GHANA COCOA BOARD

49TH ANNUAL REPORT
& FINANCIAL STATEMENTS

30 September 2018

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30 September, 2018

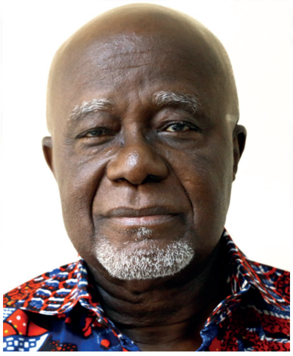
CONTENTS

FINANCIAL HIGHLIGHTS

NO.		2017/18	2016/17	% CHANGE
1.	Turn-Over (Gross) (GH₵)	8,961,963,000	10,245,118,000	(12.52)
2.	Profit (GH₵)	(78,474,000)	(216,678,000)	(63.78)
3.	Total Assets (GH₵)	11,439,219,000	9,344,933,000	22.41
4.	Equity Capital (GH₵)	1,500,446,000	1,601,528,000	(6.31)
5.	Current Assets (GH₵)	6,752,356,000	4,788,711,000	41.01
6.	Current Liabilities (GH₵)	8,163,129,000	7,743,405,000	5.42
7.	Producer Prices (GH₵ per tonne)			
	- Main Crop (Cocoa)	7,600	7,600	-
	- Mid-Crop (Cocoa)	7,600	7,600	-
8.	Number of Subsidiaries and Divisions	5	5	-
9.	Total Employees	8,145	8,414	(3.20)
10.	Cocoa Purchased	904,740	969,540	(6.68)
11.	Achieved F.O.B (US$ per tonne of Cocoa)	2,152	2,678	(19.64)

*Note: The 48th Annual Report for the year ended September 2018 showed consolidated accounts. In line with the Board's revised presentation, Ghana Cocoa Board stand alone accounts have been presented for 2017/18.

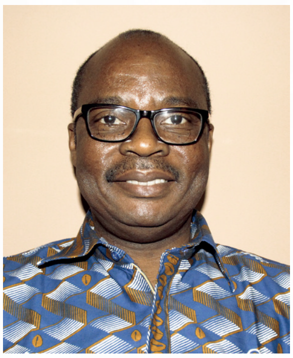
BOARD OF DIRECTORS



Hon. Hackman Owusu-Agyemang
Board Chairman

Hon Joseph Boahen Aidoo
Chief Executive, Member

Mr. Kwame Sarpong
Management consultant, Member



Dr. Ernest Addison
Governor, Bank of Ghana, Member

Nana Adwoa Dokua
Government Appointee, Member

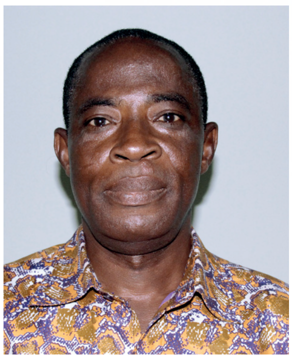
Hon. Charles Adu Boahen
Dep. Minister of Finance, Member

Hon. Kingsley Carlos Ahenkorah
Dep. Minister of Trade & Industry, Member

Hon. Dr. Gyiele Nurah
Minister of State MoFA, Member

Nana Johnson Mensah
Farmers' Representative, Member

Nana Obeng Akrofi
Farmers' Representative, Member



Mr. Peter Atta Boakye
Workers' Representative, Member

GHANA COCOA BOARD

BOARD OF DIRECTORS AND COCOBOD MANAGEMENT – 2017/18

BOARD OF DIRECTORS

Hon. Hackman Owusu-Agyemang	Chairman
Hon. Charles Adu Boahen	Member
Dr. Ernest Addison	Member
Nana Johnson Mensah	Member
Hon. Carlos K. Ahenkorah	Member
Nana Obeng Akrofi	Member
Mr. Kwame Sarpong	Member
Mr. Peter Atta-Boakye	Member
Nana Adwoa Dokua	Member
Hon. Gyiele Nurah	Member

COCOBOD MANAGEMENT

Hon. Joseph Boahen Aidoo	Chief Executive
Dr. Yaw Adu Ampomah	Deputy Chief Executive (A&QC)
Dr. William Mensah	Deputy Chief Executive (F&A)
Nana-Oduro Owusu	Deputy Chief Executive (OPS)
Mr. Peter Osei-Amoako	Director, Finance
Mr. Kwadwo Kissiedu Kwapong	Director, Human Resource
Dr. (Mrs.) Agnes Owusu-Ansah	Director, Audit
Mr. Vincent Okyere Akomeah	Director, Research
Mr. J. D. Clottey-Sefa	Director, Legal Services
Col. (RTD) Matthew Dakurah	Director, Special Services
Dr. Jerry Owusu-Ansah	Director, Health
Mr. Joseph Nsiah	Ag. Director, General Services
Mr. Johanes Vegba	Deputy Director, Legal, Northern Sector
Arnold Mensa-Bonsu	Deputy Director, Scholarship
Mr. Charles Asafo-Adjei	Deputy Director, Civil Works
Dr. Eric Fordjour	Deputy Director, Health
Mr. Charles Amenyaglo	Deputy Director, Special Services
Mr. Ernest Doudu	Ag. Deputy Director, Civil Works
Mr. Kwasi M. Aseidu	Ag. Deputy Director, Estate
Mr. Richard A. Danquah-Boateng	Head, General Services, Northern Sector
Francis Opoku	Solicitor Secretary

GHANA COCOA BOARD

BOARD OF DIRECTORS AND COCOBOD MANAGEMENT – 2017/18

HEADS OF DIVISIONS/SUBSIDIARIES

Dr. Isaac Yaw Opoku	Managing Director, QCC
Dr. K. Mensah-Aborampah *	Ag. Managing Director, CMC
Mr. Emmanuel A. Opoku	Executive Director, CHED
Dr. Franklin Manu Amoah	Executive Director, CRIG
Mr. Eric Kwame Adjei	Ag. Executive Director, SPD
Dr. Emmanuel Agyemang Dwomoh *	Deputy Managing Director, QCC
Mr. Joseph Forson	Deputy Managing Director, CMC
Mr. Gilbert Gawu-Mensah	Ag. Deputy Managing Director, QCC
Rev. Fr. E. O. K. Oddoye (PHD)	Deputy Executive Director, CRIG
Rev. Dr. Emmanuel Ahia Clottey	Deputy Executive Director, OPS - CHED
Mr. Charles Asamoah-Frimpong	Deputy Executive Director, F&A - CHED
Mrs. Faustine Asamany	Ag. Deputy Executive Director, SPD
Mrs. Pauline Adobea Dadzawa	Director, General Administration, QCC
Mr. Lucius C. T. Zaukuu	Director, General Admin, CRIG
Dr. Francis Baah	Director, Social Science & Statistics Unit, CRIG
Dr. Gilbert J. Anim-Kwapong	Director, CODAPEC
Dr. Henry Dzahini-Obiatey	Chief Research Scientist, CRIG
Mr. Thomas K. Osei	Rector, Bunso College
Dr. K. Ofori Frimpong	National Coordinator, CODAPEC/HITECH

*These occupied their position up to June and July respectively.

CHAIRMAN'S STATEMENT

ECONOMIC BACKGROUND

World Cocoa Environment 2017/18 Season

World production of cocoa beans in 2017/18 was estimated at 4.6 million tonnes as reported by the International Cocoa Organisation (ICCO), representing a 2.2% decrease over the 4.7 million tonnes recorded in 2016/17 crop year. The unfavourable weather condition experienced in West Africa accounted for the decrease in production. Côte d'Ivoire (42.26%) and Ghana (19.47%) continued with their dominance as the two leading producers globally, approximately 62% of global output.

Global consumption of cocoa beans, as measured by grindings, increased by 3.9% from 4.24 million tonnes in 2016/17 crop year to 4.6 million tonnes in 2017/18. Processing activities stemmed up in Africa, where processing rose by almost 6%. The expansion of already installed capacity as well as the establishment of new processing factories also contributed to the positive growth in Asia, Europe and Oceania regions of 5.1% and 4.3% to 1.7 million tonnes and 1 million tonnes respectively. The Americas registered a very minimal decline of 0.3%.

World market prices at the beginning of the year started on a strong note at US$2,097 per tonne. This was as a result of unfavourable weather conditions that led to the outbreak of black pod disease and spread of brown rot disease. Also, some fresh interest from industry buyers and improvement in demand reflected in grindings data by regional cocoa associations played a supportive role.

The average international cocoa prices, as measured by the ICCO daily price for the 2017/18 crop year, settled at US$2,261.71 compared to the average price of US$2,142.14 realized in the 2016/17 season by 5.58%. The bearish stance in cocoa prices was strengthened by reports of positive expectations for the 2017/18 crop output resulting from the mild hamattan in the main cocoa producing areas in Côte d'ivoire and Ghana.

Off-shore Borrowing

We continued to rely on off-shore trade finance facility to support cocoa purchases operations. At the start of the season, COCOBOD secured a syndicated loan of US$1.3 billion from a consortium of banks led by mandated lead arrangers. They were Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, NATIXIS, Sumitomo-Mitsui Banking Cooperation, Standard Bank of South Africa, Bank Of China Limited, Commerzbank Aktiengesellschaft, DZ Bank AG Deutsche Zentral-Genossenchaftban, FirstRand Bank, Industrial and Commercial Bank of China, Intesa Sanpaolo Bank, Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ Ltd, Société Générale, ABN Amro bank N.V, Ned Bank Limited, State Bank of India, and others. COCOBOD successfully repaid the loan with interest within the agreed terms of the facility.

