

**CAMEROON DEVELOPMENT CORPORATION
(CDC) S.O.E**

**Report of the Statutory auditor on the annual
financial statements**

Annual financial statements – Period ended 31st December 2022

CAMEROON DEVELOPEMENT CORPORATION (CDC) S.O.E

**Head office: P O box 305, Bota - Limbe
State owned enterprise with a capital of 53.5 billion CFAF
TPPCR N° RC/LBE/2016/B/155/M2/025/2021-Limbe**

Report of the statutory auditor on the annual financial statements

Annual financial statements – Period ended 31st December 2022

Mazars Cameroun SA

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ACCOUNTING AND AUDITING PUBLIC LIMITED COMPANY

CEMAC AUTHORISATION NUMBER SEC 034 BY DECISION N°17/05 UEAC -010 C-CM-13 OF 07 FEBRUARY 2005.

ONECCA REGISTRATION N° SEC 017.

REPORT OF THE STATUTORY AUDITOR ON THE ANNUAL FINANCIAL STATEMENTS

N/Ref.211.RAP.2023/DLA

To the Shareholders,

Opinion

In the execution of our mandate as statutory auditor which was entrusted to us by your General Assembly of the 1st December 2020, we have carried out the audit of the annual financial statements of the State Owned Entity Cameroon Development Corporation which comprise the balance sheet, the income statement, the cash flow statement, the notes to the financial statements and the accounting principles for the year ended 31st December 2022 as attached to the current report. The accounts present equity of **-23 945 058 068 CFAF** which is inclusive of a net loss for the period of **-15 519 036 699 CFAF**.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the company at 31st December 2022 and of its financial performance for the year then ended in accordance with the accounting rules and principles of the OHADA Accounting System.

Basis of our 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 Code of ethics applicable to the audit of financial statements in Cameroon, and we have fulfilled our other ethical 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.

Emphasis of matter

We draw your attention to:

- Note 3A of the financial statements on the Mukonje, Mukonje Industrial Unit, Malende, Mbonge, Meanja, Illioani Mill and Manyu estates/units which could not be accessed for fixed asset count due to insecurity. These assets have also remained unproductive during the year. The net book value of assets in these estates in the financial statements total 12 612 473 714 CFAF.

- Note 32 on productions: Our review of the farm yields for estates in activity based on expected yield capacity, reveals estimated farms yields of 79% for rubber and 46% for palms, resulting in loss yields of 21% (2 295 tons of unprocessed rubber), 54% (48 955 tons of fresh fruit bunch), and 2% (banana for export market) respectively. Note 32 of the financials statement provides reasons for shortfall in yields as follows:

- ✓ Palms: Unexploited fields due to bad roads, poor state of farm bridges, low workers' turnout, inadequate transport fleets and frequent breakdown of oil mills.
- ✓ Rubber: Low tappers due to irregular payments of wages and salaries, coupled with security challenges affected the optimum exploitation of the plantations.

- Note 18 on social and tax debt:

- ✓ Following the conciliation concluded in October 2022 between the management of CDC and the Taxation Administration, both parties have concluded that the tax liabilities amounted to 8 929 223 151 CFAF in principal, and 3 648 276 346 CFAF for penalties and interests as at 30th September 2022.

The tax liabilities in the financial statements at 31st December 2022 amount to 13 447 516 150 CFAF.

- ✓ The management of the CDC after a concertation meeting with the National Social Insurance Fund signed minutes of a meeting on the consolidation of CDC's liabilities towards the National Social Insurance Fund. This amounted to 22 886 213 159 CFAF in principal, and 2 519 488 135 CFAF for penalties and interest as at 31st December 2022.

The liability carried in the financial statements as at 31st December 2022 stands at the same amount, 25 405 701 294 CFAF.

- Note 27 A on personnel expenses:

- ✓ The reconciliation between the declared social security contributions and the amounts recorded have shown a difference of 107 439 123 CFA F, the amounts recorded being higher.
- ✓ We have understood that this difference is mainly explained by the impossibility for the corporation to declare the salaries of staff paid below the minimum wage on one hand and by staff not yet registered with the National Social Insurance Fund on the other.

Our opinion is not modified in respect of these matters.

Verifications of the management report and other documents addressed to the shareholders

We have also proceeded in compliance with the professional standards to the verification and specific information provided for by the law.

With the exception of the impact of the facts set out in the "Observations" paragraph, we have no observations regarding the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to the shareholders with respect to the financial position and the annual financial statements.

Information concerning other legal and regulatory obligations

1. EQUITY SITUATION

The approval of the 2019 accounts by the general assembly revealed an equity that was less than half of the ordinary share capital. During the extraordinary general assembly that held on the 16th April 2021, the shareholders of CDC took notice of the situation and voted a resolution for the continuity of its activities, as well as the engagement to reconstitute its equity up to at least half of the corporation's share capital within two years. The accounts at 31st December 2022 present a negative equity of 23 945 058 068 CFAF.

2. LEGAL BOOKS AND REGISTERS

The legal books provided by article 19 of the OHADA Uniform Act on Accounting law and Financial Information has not been provided to us.

The numbered and initialled register of minutes of Board of Director's meetings as well as the numbered and initialled register of minutes of the shareholders' meeting provided by articles 458 and 135 respectively of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups have been established but are not up to date.

3. ISSUED SHARE REGISTER

In accordance with section 10 of Law N°2014/007 of 23rd April 2014 to lay down the modalities for the dematerialisation of securities in Cameroon, supplemented by Decree N°2014/3763/PM of 17th November 2014 to lay down the conditions of application, **owners of securities issued prior to the date of promulgation of the** aforementioned law had a period of four (04) years, i.e. until 23rd April 2018, to proceed with the registration of securities in their account in electronic form.

Failure to comply with this provision is likely to result in:

- the loss of the rights attached to their securities (voting rights, right to dividends, etc.);

- the sale, at the end of an additional period of one year, i.e. until 23rd April 2019, of the rights corresponding to the said securities in the absence of compliance with the article.

The dematerialisation certificate for the financial year 2022 has not been communicated to us.

An application for the dematerialisation has been filed with the Autonomous Sinking Fund.

4. CONVENING OF THE ANNUAL GENERAL MEETING TO APPROVE THE ACCOUNTS

The provisions of Articles 525 and 526 of the OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups provide that the summary financial statements for the financial year, the management report, the auditors' reports, etc. are made available to the shareholders as from the convening of the annual ordinary General Assembly and at least during the period of 15 days preceding the date of the meeting. We inform you that our report could not be issued within the timeframe provided for in Article 525 and 526 of the OHADA Uniform Act due to the adoption of the financial statements as at 31 December 2022, less than 15 days before the meeting of the General Assembly to approve the accounts for the same financial year.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the OHADA Accounting System, 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.

The accounts have been approved by the board of directors.

Auditor's responsibility for the audit of the Annual 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.

Our mission of certification of accounts is not to guarantee of the viability or the quality of the management of your company.

You will find in the annex of this report a more detailed description of the auditor's responsibilities for the audit of the annual financial statements.

Done in Douala, on the 20th June 2023

The statutory auditor

Fidèle Bienvenu MMANDOA

Partner

MAZARS CAMEROUN SA

CEMAC Authorization n° SEC 034

ONECCA Registration n° SEC 017

Annex – Auditor’s responsibilities for the audit of annual 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 scepticism 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 the 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.
- ✓ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ✓ 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.
- ✓ We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.