



**COCOA DEVELOPMENT COMPANY  
OF TRINIDAD AND TOBAGO LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 2016**

<b>Table of contents</b>	<b>Page nos.</b>
Auditors' report	2.
Statement of financial position	3.
Statement of comprehensive income	4.
Statement of changes in equity	5.
Statement of cash flows	6.
Notes to the financial statements	
Note 1. General information	8.
Note 2. Significant accounting policies	7 - 11.
Note 3. Changes in accounting policies and disclosures	11 - 14.
Note 4. Critical accounting estimates and judgements	15.
Note 5. Financial risk management	16.
Note 6. Property, plant and equipment	17.
Note 7. Cash and cash equivalents	
Note 8. Trade and other receivables	18.
Note 9. Inventory	
Note 10. Related party disclosures	19.
Note 11. Stated capital	
Note 12. Capital reserves	20.
Note 13. Trade and other payables	
Note 14. Deferred income	
Note 15. Taxation	21.
Note 16. Operating leases	
Note 17. Administrative and general expenses	22.
Note 19. Deferred tax asset/(liability)	23.
Note 20. Approval of financial statements	

**Auditors' report**

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

---

We have audited the financial statements of Cocoa Development Company of Trinidad and Tobago Limited as set out on pages 3 to 22 which comprise the statement of financial position as at 30th September, 2014, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

*Basis for qualified opinion*

We were appointed auditors of the company on 31st July, 2017 and thus did not observe the counting of the physical inventories at the beginning or end of the year. We were unable to satisfy ourselves by alternative procedures concerning inventory quantities held at 30th September, 2014. Since opening and closing inventory quantities enter into the determination of financial position and performance, and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the value of inventory, the profit for the year and the net cash flows reported in the financial statements.

*Qualified opinion*

In our opinion, except for the possible effects of the matter described in the Basis or qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the company as at 30th September, 2014 and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

*Bertram Hadaway & Company Ltd*

BERTRAM HADAWAY AND COMPANY LIMITED

Chartered Accountants

Port of Spain

Trinidad, W.I.

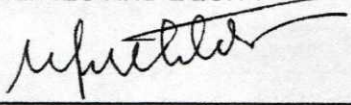
1st December, 2017

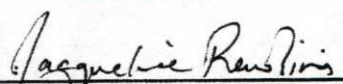
# COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Statement of financial position

as at: 30th September 2016

	Notes	2016	2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	10,894,919	8,548,380
Trade and other receivables	8	1,975,432	4,125,940
Taxation refundable		59,136	-
Inventory	9	<u>431,738</u>	<u>2,808,981</u>
		<u>13,361,225</u>	<u>15,483,301</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	721,612	1,160,196
Deferred tax asset	18	<u>244,583</u>	-
		<u>966,195</u>	<u>1,160,196</u>
<b>TOTAL ASSETS</b>		<u>14,327,420</u>	<u>16,643,497</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	13	454,488	459,284
Taxation payable		4,893	1,346,876
Deferred tax liability	18	-	62,577
Deferred income	14	<u>8,321,684</u>	<u>8,140,787</u>
		<u>8,781,065</u>	<u>10,009,524</u>
<b>Capital and reserves</b>			
Share capital	11	10	10
Capital reserves	12	2,873,853	2,873,853
Accumulated surplus		<u>2,672,492</u>	<u>3,760,110</u>
		<u>5,546,355</u>	<u>6,633,973</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>14,327,420</u>	<u>16,643,497</u>

Director: 

Director: 

The notes on pages 7 to 23 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 2016