Operating Results

The industry experienced a global economic challenge which invariably affected the operational returns of COCOBOD. Consequently, we recorded a loss of GH₵78,474,000 as against a loss of GH₵216,678,000 recorded in 2016/17 crop year.

Future Outlook

The 2017/18 crop year saw a 6.68% decrease in the crop outturn compared with 2016/17 crop year. The implementation of productivity enhancement programmes was intensified during the year. While this programme will have a short reduction in the number of pod producing trees, it is expected to significantly increase productivity in the next 3 years and beyond.

Specifically, the cocoa rehabilitation programme was re-energised with compensation payments to farmers whose diseased trees are cut. This is essential for the effective containment and control of the Cocoa Shoot Swollen Shoot Virus Disease. COCOBOD will in the 2018/19 crop year rehabilitate 22,850 hectares of cocoa farms by removing 25 million trees and replanting same. Implementation of the cocoa rehabilitation programme will continue in tandem with replanting, mass pruning, mass spraying, increased fertiliser application, and hand pollination in the 2018/19 crop year. Cocoa farm irrigation programme will also be rolled out.

To scale up value addition to our cocoa as well as creating jobs, various policies have been implemented to increase cocoa processing. Discounts on light crop beans and free zones benefits have been adopted to incentivise private sector participation in domestic cocoa processing. Revolving working capital fund to existing local factories is being worked out for qualified processors acquiring assistance.

COCOBOD's Scholarship Trust Fund, Child Education support programme and the support for the elimination of worst forms of Child Labour will continue in the 2018/19 crop year. COCOBOD has made a budgetary allocation of GH₵2.74 million to support continuing students of farmers' wards who are on the COCOBOD's scholarship.

To encourage and support activities in the coffee sector, 5 million improved coffee planting materials will be distributed to farmers for free with a budgetary allocation of GH₵2.04 million. Coffee farmers will be supported with fertilisers and extension services to facilitate the growth of young plants and improve the productivity of mature coffee plants. To ensure the long-term sustainability of coffee production, reforms in the marketing of coffee will be introduced to assure farmers of ready market at remunerative prices for the coffee produced

To revamp the shea industry, COCOBOD will pilot irrigation as part of Government's aim to reduce the long gestation period of the shea plant and offer opportunity for the planting of shea as a major crop in the Northern part of Ghana. COCOBOD opened an office in Tamale which will serve as the head office of the shea industry and also operate as a regulatory body with its own sources of funding. These efforts will enhance the monitoring of shea industry.

To conclude, COCOBOD is reserved to sustain the interest of farmers by rendering the required services within its mandate, such as deploying effective extension delivery system, effective pest and disease control, soil fertility management and improvement as well as remunerative producer price. Under the new strategic direction, COCOBOD will work assiduously with private sector to expand cocoa processing, utilization and consumption. The target is to achieve substantial domestic demand that can sustain prices at desirable levels. COCOBOD will also finalise the capacity building process of QCC to enable it execute their mandate as quality assurance wing of the Board for chemical residue levels and issue appropriate certificates. The Board of Directors will also support COCOBOD Management to monitor and consolidate gains made and find solutions to any emerging challenges.

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDING 30TH SEPTEMBER, 2018

REVIEW OF BUSINESS OPERATIONS

1. PRODUCER PRICE

The 2017/18 crop year commenced on 13th October, 2017. The producer price per tonne of cocoa beans was set at GH₵7,600.00. Margins and rates for cocoa buyers, hauliers and other operatives were also set at the beginning of the season.

The coffee and sheanut sectors have been privatized. As a result, their producer prices is determined through negotiations between farmers and Licensed Buying Companies (LBCs) with minimal COCOBOD's involvement. For the two commodities, the producer prices were determined by market forces.

2. COCOA PURCHASES PERFORMANCE OF LICENSED BUYING COMPANIES (LBCs)

The 2017/18 cocoa season marked 25 years of participation by Licensed Buying Companies (LBCs) in the internal marketing of cocoa. At the beginning of the 2017/18 season, 51 LBCs were engaged in the internal marketing of cocoa. However, 43 out of 51 LBCs were active and purchased cocoa during the year.

Cocoa purchased for 2017/18 season was 904,740 tonnes which shows a decrease of 6.68%, compared to the 969,540 tonnes recorded in 2016/17 crop year.

The LBCs that were actively involved in the internal marketing of cocoa in the year under review were;

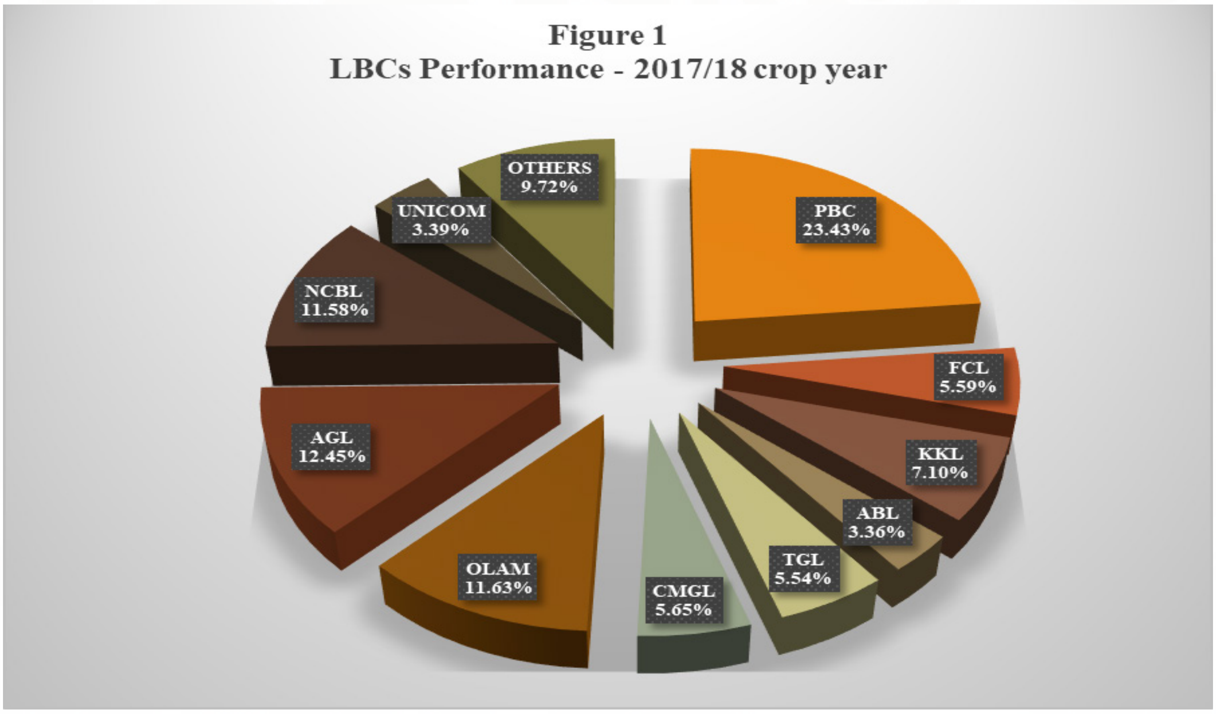
1.	Produce Buying Company	(PBC)	20.	Akuotech Ghana Ltd.	(AKCL)
2.	Federated Commodities Ltd.	(FCL)	21.	Nyonkopa Comm. Buyers Ltd.	(NCBL)
3.	Kuapa Kokoo Ltd.	(KKL)	22.	M-Ghazzalli Ghana Ltd.	(BRCL)
4.	Adwumapa Buyers Ltd.	(ABL)	23.	NTHC Commodities Ltd.	(NTHC)
5.	Transroyal Ghana Ltd.	(TGL)	24.	Tradeco International Co. Ltd.	(TIC)
6.	Cocoa Merchant Gh. Ltd.	(CMGL)	25.	Edebo Kokoo Company	(EKC)
7.	Olam Ghana Ltd.	(Olam)	26.	Farmers Alliance Co. Ltd.	(FACL)
8.	Agroecom Ghana Ltd.	(AGL)	27.	Hyperlink Company Ltd.	(HCL)
9.	Royal Commodities Ltd	(RCL)	28.	Unicom Commodities Ltd.	(Unicom)
10.	Sika Aba Buyers Ltd.	(SABL)	29.	Countryside Investment Ltd.	(CIL)
11.	Evadox Ltd.	(EVL)	30.	Nkwa Dua Ghana Ltd.	(NDGL)
12.	Yayra Glover Ltd.	(YGL)	31.	Fludor Ghana Ltd.	(FGL)
13.	CDH Commodities Ltd.	(CDH)	32.	Kokoo Aba Buyers Ltd.	(KABL)
14.	Universal Co-operative Ltd.	(UCCL)	33.	First Sky Company	(FSL)
15.	Splendid Business Services	(SBS)	34.	Yemon Ghana Ltd.	(Yemon)
16.	Fredako Cocoa Company Ltd.	(FCCL)	35.	Demeter Commodities Ltd.	(Demeter)
17.	Farmers Star Ltd.	(FSL)	36.	Doxa Worldwide Movers Ltd	(Doxa)
18.	Kumankuma Company Ltd.	(KCL)	37.	Five Star Produce Buying Co.	(FSPBC)
19.	Fortune Tree Company Ltd.	(FTCL)	38.	Sassh Alliance Ltd.	(Sassh)

