annual periods beginning on or after 1 January 2019).

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

(a) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Government grants
Grants are received from the Government of Trinidad and Tobago for the purpose of financing the operations of CDCTTL, and have been treated as deferred income. It is thereafter transferred to profit and loss in the period in which the relevant expenses are

In addition, advances were made by the government for the purchase of cocoa and coffee beans. These have been offset directly against the cost of sales in the statement of comprehensive income.

Property, plant and equipment
These assets were transferred to CDCTTL by the Ministry of Food Production for no cash consideration. There has been no differentiation between the cost and written down of the asset at the date of transfer to CDCTTL, and the values have been treated as acquisition costs, and have been depreciated on a straight line basis.

Physical verifications of items of property, plant and equipment were neither conducted upon transfer from the Ministry nor at year end, and all assets are assumed to physically exist.

Inventory
Inventory balances on hand at year end have been determined using inventory counts performed by a related party entity.

Closing inventory has been valued using the most recent acquisition costs for the goods.

(b) Critical judgements in applying the Company's accounting policies

Critical judgements, apart from those involving estimations, which have the most significant effect on the amount recognized in the financial statements, are as follows:

- Whether leases are classified as operating leases or finance leases
- Which depreciation method for plant and equipment is used

5. Financial risk management

The Company is exposed to credit risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the company to manage these risks are discussed below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. CDCTTL is exposed to credit risk from its operating activities; primarily trade receivables. The Company has policies in place to ensure that all amounts due are collected within the specified credit period.

Cash balances are held with high credit quality financial institutions, but the Company has no policies to limit the amount of exposure to any financial institution.

(b) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from currency exposures to the United States Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(c) Operational risk

Operational risk is the risk derived from deficiencies relating to the Company's information technology and control systems, as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimize human error. Additionally, staff is often rotated and trained on an on-going basis.

(d) Compliance risk

Compliance risk is the risk of financial loss, including fine and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent, due to the supervision applied by the Ministry, as well as by the monitoring controls applied by the Company.

(e) Reputation risk

The risk of loss of reputation arising from the negative publicity related to the Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company engages in public social endeavours to engender trust and minimize the risk.

6. Property, plant and equipment

	Computers	Furniture and equipment	Motor vehicles	Plant and machinery	Total
Cost					
1st October 2016	521,159	575,454	253,730	157,184	1,507,527
Additions	-	34,416	-	-	34,416
Disposals	(517,751)	(304,552)	-	(43,100)	(865,403)
30 September 2017	3,408	305,318	253,730	114,084	676,540
Accumulated depreciation					
1st October 2016	361,554	210,343	132,151	81,867	785,915
Disposals	(359,190)	(138,377)	-	(22,448)	(520,015)
For the year	1,044	39,175	63,433	28,521	132,173
30 September 2017	3,408	111,141	195,584	87,940	398,073
Net book value					
30 September 2016	159,605	365,111	121,579	75,317	721,612
30 September 2017	-	194,177	58,146	26,144	278,467

7. Cash and cash equivalents

	2017	2016
Cash at bank	10,499,505	10,894,878
Cash in hand	194	41
	10,499,699	10,894,919

8. Trade and other receivables

	2017	2016
Trade receivables		
Due from related party	1,404,794	1,334,794
Local/foreign sales receivable	230,625	716,048
Provision for doubtful debts	(804,685)	(112,236)
Total trade receivables	830,734	1,938,606
Other receivables	-	19,576
Prepayments	17,250	17,250
	847,984	1,975,432

Local/foreign sales receivables consists of customer balances against which the provision for doubtful debt has been established. Trade and other receivables are non-interest bearing.

9. Inventory

	2017		2016	
	kgs	$	kgs	$
Cocoa				
Grade 1	-	-	10,422	265,761
Grade 2	-	-	18,041	165,977
	-	-	28,463	431,738

Inventories consisting of cocoa beans at varying stages of processing were sold off during this financial year.

10. Related party disclosures

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions at market rates.