	Notes	2016	2015
<b>Income</b>			
Foreign sales		834,968	7,443,732
Local sales		1,418,096	349,989
Subvention		<u>1,894,479</u>	<u>1,806,170</u>
		<u>4,147,543</u>	<u>9,599,891</u>
<b>Cost of sales</b>			
Cocoa and coffee		3,046,589	1,072,617
Commission		<u>93,625</u>	<u>668,045</u>
		<u>3,140,214</u>	<u>1,740,662</u>
<b>Gross profit</b>		<u>1,007,329</u>	<u>7,859,229</u>
<b>Expenses</b>			
Administrative and expenses		<u>2,395,439</u>	<u>2,444,108</u>
<b>Net (loss)/profit for the year before taxation</b>		(1,388,110)	5,415,121
<b>Taxation</b>	15	<u>300,492</u>	<u>(1,465,380)</u>
<b>Net (loss)/profit for the year after taxation</b>		<u>(1,087,618)</u>	<u>3,949,741</u>

The notes on pages 7 to 23 form an integral part of these financial statements

**COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED**

**Statement of changes in equity**

for the year ended: 30th September 2016

	<b>Stated capital</b>	<b>Capital reserves</b>	<b>Accumulated surplus</b>	<b>Total</b>
<b>Balance at 1st October 2014</b>	10	1,977,592	(189,631)	1,787,971
Capital contribution for the year	-	896,261	-	896,261
Profit for the year	-	-	3,949,741	3,949,741
<b>Balance at 30th September 2015</b>	10	2,873,853	3,760,110	6,633,973
Loss for the year	-	-	(1,087,618)	(1,087,618)
<b>Balance at 30th September 2016</b>	10	2,873,853	2,672,492	5,546,355

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Statement of cash flows

for the year ended: 30th September 2016

	2016	2015
<b>Cash flows from operating activities</b>		
Net (loss)/profit before taxation	(1,388,110)	5,415,121
Adjustments for:		
Depreciation	377,239	392,501
Loss on disposal of property, plant and equipment	30,645	63,944
Operating (loss)/profit before working capital changes	<u>(980,226)</u>	<u>5,871,566</u>
<b>Changes in operating assets and liabilities</b>		
Decrease/(increase) in trade and other receivables	2,150,508	(3,354,816)
Decrease/(increase) in inventory	2,377,243	(2,491,518)
(Decrease)/increase in creditors and accruals	<u>(4,796)</u>	<u>371,571</u>
	<u>4,522,955</u>	<u>(5,474,763)</u>
Cash generated from operations	3,542,729	396,803
Taxation paid	<u>(1,407,787)</u>	<u>-</u>
<i>Net cash from operations</i>	<u>2,134,942</u>	<u>396,803</u>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	<u>30,700</u>	<u>10,790</u>
<i>Net cash from investing activities</i>	<u>30,700</u>	<u>10,790</u>
<b>Financing activities</b>		
Proceeds from subventions	<u>180,897</u>	<u>8,140,787</u>
<i>Net cash from financing activities</i>	<u>180,897</u>	<u>8,140,787</u>
<b>Net increase in cash for the year</b>	<u>2,346,539</u>	<u>8,548,380</u>
<b>Cash and cash equivalents:</b>		
Balance at the beginning of the year	<u>8,548,380</u>	<u>-</u>
Balance at the end of the year	<u>10,894,919</u>	<u>8,548,380</u>

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

#### 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.

# COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Notes to the financial statements

---

for the year ended: 30th September 2016

### 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.



# COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Notes to the financial statements

---

for the year ended: 30th September 2016

### 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.

# COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

## Notes to the financial statements

---

for the year ended: 30th September 2016

### 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.

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

#### 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.

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

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

##### (a) New standards and amendments/revisions to published standards and interpretations effective in 2016

###### 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 loss.
  
- 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 2016 but not applicable to the company

- IFRS 10, IFRS 12 & 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).

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

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

##### (b) New standards and amendments/revisions to published standards and interpretations effective in 2016 but not applicable to the company (continued)

- 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).

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

#### 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 application 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 (effective for accounting periods beginning on or after 1 January 2018).
- IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in Associates - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely).
- 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).