39.	Adinkafo Company Ltd.	(Adikanfo)	42.	Akuaffo Commodities Ltd	(Akuaffo Com)
40.	Cargill Kooko Sourcing Ltd.	(Cargill)	43.	Dio Jean Ltd	(Dio Jean)
41.	Sunshine Commodities Ltd.	(Sunshine)			

The LBCs that did not operate during the period under review were as follows:

1.	Akuafo Adamfo Mkt. Ltd.	(AAMC)	5.	Brosaman Company Ltd.	(BRCL)
2.	Abapa Golden Co. Ltd	(ABGL)	6.	Liberty Commodities Ltd.	(LCL)
3.	Abrempong Commodities Ltd	(ACL)	7.	Akyaamah and Sons	(AAS)
4.	Nhyira Dua Ghana Ltd	(NHDGL)	8.	Aboafo Buyers Limited	(ABCL)

The Produce Buying Company Limited (PBC) continued to be the leading buyer of cocoa with 23.43% share of the market. Armajaro Ghana Limited, Olam Ghana Limited and Nyonkopa Comm. Buyers Limite followed in second, third and fourth places with market shares of 12.45%, 11.65% and 11.58% respectively whilst the six (6) of the remaining LBCs had market shares of between 3.00% and 6.00%. The remaining thirty three (33) companies together accounted for 9.72% of the market. The performance of the respective LBCs during the season under review is shown in Figure 1.



SOURCE: RM&E DEPT., COCOBOD

3. COFFEE AND SHEANUT PURCHASES/EXPORTS

The private sector continued to dominate the internal and external marketing of coffee and sheanuts. The number of eligible sheanut LBCs during 2017/18 crop year was twenty eight (28) whilst coffee was thirty one (31). However, only four (4) Coffee Licenced Buying Companies in the name of Time Marketing Company Limited, Alnod Company Limited, Melgrove Company Limited and Asili Coffee Surveyors reported their activities to COCOBOD.

Sheanuts exported during the year under review was 10,983 tonnes valued at GH¢17,196,963.15 while sheabutter exports were 43,686 tonnes valued at GH¢282,737,874.93.

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD

A. QUALITY CONTROL COMPANY LIMITED (QCC)

QCC continued with its core functions of grading/sealing of mandated crops namely cocoa, coffee and sheanuts, as well as the disinfestation of produce, warehouses and ship holds. During the year under review, the Company also inspected and certified storage facilities of Cocoa Marketing Company (Gh) Limited, the mega bulk shipment facility Kateon Natie, and warehouses belonging to LBCs at both up-country and take-over centres. Furthermore, the Company intensified education of farmers on good agronomic practices in order to maintain the premium quality of Ghana's cocoa.

(a) Selective Grading of Cocoa

Prescribed codes for the various cocoa bean-size categories that differentiate the 2017/18 crop year from the previous years' are indicated below:

BEAN SIZE CATEGORY	BEAN COUNT PER 100 GRAMS	PRESCRIBED CODES
Super Main Crop	Up to 90	S
Main Crop	91 – 100	P
Super Light Crop	101 – 110	Y
Light Crop	111 – 120	J
Small Beans	121 – 130	E
Type 4 Beans	131 – 150	T
Remnant Beans	151 – 180	R

(b) Grading and Sealing

(i) Cocoa

The Company graded/sealed a total of 902,684 tonnes of cocoa during the period under review. This tonnage compares to 966,406 tonnes in 2016/17 and represented a 6.6% increase. The graded and sealed figure represented 99.77% of the total declared purchases of 904,740.00 tonnes.

(ii) Composition of Bean-size Categories

The quantity of each bean size category (in percentage) graded/sealed is shown below:

BEAN SIZE CATEGORY	2017/2018 (%)	2016/2017 (%)
Main Crop	75.62	71.75
Light Crop	20.41	20.82
Small Beans	3.40	5.00
Type 4 Beans	0.57	2.43
Remnant Beans	-	-
Total	100	100

(iii) Other Produce Inspected

Below indicates other produce inspected and certified by the Company during the 2016/17 crop year.

Produce	2017/18	2016/17
Cocoa Waste (tonnes)	2,745	4,476
Sheanut tonnes)	14,22	9,400
Cashew	-	17,246

(c) Check Sampling

The Company also carried out check-sampling activities to certify the purity of consignments to sealed cocoa delivered by Licenced Buying Companies (LBCs) to the Cocoa Marketing Company (CMC) at the take-over centres. Additionally, parcels of cocoa meant for shipment or delivery to local processing factories were check-sampled prior to shipment or delivery to the factories.

(d) Disinfestation Activities

Disinfestation services were also carried out by spraying of empty sheds/warehouses to eliminate residual infestation, fogging of sheds containing cocoa to suppress insect population and fumigation of the produce in storage to exterminate all stages of insects. Shipping vessels were also treated prior to loading.

B. COCOA MARKETING COMPANY (GH) LIMITED (CMC)

CMC continued to market and ship/deliver cocoa on contract to overseas and local buyers from the Tema, Takoradi and Kumasi ports.

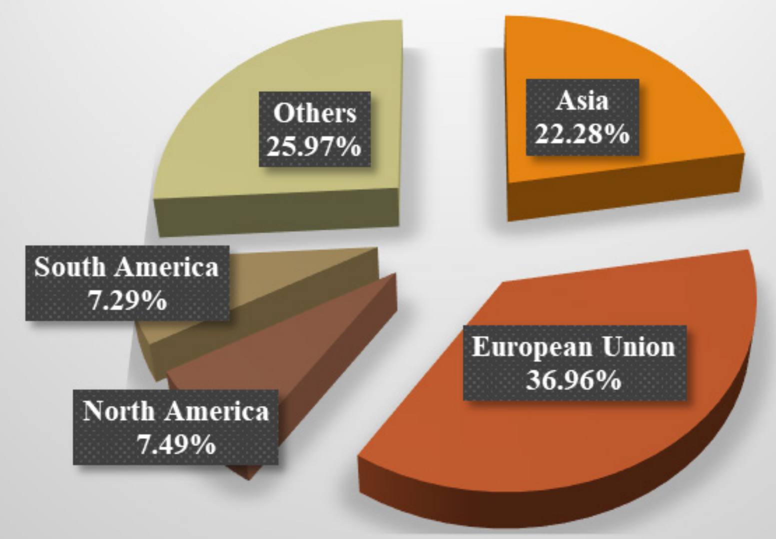
(a) Shipments and Deliveries to Local Processing Factories

(i) Shipment

Cocoa beans shipped to overseas destinations during the 2017/18 crop year totaled 829,770.53 tonnes. The FOB value of the beans shipped amounted to US$1,728,065,366.38.

The European Union continued to be the destination receiving the largest shipment of Ghana cocoa beans. Shipment of cocoa to the EU accounted for 36.96% of total cocoa beans exported. The direction of trade for bean shipments is shown in Figure 2.

Figure 2
COCOA SHIPMENT BY DESTINATION - 2017/18 CROP YEAR



SOURCE: SHIPPING DEPT., CMC

(i) Deliveries to Local Processing Factories

Cocoa beans delivered to local processing companies during the period totaled 254,993 tonnes with a CIF value of US$471,526,800.31.

(b) COCOA BEANS PROCESSED AND PRODUCTS EXPORT

(i) Beans Processed

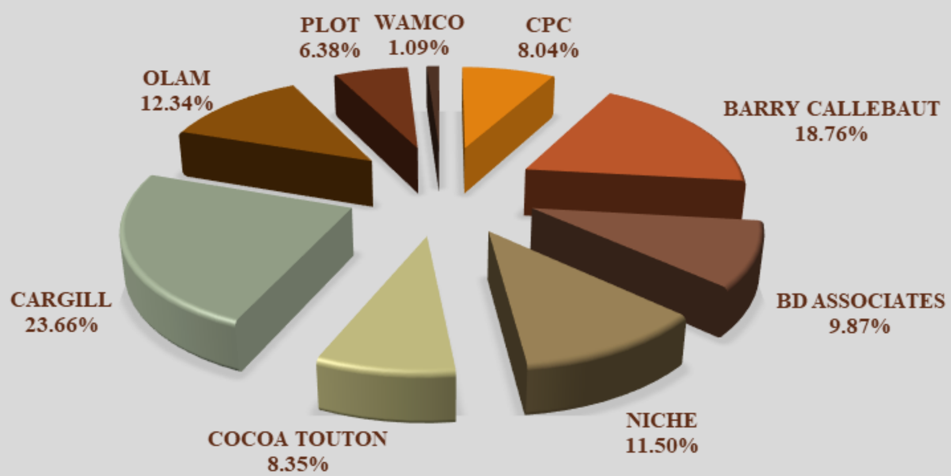
A total of 311,274 tonnes of cocoa beans were processed by nine (9) local processing companies into semi-finished and finished products. The companies include;

1.	Barry Callebaut Limited	6.	Olam Ghana Limited
2.	Cocoa Processing Company Limited (CPC)	7.	BD Associates
3.	Niche Cocoa Industries Limited	8.	Cocoa Touton Ghana Limited
4.	Cargill (Ghana) Limited	9.	Plot Enterprise
5.	WAMCO		

Cargill (Ghana) Limited, Barry Callebaut and Olam Ghana Limited are members of multinational groups with operations worldwide.