There are no other transactions carried out or balances outstanding with related parties except for the following:

	2017	2016
Key management personnel compensation		
- Salaries and other short term employee benefits	356,400	312,295
Transactions with key management personnel:		
- Inventory purchased	-	255,230
- Outstanding balances receivable	-	19,576
	-	274,806
Transactions with other related parties:		
- Inventory purchased	-	6,655
- Outstanding balances receivable	1,404,794	1,754,794
- Commission paid	-	93,625
	1,404,794	1,855,074

11. Stated capital

	2017	2016
Authorised		
Unlimited number of ordinary shares with no par value		
Issued and fully paid		
10 ordinary shares - stated value	10	10

12. Capital reserves

	2017	2016
Computers	-	521,159
Furniture and equipment	164,393	728,066
Motor vehicles	58,147	253,730
Plant and machinery	26,144	157,184
Inventory: cocoa - grade 1	-	313,830
Inventory: coffee	-	3,633
Trade and other receivables	-	771,124
Share capital	(10)	(10)
Payment to creditor by CCIB	-	125,137
	248,674	2,873,853

Capital reserve is comprised of assets and liabilities brought forward from the Cocoa and Coffee Industry Board, where there is evidence that ownership has been transferred and cash flows relating to each item are attributable to CDCTTL.

13. Trade and other payables

	2017	2016
Trade payables	43,786	35,900
Payroll liabilities		
PAYE	-	24,257
NIS	-	66,341
Health surcharge	-	1,177
Accounting fees	18,900	146,025
Audit fees	75,000	80,000
Other accrued liabilities	103,444	100,788
	241,130	454,488

14. Deferred income

	2017	2016
Deferred income at start of year	8,321,684	8,140,787
Subventions received	1,834,000	2,075,377
Amounts utilised	(2,495,602)	(1,894,480)
Deferred income at end of year	7,660,082	8,321,684

CDCTTL received grants from the government for the purpose of financing its operations, with no terms for future repayment. As such, the company has recognised income in the current year of \$2.5m (2016: \$1.9m).

15. Taxation

	2017	2016
Current credit/(charge) (see below)	(2,165)	(6,668)
Deferred tax credit (**Note 18**)	289,312	307,160
Tax credit for the year	287,147	300,492

The company's effective tax rate varies from statutory rate as a result of the differences shown below:

	2017	2016
Loss before taxation	(1,513,649)	(1,388,110)
Corporation tax at statutory rate 25%	(378,412)	(347,027)
Tax effect of:		
Permanent differences		
Non-deductible expenses	89,100	39,867
Timing (temporary) differences		
Depreciation	74,015	42,196
Loss relief carried forward	215,297	264,964
Corporation tax	-	-
Business levy	915	-
Green fund levy	1,250	6,668
Current (credit)/charge	2,165	6,668

16. Operating leases

The company rents office space under an operating lease arrangement transferred from CCIB as at 27th November 2014. No formal lease agreement has been established in the name of CDCTTL.

At the year end the company has commitments under the above lease arrangement as follows:

	2017	2016
Within one year	207,000	207,000
Later than one year and no later than five years	-	-
	207,000	207,000

17. Administrative and general expenses

	2017	2016
Bad debts	871,235	112,236
Professional fees	604,290	219,108
Salaries and wages	494,450	345,051
Director's fees	356,400	312,295
Loss on disposal of property, plant and equipment	345,388	30,645
Events and seminars	302,706	437,775
Audit and accounting fees	315,006	111,775
Rent	207,000	207,000
Donations and sponsorship	177,148	53,272
Depreciation	132,173	377,239
Gratuity	83,400	-
Advertising and promotion	80,538	4,456
Utilities	57,420	90,208
Printing, stationery and office expenses	31,332	938
Meeting and conferences	28,033	22,463
Motor vehicle expenses	20,775	2,263
Training	20,029	-
Janitorial services	10,846	18,882
Repairs and maintenance	6,228	3,014
Staff benefit and welfare	3,666	622
Interest and bank charges	807	14,002
Loss on foreign exchange	-	32,195
	4,148,870	2,395,439

18. Deferred tax asset/(liability)

	2017	2016
Balance at start of year	244,583	(62,577)
Net credit to profit and loss for year	289,312	307,160
Balance at end of year	533,895	244,583

19. Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 23rd January, 2019.