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2015

#### 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

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

#### 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.



**COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED**

**Notes to the financial statements**

for the year ended: 30th September 2016

**6. Property, plant and equipment**

	<u>Computers</u>	<u>Furniture and equipment</u>	<u>Motor vehicles</u>	<u>Plant and machinery</u>	<u>Total</u>
<b>Cost</b>					
1st October 2015	521,159	644,252	253,730	157,184	1,576,325
Disposals	<u>-</u>	<u>(68,798)</u>	<u>-</u>	<u>-</u>	<u>(68,798)</u>
30 September 2016	<u>521,159</u>	<u>575,454</u>	<u>253,730</u>	<u>157,184</u>	<u>1,507,527</u>
<b>Accumulated depreciation</b>					
1st October 2015	188,008	116,832	68,719	42,570	416,129
For the year	173,546	100,964	63,432	39,297	377,239
Disposals	<u>-</u>	<u>(7,453)</u>	<u>-</u>	<u>-</u>	<u>(7,453)</u>
30 September 2016	<u>361,554</u>	<u>210,343</u>	<u>132,151</u>	<u>81,867</u>	<u>785,915</u>
<b>Net book value</b>					
30 September 2015	<u>333,151</u>	<u>527,420</u>	<u>185,011</u>	<u>114,614</u>	<u>1,160,196</u>
30 September 2016	<u>159,605</u>	<u>365,111</u>	<u>121,579</u>	<u>75,317</u>	<u>721,612</u>

**7. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
Cash at bank	10,894,878	8,547,769
Cash in hand	<u>41</u>	<u>611</u>
	<u>10,894,919</u>	<u>8,548,380</u>

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

for the year ended: 30th September 2016

#### 8. Trade and other receivables

	2016	2015
Trade receivables		
Due from related party	1,334,794	1,552,034
Local/foreign sales receivable	716,048	2,554,330
Provision for doubtful debts	(112,236)	-
Total trade receivables	1,938,606	4,106,364
Other receivables	19,576	19,576
Prepayments	17,250	-
	<u>1,975,432</u>	<u>4,125,940</u>

Trade receivables are comprised of:

- Due from related party - This consist of stock shortages in the previous financial year (\$1.5m). This value was offset by net payables on commissions due at year end (\$0.2m).
- Local/foreign sales receivables - This consist of related party balances (\$0.4m) and other customers (\$0.3m), against which the provision for doubtful debt has been established.

Trade and other receivables are non-interest bearing.

#### 9. Inventory

	2016		2015	
	kgs	\$	kgs	\$
Cocoa				
Grade 1	10,422	265,761	119,405	2,806,018
Grade 2	18,041	165,977	-	-
Grade 3	-	-	1,957	2,153
Dust	-	-	-	-
Coffee	-	-	60	810
	<u>28,463</u>	<u>431,738</u>	<u>121,422</u>	<u>2,808,981</u>

Inventories consist of both cocoa and coffee beans at varying stages of processing. It is held off-site at the premises of a related party for processing and fulfillment of supply contracts.

During the previous financial period, the book value of inventory held by the CCIB was transferred to CDCTTL by the Ministry. A physical inventory count had not been conducted at 30th September, 2014 and as a result no quantity values were available.

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

---

for the year ended: 30th September 2016

#### 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:

	2016	2015
Key management personnel compensation		
- Salaries and other short term employee benefits	<u>312,295</u>	<u>467,400</u>
Transactions with key management personnel:		
- Inventory purchased	255,230	440,882
- Outstanding balances receivable	<u>19,576</u>	<u>19,576</u>
	<u>274,806</u>	<u>460,458</u>
Transactions with other related parties:		
- Inventory purchased	6,655	5,483,552
- Outstanding balances receivable	1,754,794	1,369,661
- Commission paid	<u>93,625</u>	<u>668,045</u>
	<u>1,855,074</u>	<u>7,521,258</u>

#### 11. Stated capital

	2016	2015
Authorised		
Unlimited number of ordinary shares with no par value		
Issued and fully paid		
10 ordinary shares - stated value	<u>10</u>	<u>10</u>