Figure 2 below depicts the shares of cocoa beans processed by the respective local processing factories during the year. Cargill and Barry Callebaut Limited had market share of about 23.66% and 18.76% respectively, and accounting for 42.42% of domestic cocoa processing in 2017/18.

Figure 3
COCOA BEANS PROCESSED BY LOCAL FACTORY - 2017/18 CROP YEAR



SOURCE: RM&E DEPT., COCOBOD

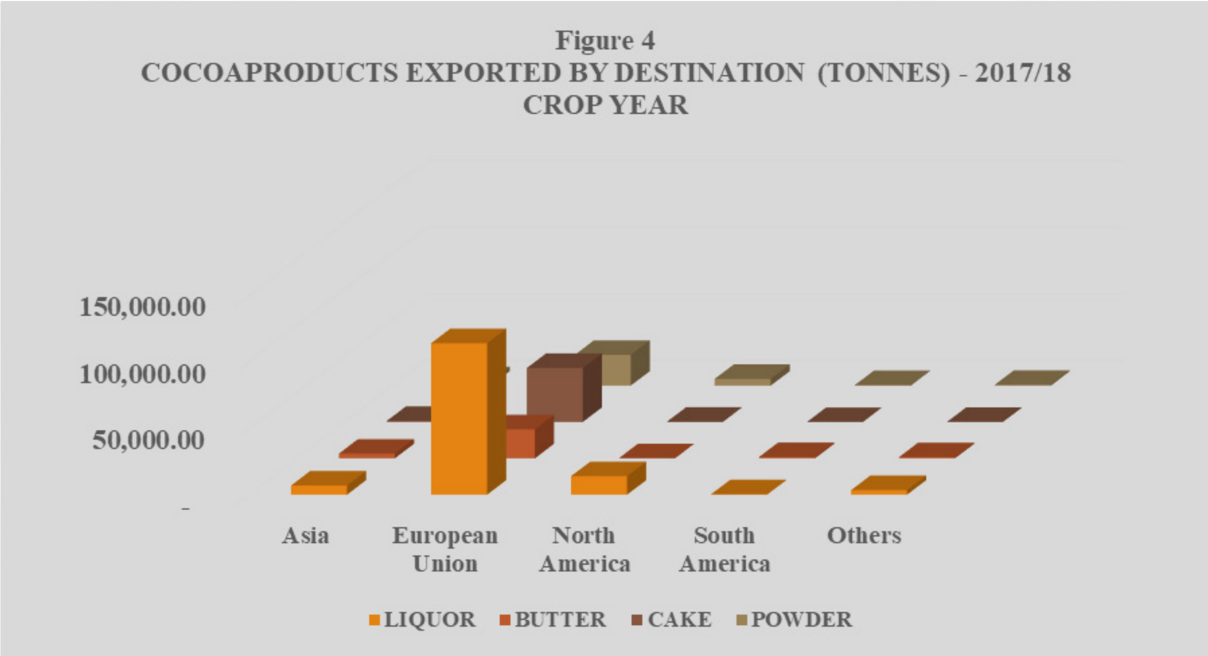
(ii) Cocoa Products

Exports of cocoa products by the nine (9) cocoa processing companies during the 2016/17 crop year comprised:

Product	Tonnage	Value (GH₵)
Cocoa liquor	138,399.36	1,642,561.60
Natural cocoa butter	27,267.01	134,380.77
Cocoa cake	41,683.20	936,302.54
Cocoa powder	32,640.15	261,187.10

(iii) Cocoa Product Exported by Destination

The trend of cocoa product shipments confirmed the EU market as Ghana's most important destination for the cocoa trade. Details of cocoa products shipments by destination during the season are shown in Figure 3 below.



SOURCE: RM&E DEPT., COCOBOD

C. SEED PRODUCTION DIVISION – (SPD)

The Seed Production Division (SPD) has the mandate to multiply improved planting materials for distribution to cocoa farmers.

(a) Hybrid Seed Pods Production

A total of 5,193,647 mature hybrid cocoa seed pods were harvested in 2017/18 representing 67% of the target of 7,700,000 pods. Out of a 5,193,647 hybrid pods harvested during the year under review, 4,325,371 pods (83%) were distributed as good field usable pods while the remaining pods were treated as fermentable and non-fermentable discards.

(b) Cocoa Seedlings

Cocoa seedlings raised by SPD and CHED in 2017/18 totaled 42,428,313. This performance fell below the season's target of 60,000,000 by 17,571,687 or 29%. The seedlings raised were distributed by CHED to farmers under the Free Seedlings Programme.

D. COCOA HEALTH AND EXTENSION DIVISION (CHED)

(a) Field Operations

A total of 368 sectors involving 1,650 blocks and covering an area of 642,132.60 hectares was surveyed during the 2017/18 year. In addition, the Unit discovered 8,034 Swollen Shoot disease outbreaks covering an area of 48,663.80 hectares. The Unit also removed 183,868 diseased and contact trees from 219 farms, covering an area of 165.75 hectares.

(b) CODAPEC & Hi-Tech

Cocoa Disease and Pest Control (CODAPEC) activities as well as fertilizer application on cocoa farms continued during the period under review. A total of 34,495 cartons of fungicides and 84,894 cartons of insecticides were distributed to Community Task Forces through the District Task Forces for CODAPEC activities. CHED districts were supplied 141,876 litres fertilisers to support farms that were artificially pollinated and newly established farms

Also, 1,799,989 bags of granular fertilisers (organic and inorganic\) were distributed to LBCs and Private Agents to be sold to farmers at subsidized prices. As a result of changes in the pest population dynamics in the cocoa agro-ecosystem, new spraying regime and schedule were introduced in 2017/18 to interrupt insect population buildup early in the season.

New spraying machines were not added to the stock of spraying machines in use during the year under review. The stocks of functional pneumatic and motorized spraying machined are 15,008 and 11,638 respectively.

E. COCOA RESEARCH INSTITUTE OF GHANA (CRIG)

Scientific research activities carried out by CRIG during the 2017/18 crop year included the following.

(a) Soil and Crop Management Thrust

During the year under review, evaluation of organic sources of nutrition for seedlings in cocoa nursery showed that growth was better among seedlings nursed in polybags in which compost was mixed with topsoil. The use of biochar in cocoa nursery also showed a great potential for expansive use.

Consistent performance of cocoa in cocoa/fruit tree intercropping systems suggest that these systems could replace the current system of using timber species as source of shade since the fruit trees could potentially provide extra income and nutrition to the farm families.

Weed control methods and soil amendments such as foliar fertilizers and manures have been shown to affect coffee berry yield. Also, intercropping food crops and fruit trees with coffee and kola is possible with added benefits.

(b) Crop Improvement Thrust

The Crop Improvement Thrust focused on developing varieties that adapt to defining growing ecologies for the five mandated crops, -cocoa, coffee, shea, cashew and kola.

For cocoa, among 25 clones evaluated for yield and disease resistance, LCT –EEN 163 was the least sensitive to infection by CSSV disease and clone A1/197 was the highest yield. In a larger set of 225 clones, 6 clones obtained yields above 1.0 t/ha during 34 to 45 months after planting. Four male clones showed good combining abilities for dry bean yields with existing seed garden pod-bearing clones.

A set of 1,235 half-sib coffee seedlings introduced from Vietnam planted and characterized for juvenile growth habits exhibits hulled coffee yields ranged from 1.8 to 4.8 t/ha among 18 clones whereas among 62 hybrids the yield ranged from 1.4 to 3.8 t/ha at a six year duration. Yields varies on location, Tafo doubling records of Bechem. Fertilizer applied at 70 g/plant of N: P: K 20:10:10 had no effect on the berry yields of 39 coffee hybrids.

A 5 specific crosses of shea hybrid trial was planted in a 14 acre plot at Bole in June 2017 and analysed for growth parameters in March 2018. 210 trees from the 20 shea provenances across the shea belt in Ghana were georeferenced. 160 out of 210 trees stem were rooted and nursed for shea trials.

Cashew nut yields of 17 clones assessed were affected with locations. Yields at Wenchi and Kintampo folds higher than yields at Damongo and Bole.

The spatial distribution of kola trees in Ghana was mapped in the Volta, Easter, Central, Ashanti and Western Region of Ghana. 40 new accessions were collected and drafted.

(c) Insect Pests Management Thrust

Entomological research and observations in 2017/18 have shown mirids, stink and coreid bugs and stem borers as serious pests limiting cocoa production. Sporadic outbreaks of the defoliator, Anomis Leona have occurred in various parts of the country. Approved insecticides have proved effective at managing these pests. Kola nut weevils and fruit flies are still important in kola production. The identification of the mealybug parasitoid, Aenasius abengouroui (Risbec) has sparked an effort and interest in using them for biological control of the cocoa swollen shoot virus vector.

(d) Plant Diseases Management Thrust

The survey exhibit phytophthora isolates with few p. palmivoe and more p. megakarya.

Research activities on the cocoa swollen shoot virus (CSSV) and fungal pathogens, showed that soil properties differed across the cocoa regions. Symptoms of CSSV infections in the Western region were more of stem swellings and tip die-back without persistent leaf symptoms. The Essam and Boako Cocoa Districts were the most affected cocoa districts in the Western North in terms of CSSV incidence and symptom severity. Older farms were more severely affected by the CSSV infection.

(e) Pre and Post-harvest Quality Management Thrust

A gross revenue of Ghc 372,918.00 was recorded for the year with 1633kg of potash from Bunso and Acherensua/Mabang/MMSP and 600L of palm oil from Worakese. Bole generated a total of 2.787tonnes of raw cashew kernels of all grades to the unit.

Development of shampoo with shea butter using five different formulations resulted in white, creamy products with high foam ability resulting in degrees of separation after storage. Therefore two out of the five formulations were selected for the next stage of development.

(f) Systems Assessment and Analysis Thrust

The thrust established a research activities to ensure that rainfall distribution could better improve yield model. The results failed since this is a new project and not much was achieved on the assessment of kola production and marketing in Ghana. It was revealed that there was no clarity in terms of the project and timing on the part of farmers.

5. FINANCIAL RESULTS

Highlights of the audited accounts for the 2017/18 season included the following:-

(i) Profit/Loss

During the 2017/18 financial year, COCOBOD made a loss of GH¢78,474,000 compared to a loss of GH¢216,678,000 recorded in 2016/17. The 2017/18 financial year recorded an achieved FOB price of US$2,152 per tonne as against US$2,678 per tonne in the 2016/17 financial year.

6. COMMUNITY IMPROVEMENT PROJECTS

As part of COCOBOD's corporate social responsibility, cash donations were made to various institutions and persons during the 2017/18 season. The list of beneficiaries are listed below.

NO	NAME OF BENEFICIARIES
1	Akuapem Odwira Festival
2	Asantehemaa's Funeral
3	University Of Ghana Medical Exchange Programme (61 Student)
4	Asuom Secondary School
5	Adim Kesee Festival
6	Tetteh Quarshie Family

NO	NAME OF BENEFICIARIES
7	National Chocolate Day Celebration
8	Funeral Of Late Seaieyo Nana Aforo-Kwaw 11
9	Annual New Year School & Conference
10	COSSA Week Celebration
11	International Labour Organisation Conference
12	Office Of The Attorney General
13	Homowo Festival
14	Akoase SDA Basic School
15	Health Essential
16	National Service Personnel (COCOBOD)
17	National Public Sector Reform Strategy
18	Ghana Medical & Dental Council
19	Graft Hope Project
20	Bugain International School
21	Akropong School For The Blind
22	Parliamentary Research & Information Unit
23	Communities Affected By 2018 Floods
24	Chinese Delegation (Field Trip)
25	International White Cane Day
26	Cocoa Consumption Campaign
27	International cocoa excellence award

HON. JOSEPH BOAHEN AIDOO
CHIEF EXECUTIVE

CORPORATE INFORMATION

BOARD OFDIRECTORS
Hon. Hackman Owusu-Agyemang (Chairman)
Hon. Joseph Boahen Aidoo (Chief Executive)
Dr. Ernest Kwamina Yedu Addison
Mr. Kwame Sarpong
Nana Johnson Mensah
Nana Obeng Akrofi
Nana Adwoa Dokua
Hon. Dr. Gyiele Nurah
Hon. Charles Kofi Adu Boahen
Hon. Carlos Kingsley Ahenkorah, MP
Mr. Peter Atta-Boakye

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Ghana Cocoa Board
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P. O. Box 933, Accra

AUDITOR
KPMG (ICAG/F/2014/038)
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP 242,
Accra

BANKERS
Bank of Ghana
Access Bank Ghana Plc
Adonten Community Bank
Agricultural Development Bank Limited
Barclays Bank (Ghana) Limited
Bank of Africa
CAL Bank Limited
Consolidated Bank Ghana Limited
Ecobank Ghana Limited
FNB Bank Ghana Limited
Fidelity Bank Ghana Limited
First Atlantic Bank Ltd
GCB Bank Limited
Ghana International Bank Plc
National Investment Bank Limited
Prudential Bank Limited
Republic Bank Ghana Limited
Societe Generale Ghana Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank Ghana Limited
Universal Merchant Bank Limited
Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS

TO THE MINISTER RESPONSIBLE FOR FOOD AND AGRICULTURE

The Directors present their report and the consolidated financial statements ("the financial statements") of Ghana Cocoa Board ("COCOBOD" or "the Group") for the year ended 30 September 2018.

Principal activities

Ghana Cocoa Board is a corporate body domiciled in Ghana, which was established by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by Ghana Cocoa Board (Amendment) Act, 1991, (PNDCL 265). The mandate of Ghana Cocoa Board as set out in section 2 of the Ghana Cocoa Board, Act 1984 (PNDCL 81) as amended, includes amongst others:

a. To purchase, market and export cocoa produced in Ghana, which is graded under the Cocoa Industry Regulation (Consolidation) Act, 1968 (NLCD 278) or any other enactment as suitable for export;

b. To establish or encourage the establishment of industrial processing factories for the processing of cocoa and cocoa waste into marketable cocoa products; and

c. To regulate the marketing and export of cocoa, coffee and sheanuts.

Directors' responsibility statement

The Directors are responsible for the preparation of financial statements that give a true and fair view of Ghana Cocoa Board, comprising the consolidated statement of financial position at 30 September 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended. The Directors are responsible for the preparation of the Report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The auditor is responsible for reporting on whether the consolidated financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Going concern consideration and subsequent events

The Group incurred a net loss for the year ended 30 September 2018 of GH₵78,217,000 (2017: GH₵ 176,735,000) and as of that date its current liabilities exceeded its current assets by GH₵1,518,010,000 (2017: GH₵ 658,013,000).

Going concern consideration and subsequent events (cont'd)

The net current liability position at the year end is mainly as a result of increased short-term borrowings and the changes in existing debt profile from long term to short term due to the passage of time. Subsequent to year end and before the financial statements were authorised for issue, portions of the short-term loans were paid off and the remaining restructured. The Directors, after having considered their restructuring plans together with the agreed floor price of cocoa beans, have made an assessment of the cash flow projections for the next twelve (12) months which shows a positive business outlook. In addition, the Directors believe that the Group would return to a sustainable level of profitability that would have a positive effect on the current ratio of the Group on account of plans to improve production of cocoa beans. The Directors also believe that the Group will be able to realise its assets and settle its liabilities in the ordinary course of business. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of the Group and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Comparative Financial Information

The consolidated corresponding figures as disclosed in these consolidated financial statements as at and for the year ended 30 September 2017 was unaudited. The financial statements of the financially significant components making up the unaudited consolidated corresponding figures were audited and had audit reports issued on the following dates:

- **An unmodified auditor's report was issued on 8 June 2018 on the separate financial statements of Ghana Cocoa Board for the year ended 30 September 2017 by Ghana Audit Service**
- **An unmodified auditor's report was issued on 8 June 2018 on the financial statements of Cocoa Marketing Company for the year ended 30 September 2017 by Ghana Audit Service**

Having reviewed the restatement adjustments and consolidated journals applied to the unaudited corresponding figures for the consolidated financial statements for the year ended 30 September 2018, the Directors believe that the opening balances do not contain misstatements that would materially affect the current period's consolidated financial statements.

Business review

Cocoa production for the 2017/2018 year under review was 904,446 metric tonnes compared to the target of 900,000 tonnes representing an increase of 0.5% above target. Actual production, however, decreased by 6.5% compared to the previous year's production of 967,245 tonnes. The achievement of production in excess of the target for the year was attributed to effective disease control measures, fertilizer application and the pilot hand pollination programme introduced by COCOBOD as part of its Productivity Enhancement Programmes (PEPs).

During the year under review, COCOBOD procured adequate chemicals and fertilizer for disease control and productivity enhancement respectively. In the revamped COCOBOD rehabilitation programme, farmers have been incentivised to accept the cutting of diseased and overaged tree stock in their farms to be replaced with drought and disease tolerant high yielding cocoa varieties.

Turnover for the year under review was GH₵ 9,038,395,000 as against GH₵ 10,297,055,000 for the 2016/2017 financial year representing a decrease of 12.22%. The decrease in revenue resulted from a fall in the average selling price per tonne of cocoa beans to US$2,152 during the year compared to average selling price of US$2,678 per tonne of cocoa beans in 2016/2017.

COCOBOD recorded a loss of GH₵78,217,000 (2017: GH₵ 176,735,000). The loss in the 2017/2018 financial year resulted mainly from the fall in the average selling price of cocoa beans to US$2,152 per tonne during the year compared to US$2,678 per tonne in 2016/2017.

Price movements

In October 2018, the ICCO monthly price averaged US$2,098 per tonne of cocoa beans, up by US$100 compared with the average price recorded in the previous month (US$1,998 per tonne) and ranged between US$2,052 per tonne and US$2,100 per tonne.

During the first week of October 2018, cocoa futures markets settled at £1,609 per tonne in London and at US$2,088 per tonne in New York.