---

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

for the year ended: 30th September 2016

#### 12. Capital reserves

	2016	2015
Computers	521,159	521,159
Furniture and equipment	728,066	728,066
Motor vehicles	253,730	253,730
Plant and machinery	157,184	157,184
Inventory: cocoa - grade 1	313,830	313,830
Inventory: coffee	3,633	3,633
Trade and other receivables	771,124	771,124
Share capital	(10)	(10)
Payment to creditor by CCIB	125,137	125,137
	<u>2,873,853</u>	<u>2,873,853</u>

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

	2016	2015
Trade payables	35,900	260,394
Payroll liabilities		
PAYE	24,257	16,075
NIS	66,341	14,669
Health surcharge	1,177	396
Professional fees	-	41,500
Accounting fees	146,025	74,250
Audit fees	80,000	52,000
Other accrued liabilities	100,788	-
	<u>454,488</u>	<u>459,284</u>

#### 14. Deferred income

	2016	2015
Deferred income at start of year	8,140,787	-
Subventions received	2,075,377	9,946,957
Amounts utilised	<u>(1,894,480)</u>	<u>(1,806,170)</u>
Deferred income at end of year	<u>8,321,684</u>	<u>8,140,787</u>

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 \$1.9m (2015: \$1.8m).

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

for the year ended: 30th September 2016

#### 15. Taxation

	2016	2015
Current charge (see below)	(6,668)	(1,346,876)
Deferred tax credit/(charge) (Note 18)	<u>307,160</u>	<u>(118,504)</u>
Tax credit/(charge) for the year	<u>300,492</u>	<u>(1,465,380)</u>

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

	2016	2015
Profit/(loss) before taxation	<u>(1,388,110)</u>	<u>(245,558)</u>
Corporation tax at statutory rate 25%	(347,027)	1,353,780
Tax effect of:		
Permanent differences		
Non-deductible expenses	39,867	93,840
Tax exempt income	-	(1,951)
Timing (temporary) differences		
Depreciation	42,196	27,371
Loss relief (utilised)/carried forward	<u>264,964</u>	<u>(145,875)</u>
Corporation tax	-	1,327,165
Green fund levy	<u>6,668</u>	<u>19,711</u>
Current charge	<u>6,668</u>	<u>1,346,876</u>

#### 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:

	2016	2015
Within one year	207,000	207,000
Later than one year and no later than five years	<u>-</u>	<u>-</u>
	<u>207,000</u>	<u>207,000</u>

## COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED

### Notes to the financial statements

for the year ended: 30th September 2016

#### 17. Administrative and general expenses

	2016	2015
Events and seminars	437,775	-
Depreciation	377,239	392,501
Salaries and wages	345,051	257,043
Director's fees	312,295	467,400
Professional fees	219,108	555,889
Rent	207,000	238,625
Bad debts	112,236	-
Audit and accounting fees	111,775	186,250
Utilities	90,208	52,018
Donations and sponsorship	53,272	-
Loss on foreign exchange	32,195	57,285
Loss on disposal of property, plant and equipment	30,645	63,944
Meeting and conferences	22,463	46,576
Janitorial services	18,882	8,400
Interest and bank charges	14,002	5,448
Advertising and promotion	4,456	97,511
Repairs and maintenance	3,014	2,939
Motor vehicle expenses	2,263	2,656
Printing, stationery and office expenses	938	8,093
Staff benefit and welfare	622	821
Security	-	600
Entertainment	-	109
	<u>2,395,439</u>	<u>2,444,108</u>

**COCOA DEVELOPMENT COMPANY OF TRINIDAD AND TOBAGO LIMITED**

**Notes to the financial statements**

---

for the year ended: 30th September 2016

**18. Deferred tax asset/(liability)**

	<b>2016</b>	<b>2015</b>
Balance at start of year	(62,577)	55,927
Net credit/(charge) to profit and loss for year	<u>307,160</u>	<u>(118,504)</u>
Balance at end of year	<u>244,583</u>	<u>(62,577)</u>

**19. Approval of financial statements**

These financial statements were approved by the board of directors and authorised for issue on 1st December, 2017.