Some producing countries in West Africa, particularly Cote D'Ivoire experienced bumper harvest during the period resulting in the market expectation of a surplus. Even though the 2017/2018 crop achieved the anticipated price for the year, the ease in the downward pressure on price experienced in the 2016/2017 financial year was not significant enough and that contributed to the decline in revenue observed in 2017/2018.

As with COCOBOD's crop sales, more than half of the 2017/2018 crop was sold forward. This was done to lock in favourable prices in the forward sale arrangement to avoid the possibility of a bearish market experienced in the previous year.

Supply and demand situation

Production

World cocoa production for the 2017/2018 season was forecast at 4.645 million tonnes. This represents a fall of 94,000 tonnes from the previous season. At the regional level, the most significant contributor to the fall in production was estimated to be from Africa where the production forecast was estimated at 3.524 million tonnes, down by 95,000 tonnes compared to the previous season. Output was also expected to decline in Asia and Oceania to 329,000 tonnes, down by 28,000 tonnes compared to the 2016/2017. On the other hand, production in the Americas was anticipated to increase to 788,000 tonnes, up by 29,000 tonnes compared to the previous season. Despite the anticipated drop in production, Africa was still expected to have the highest share of the total world cocoa production, accounting for nearly 76% of the world cocoa output with the shares of the Americas and Asia and the Oceania, estimated to account for 17% and 7% respectively.

The 2017/2018 main crop output experienced some mildly dry harmattan windy conditions. Better weather and rainfall conditions later in the light crop season of 2017/2018 improved the prospects of good overall crop for the year. In addition, farmers adopted improved farm husbandry activities as well as good agricultural practices. Despite the improved farm management practices, the favourable weather conditions were however, not sustained throughout the year to overturn the effects of the dry harmattan experienced in the initial stages of the year. This explains the decline in production between 2016/2017 and 2017/2018 by 6.5%.

Smuggling of cocoa beans between Ghana and Cote D'ivoire was largely stemmed during the year due mainly to the collaboration between the two countries in several fronts including pricing, production and border control strategies.

Grindings

World cocoa grinding are estimated to have increased to 4.568 million tonnes in 2017/2018 representing a year on year growth of 3.9%. At the regional level, the Asia and the Oceania region is estimated to have processed 1.043 million tonnes representing a growth of 5%. Grindings in Europe are estimated to have increased by almost 5% to 1.708 million tonnes whilst the Africa region and the Americas increased their grinding volumes to 941,000 tonnes and 877,000 tonnes respectively, each representing close to 4% increase.

Grindings in cocoa-importing countries were assessed to have increased by over 3% (81,000 tonnes) to 2.451 million tonnes in 2017/2018 while that of producing countries are estimated to have increased by 92,000 tonnes to 2.117 million tonnes representing about 5%.

Grindings (cont'd)

The Government of Ghana has put in place measures to increase local processing and cocoa consumption. Plans by the Government of Ghana to increase grindings include fiscal measures and financial incentives. With importing countries stepping up their rate of grindings and producing countries processing more and more beyond the secondary, COCOBOD expects cocoa price to be impacted positively in the years ahead.

Productivity enhancement programmes

Management's resolve to improve cocoa production remains on course following the implementation of several pragmatic interventions. This includes continuous attention in the improvement in the cocoa rehabilitation programme, the mass pruning, cocoa disease and pest control programme as well as subsidised fertilizer distribution. Extension support to farmers also continues to receive critical support.

In 2017/2018, COCOBOD continued with the productivity enhancement programmes started in the 2016/2017 crop year, namely mass pruning, hand pollination and pilot irrigation. The cocoa rehabilitation programme involving the replacement of diseased, overaged and moribund farms was pursued aggressively in the course of the year. New, hybrid varieties were produced and distributed to farmers, together with the payment of grants to both landowners and tenant farmers. The new plantings, together with the increase in the number of young people being attracted to cocoa farming are expected to impact positively on production in the years ahead.

These programmes contributed to the achieved production exceeding forecast considering the not too favourable weather conditions experienced in the year. It is expected that the introduction of the Ghana Cocoa Platform which aims to develop the cocoa sector through a public-private partnership will provide several innovative interventions to impact positively on the cocoa industry in addition to the already introduced programmes being implemented.

Cocoa roads

COCOBOD established an Infrastructural Development Trust Fund, otherwise known as the Cocoa Roads Trust Fund in the course of the year 2015/2016. The objectives of the Trust were as follows:

i. Improve the road network in the cocoa growing areas for the efficient operations of COCOBOD, to reduce post-harvest losses faced by the farmers and facilitate the movement of people, goods and services in the cocoa growing areas.

ii. Establish oversight of funds provided by COCOBOD in an efficient, economical and effective manner for the financing and rehabilitation of roads in cocoa growing areas.

iii. Develop a consistent criterion for identification, selection and maintenance of cocoa roads to be financed and rehabilitated.

Ghana Cocoa Board was required to make annual contributions to the Trust Fund based on the appropriations determined by the Producer Price Review Committee (PPRC) on annual basis. The PPRC, in collaboration with Ghana Cocoa Board and the Government of Ghana agreed that an amount of one hundred and fifty million United States Dollars (US$150million) be set aside from appropriations to develop roads in cocoa growing communities.

The appropriation of US$150million per annum was implemented in the three consecutive years from 2014/2015 to 2016/2017.

On 1 October 2017, Ghana Cocoa Board entered into a service concession agreement with the Ministry of Roads and Highways (the grantor), acting on behalf of the Government of Ghana, to construct and or rehabilitate certain roads in cocoa growing communities in Ghana (cocoa roads). This concession agreement is effective for all cocoa roads constructed and rehabilitated from the financial year commencing 1 October 2014. The construction or rehabilitation of the cocoa roads started in July 2015 and these are at various levels of completion as at 30 September 2018. Under the terms of the agreement, Ghana Cocoa Board will operate and make the cocoa roads available to the grantor after a period of 10 years, starting from the date of completion of construction of each cocoa road.

Cocoa roads (cont'd)

The grantor will not provide Ghana Cocoa Board a guaranteed minimum annual payment for each year that the cocoa road is in operation. In addition to the right to charge users a fee for using the cocoa roads, Ghana Cocoa Board derives other economic benefits from the construction and rehabilitation of the cocoa roads. Some of these benefits include but not limited to:

- Prompt receipt of cocoa beans at the takeover centres with its positive effect on turnover
- Reduction in the loss of cocoa beans in transit
- Discharge of COCOBOD's obligations to the cocoa growing communities (CSR)
- General improvement in the economy of cocoa growing communities.
- Reduction in direct costs associated with the purchase, storage and sale of cocoa beans.

At the end of the concession period, the cocoa roads will become the property of the grantor and Ghana Cocoa Board will have no further involvement in its operation or maintenance requirements.

The service concession agreement does not contain a renewal option. The rights of the grantor to terminate the agreement include poor performance by Ghana Cocoa Board and in the event of a material breach in the terms of the agreement. The rights of Ghana Cocoa Board to terminate the agreement include failure of the grantor to fulfil its obligations under the agreement, material breach in the terms of the agreement and any changes in law that would render it impossible for Ghana Cocoa Board to fulfill its requirements under the arrangement.

Government revenue support

During the year under review, the world market price of cocoa beans fell by about 30% and accordingly the producer price paid to farmers in the country should have been reduced by a similar margin. However following series of meetings with the Government, a decision was reached to retain the producer price of cocoa beans at GH¢7,600 per tonne for the 2017/2018 crop year. Consequently, the Government of Ghana provided revenue support to Ghana Cocoa Board in the sum of GH¢1,627,045,000 representing the Government's reimbursement of the shortfall of the proportionate reduction that should have been applied to the producer price of cocoa beans to reflect similar reductions in the world market price of cocoa beans during the 2017/2018 crop year. A proportionate amount of this reimbursement has been recognised in the statement of profit or loss and other comprehensive income to match the shortfall recognised in the year for cocoa beans purchased and sold during the year under review. The remaining balance of GH¢94,914,000 which is split into GH¢58,227,000 and GH¢36,686,000 has been deferred until the related inventory and additional 2017/2018 crop year cocoa beans taken over in 2018/2019 respectively are sold. This support is not expected to recur in subsequent periods.

Shareholding structure

COCOBOD is wholly owned by the Government of Ghana.

Subsidiaries

Cocoa Marketing Company (Ghana) Limited, a company incorporated in Ghana to engage in the sale and marketing of cocoa, is a wholly owned subsidiary of Ghana Cocoa Board. Cocoa Marketing Company (Ghana) Limited in turn holds a 100% interest in Cocoa Marketing Company (UK) Limited, a company incorporated in the United Kingdom to market cocoa beans.

Ghana Cocoa Board holds a 57.73% interest in Cocoa Processing Company Limited, a company incorporated in Ghana to engage in the processing and marketing of cocoa products.

Quality Control Company, a company incorporated in Ghana to engage in certification, inspection, grading and sealing of agricultural produce, disinfestation activities, certification of weights or agricultural produce, warehousing and warehousing practices and other incidental business, is a wholly owned subsidiary of Ghana Cocoa Board. This company is currently dormant.

Subsidiaries (cont'd)

The financial statements of the above subsidiaries are included in these consolidated financial statements.

Associate

Ghana Cocoa Board owns a 49% interest in Tema Chemicals Limited, a company incorporated in Ghana to engage in the business of formulation, repackaging and sale of Agro chemicals.

Restatement of prior year financial statements

Comparative account balances in the prior year's financial statements have been restated to correct the effect of a number of omissions and to reflect the effect of the new concession arrangement entered with the Ministry of Roads and Highways, acting on behalf of the Government of Ghana. Further explanations of material restatement adjustments are provided in note 38.

Approval of the consolidated financial statements

The consolidated financial statements of Ghana Cocoa Board as indicated above were approved by the Board of Directors on 26th July, 2019 and were signed on their behalf by:

Hon. Hackman Owusu-Agyemang
Director

Hon Joseph Boahen Aidoo
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER RESPONSIBLE FOR FOOD AND AGRICULTURE

Opinion

We have audited the consolidated financial statements of Ghana Cocoa Board ("the Group"), which comprise the consolidated statement of financial position at 30 September 2018, and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory note, as set out on pages 14 to 87.

In our opinion, these consolidated financial statements give a true and fair view of the consolidated financial position of Ghana Cocoa Board at 30 September 2018, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by the Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

<table>
<tr><th colspan="2">Revenue Recognition (GH¢9,038 million)
Refer to Note 10 of the consolidated financial statements</th></tr>
<tr><th>The key Audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Revenue for the Group is mainly generated from sale of cocoa beans to both foreign and local markets.

The operations of the Group is mainly financed through borrowings on the international market. These borrowings are backed by the sale of cocoa beans. The pressure to show favourable results to meet expectation of lenders could result in a material misstatement in revenue.

On account of the above, we considered revenue recognition a key audit matter.</td><td>Our audit procedures included among others:

Local sales

We obtained external confirmation of sales quantities made to local factories during the year to assess the quantities of deliveries received by them;

We re-computed revenue generated from local sales by multiplying the confirmed quantities by the signed contract price;

Foreign sales

We evaluated the design and implementation of key controls over the revenue recognition process and tested their operating effectiveness.

We tested the reconciliation of foreign sales to collections in the year and foreign receivables at the year-end;

We tested entire population of the sales transactions by tracing them to the source documents to ensure that the transactions actually occurred and the recorded amounts are accurate;

We used Data and Analytics (IDEA Smart Analyzer) to analyse revenue data for unusual trends including use of inaccurate exchange rates, arithmetical errors, dates outside of the year under review;

We assessed whether sales transactions have been recorded in the appropriate accounting period.

We evaluated the adequacy of the Group's disclosures on revenue recognition in the consolidated financial statements in accordance with the applicable financial reporting framework.</td></tr>
</table>

Key Audit Matters (cont'd)

Intangible Assets (GH¢430 million) and Contract Assets (GH¢1,921 million)

Refer to Notes 18 and 19 of the consolidated financial statements

The key Audit matter	How the matter was addressed in our audit
On 1 October 2017, Ghana Cocoa Board entered into a service concession agreement with the Ministry of Roads and Highways (the grantor), acting on behalf of the Government of Ghana, to construct and or rehabilitate certain roads in cocoa growing communities in Ghana (cocoa roads). This concession agreement is effective for all cocoa roads constructed and rehabilitated from the financial year commencing 1 October 2014. The recognition of this transaction involves various level of judgements and complexities which include: • The assessment of whether the arrangement is a service concession arrangement within the context of IFRIC 12; • The assessment of classification of consideration receivable under the concession arrangement as intangible asset; • The determination of the fair value on initial recognition of the intangible asset; and • The assessment of the roads that qualify to be categorised as cocoa roads. There is the risk of material misstatement in the financial statements due to: • Possible errors in the classification of cocoa roads to exclude roads in non-cocoa growing areas; and • The complexity involved in accounting for service concessions. On account of the above, we considered recognition of service concession a key audit matter.	Our audit procedures included among others: • We reviewed related service concession documents for compliance with the requirement of IFRIC 12; • We assessed the nature of consideration receivable under the concession arrangement in determining the appropriateness of the classification of the consideration receivable; • We reviewed management's assessment of the fair value on initial recognition of the intangible asset relative to the construction costs incurred; • We reviewed management's classification of cocoa roads to exclude roads in non-cocoa growing areas; • We reviewed contracts entered into, taking into account contracts completed, works certified, payments made, work in progress and retentions withheld to determine the accuracy of amounts recorded; • We reviewed management's assessment of the change in accounting policy in respect of the cocoa roads to ensure consistency with IFRIC 12 – Service concessions; and • We assessed the adequacy of disclosures in respect of service concessions.

Other Matter relating to Comparative Information

As indicated in note 2, the consolidated financial statements of Ghana Cocoa Board as at and for the year ended 30 September 2017 was unaudited.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by the Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265), which we obtained prior to the date of this report, and Chairman's Statement and Chief Executive's Report which are expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Other Information (cont'd)

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by the Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 the Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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 the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. .

The engagement partner on the audit resulting in this independent auditor's report is Nana Akua Ayivor (ICAG/P/1058).

KPMG

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FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P. O. BOX GP 242
ACCRA

23rd August, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 GH¢'000	2017 GH¢'000
Revenue	10	9,038,395	10,297,055
Direct costs	11	(7,311,645)	(8,705,761)
Gross profit		1,726,750	1,591,294
Other operating income	12	104,220	162,578
Distribution expenses	13	(7,525)	(188,107)
Administrative expenses	14	(1,345,652)	(1,462,975)
Operating profit		477,793	102,790
Finance costs	15	(965,364)	(516,572)
Finance income	16	410,440	231,969
Share of profit of associates, net of tax	21(b)	(38)	56
Loss before tax		(77,169)	(181,757)
Taxation	17	(1,048)	5,022
Loss for the year		(78,217)	(176,735)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	30	(26,620)	(30,354)
Related tax		457	(509)
Tax on previously recognised revaluation surplus		-	(52,577)
Share of revaluation surplus of associates		-	3,462
Tax on share of revaluation surplus		-	(866)
		(26,163)	(80,844)
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences – foreign operations		(18,726)	(12,776)
Effect of foreign exchange on revaluation surplus realised	22	-	-
Net change in fair value of other financial assets classified as available for sale	22	2,183	152
Net gain realized on disposal of availablefor sale financial assets recycled to profit or loss	22	-	-
		(16,543)	(12,624)
Other comprehensive income for the year, net of tax		(42,706)	(93,468)
Total comprehensive income for the year		**(120,923)**	**(270,203)**

The notes on pages 25 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CONT'D)

	Note	2018 GH¢'000	2017 GH¢'000
Loss attributable to:			
Owners of the Company		(67,278)	(160,311)
Non-controlling interest		(10,939)	(16,424)
		(78,217)	(176,735)
Total comprehensive income attributable to:			
Owners of the Company		(102,046)	(227,100)
Non-controlling interest		(18,877)	(43,103)
		(120,923)	(270,203)

The notes on pages 25 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2018

	Note	2018 GH¢'000	2017 GH¢'000	1/10/16 Restated GH¢'000
Assets				
Intangible assets	18	429,619	474,007	92,712
Contract assets	19	1,921,274	1,727,102	1,037,169
Property, plant and equipment	20	2,627,719	2,602,562	2,467,852
Trade and other receivables	25	24,573	67,591	41,758
Investment in subsidiaries	21	10	10	10
Investments in associate	21	4,396	4,434	916
Other investments	22	8,656	6,473	6,321
Non-current assets		**5,016,247**	**4,882,179**	**3,646,738**
Inventories	24	738,285	1,248,202	388,951
Other financial assets	23	399,010	821,633	404,894
Trade and other receivables	25	4,374,614	2,316,956	2,099,887
Cash and cash equivalents	26	1,280,471	431,770	229,546
Current assets		**6,792,380**	**4,818,561**	**3,123,278**
Total assets		**11,808,627**	**9,700,740**	**6,770,016**
Equity				
Capital contribution		393	393	393
Fair value reserve		8,268	6,085	5,579
Translation reserve		(44,329)	(33,541)	(12,548)
Revaluation reserve		1,662,107	1,662,107	1,668,608
Retained earnings		32,432	125,873	325,985
Equity attributable to owners of the Company		1,658,871	1,760,917	1,988,017
Non-controlling interest		(102,102)	(83,225)	(40,122)
Total equity		**1,556,769**	**1,677,692**	**1,947,895**
Liabilities				
Bank overdraft	26	122,325	12,258	5,065
Loans and borrowings	27	6,650,605	3,114,464	375,489
Trade and other payables	28	1,283,003	1,686,192	1,107,991
Current tax liabilities	17	17,992	14,937	7,666
Deferred income	29	176,292	432,532	132,668
Provisions	31	60,173	216,191	218,081
Current liabilities		**8,310,390**	**5,476,574**	**1,846,960**

The notes on pages 25 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2018 (CONT'D)

	Note	2018	2017	2016
				Restated
		GH¢'000	GH¢'000	GH¢'000
Loans and borrowings	27	1,714,539	2,362,102	2,890,271
Employee benefit obligations	30	171,414	130,425	74,071
Deferred tax liabilities	17	55,515	53,947	10,819
Non-current liabilities		**1,941,468**	**2,546,474**	**2,975,161**
Total liabilities		**10,251,858**	**8,023,048**	**4,822,121**
Total equity and liabilities		**11,808,627**	**9,700,740**	**6,770,016**

The consolidated financial statements were approved by the Board of Directors on 26th July, 2019 and were signed on their behalf by:

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DIRECTOR DIRECTOR

The notes on pages 25 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Capital Contribution	Fair Value Reserve	Translation Reserve	Revaluation Reserve	Retained Earnings	Total Parent Equity	Non-Controlling Interest	Total Equity
2018		GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Balance at 30 September 2017		393	6,085	(33,541)	1,662,107	125,873	1,760,917	(83,225)	1,677,692
Total comprehensive income									
Loss for the year		-	-	-	-	(67,278)	(67,278)	(10,939)	(78,217)
Other comprehensive income	23,31	-	2,183	(10,788)	-	(26,163)	(34,768)	(7,938)	(42,706)
Total comprehensive income		-	2,183	(10,788)	-	(93,441)	(102,046)	(18,877)	(120,923)
Transfer within equity									
Transfer within equity		-	-	-	-	-	-	-	-
Transfer within equity		-	-	-	-	-	-	-	-
Balance at 30 September 2018		393	8,268	(44,329)	1,662,107	32,432	1,658,871	(102,102)	1,556,769
2017									
Balance at 1 October 2016 as previously reported		393	5,579	(12,548)	1,668,608	(769,835)	892,197	(40,122)	852,075
Retrospective adjustment	38	-	-	-	-	1,095,820	1,095,820	-	1,095,820
Balance at 1 October 2016 (restated)		393	5,579	(12,548)	1,668,608	325,985	1,988,017	(40,122)	1,947,895
Total comprehensive income									
Loss for the year		-	-	-	-	(160,311)	(160,311)	(16,424)	(176,735)
Other comprehensive income	23	-	152	(28,937)	(6,501)	(31,503)	(66,789)	(26,679)	(93,468)
Total comprehensive income		-	152	(28,937)	(6,501)	(191,814)	(227,100)	(43,103)	(270,203)
Transfer within equity									
Transfer within equity		-	354	7,944	-	(8,298)	-	-	-
Transfer within equity		-	354	7,944	-	(8,298)	-	-	-
Balance at 30 September 2017		393	6,085	(33,541)	1,662,107	125,873	1,760,917	(83,225)	1,677,692

The notes on pages 25 to 84 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 GH¢'000	2017 GH¢'000
Cash flow from operating activities			
Loss for the year		(78,217)	(176,735)
Adjustments for:			
Depreciation of property, plant and equipment	20	137,257	96,667
Amortisation and impairment - Intangible assets	18	54,859	53,813
Foreign exchange gains		(141,909)	(11,909)
Share of loss/(profit) of equity –accounted investees	21	38	(56)
Gain on sale of property, plant and equipment	20	-	(240)
Finance income	16	(410,440)	(231,969)
Finance costs	15	965,364	516,572
Taxation	17(a)	1,048	(5,022)
Impairment loss on trade receivables	33	203,068	35,255
Impairment of other financial assets	23	4,289	43,020
		735,357	**319,396**
Changes in:			
Inventories		512,199	(856,947)
Other financial assets		455,747	(413,505)
Trade and other receivables		(2,066,392)	(114,750)
Trade and other payables		(446,181)	527,713
Deferred revenue		(273,353)	271,532
Provisions		(156,018)	(1,890)
Employee benefit obligations		13,873	25,360
Cash used in operating activities		(1,224,768)	(243,091)
Tax paid		(391)	-
Net cash used in operating activities		**(1,225,159)**	**(243,091)**
Cash flows from investing activities			
Proceeds from sale of property and plant		-	431
Interest received		380,868	201,984
Dividend received		148	561
Acquisition of property, plant and equipment	20	(127,685)	(190,947)
Acquisition of intangible assets	19	(204,643)	(1,125,041)
Net cash from/ (used in) investing activities		**48,688**	**(1,113,012)**
Cash flows from financing activities			
Proceeds from loans and borrowings	27	13,873,781	10,038,567
Interest paid		(750,215)	(323,057)
Repayment of borrowings	27	(11,211,183)	(8,159,645)
Net cash from financing activities		**1,912,383**	**1,555,865**
Net increase in cash and cash equivalents		735,912	199,762
Cash and cash equivalents at 1 October		419,512	224,481
Effect of exchange rate fluctuation on cash held		2,722	(4,731)
Cash and cash equivalents at 30 September	26	**1,158,146**	**419,512**

The notes on pages 25 to 84 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. Reporting entity

Ghana Cocoa Board ("the Group" or "COCOBOD") is a corporate body domiciled in Ghana, which was established by the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended by the Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265). The Company's registered office is Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group') for the year ended 30 September 2018.

The separate financial statements of Ghana Cocoa Board are available at the Company's registered office, Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265).

Comparative Financial Information

The consolidated corresponding figures as disclosed in these consolidated financial statements as at and for the year ended 30 September 2017 was unaudited. The financial statements of the individual entities making up the unaudited consolidated corresponding figures in these consolidated financial statements were audited.

The auditors, as part of their audit of these consolidated financial statements at and for the year ended 30 September 2018, performed audit procedures to ensure that the opening balances do not contain misstatements that would materially affect the current period's consolidated financial statements.

The adjustments described in note 38 that were applied to restate the comparative information presented at and for the year ended 30 September 2017 were audited.

3. Functional and presentation currency

These consolidated financial statements are presented in Ghana Cedis, which is the Group's functional currency. All financial information presented in Ghana Cedis have been rounded to the nearest thousand, except where otherwise indicated.

4. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in Note 18 and 19 - Service Concession determining whether an arrangement is a service concession arrangement.

5. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities for the year ending 30 September 2019 is set out below:

(a) Impairment of trade and other receivables

The Group assesses its trade receivables for impairment on a continuing basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The estimation of the requirement for impairment is based on the current collectability of trade receivables, as well as taking into account historical factors with regard to the impairment of trade receivables. Management believe that the allowance for impairment is conservative and there are no significant trade receivables that are doubtful and have not been impaired.

(b) Defined benefit obligations

Key actuarial assumptions used in the measurement of defined benefit obligations are described under note 30.

6. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for the following material items:

- Financial assets classified as available-for-sale, measured at fair value.
- Defined benefit obligations, recognised at the present value of the defined benefit obligations.
- Land, buildings and produce sheds, measured at revalued amounts.

7. Retrospective adjustment

During the year COCOBOD entered into a service concession arrangement with Ministry of Roads and Highways to construct, operate and maintain specified roads in cocoa growing communities of Ghana (Cocoa Roads). An agreement has been signed between the Ministry of Roads and Highways and COCOBOD, which agreement is effective retrospectively from the financial year commencing 1 October 2014, to provide a more reliable and relevant information about the effects of the concession arrangement on the Group's financial statements, COCOBOD has voluntarily changed its accounting policy for the treatment of costs incurred on the construction/rehabilitation of the Cocoa Roads. Prior year financial statements have been restated as a result of this change.

Prior to the change in accounting policy, costs incurred by COCOBOD on the construction/ rehabilitation of Cocoa Roads were recognised as an expense in the year in which they were incurred, even though COCOBOD received allocation from industry stakeholders from the use of the roads under an arrangement that compensated COCOBOD for the construction/rehabilitation works undertaken. The costs were expensed because, in the years preceding the current period, there was neither a formally executed agreement between COCOBOD and the Ministry of Roads and Highways nor was there control exercised by COCOBOD over the Cocoa Roads. There were however discussions held in the past years, directed at formalising an arrangement that will give COCOBOD the right to charge users of the cocoa roads, which discussions were only finalised in current year.

7. Retrospective adjustment (cont'd)

Following the execution of a concession agreement with the Ministry of Roads and Highways, management has capitalised the costs incurred as either an intangible asset or a contract asset, depending on whether the roads are completed or are work in progress respectively.

The net impact on the consolidated financial statements at 1 October 2016 and 30 September 2017 is summarised below. Further explanations of material restatement adjustments are provided in note 38.

i. The net impact of the restatement adjustments on the 2017 opening balances is as follows:

- Intangible assets increased by GH¢92,712,000
- Contract assets increased by GH¢1,037,169,000
- Trade and other receivables increased by GH¢171,424,000
- Cash and cash equivalents increased by GH¢3,967,000
- Trade and other payables increased by GH¢209,452,000
- Retained earnings increased by GH¢1,095,820,000
- Total equity increased by GH¢1,095,820,000.

ii. The net impact of the restatement adjustments on the 2017 year end balances is as follows:

- Intangible assets increased by GH¢474,007,000
- Contract assets increased by GH¢1,727,102,000
- Trade and other receivables increased by GH¢94,067,000
- Cash and cash equivalents increased by GH¢392,000
- Trade and other payables increased by GH¢838,711,000
- Retained earnings increased by GH¢1,456,857,000
- Total equity increased by GH¢1,456,857,000.

8. Correction of errors

During 2018, the Group noted a number of omissions from its 2017 consolidated financial statements. The prior year's consolidated financial statements have been restated to correct the effect of these omissions. The net impact on the consolidated financial statements for the financial year ended 30 September 2017 is summarised below. Further explanations of material restatement adjustments are provided in note 38.

The net impact of the restatement adjustments on the 2017 balances is as follows:

- Property, plant and equipment decreased by GH¢60,943,000
- Inventory decreased by GH¢185,403,000
- Other financial assets increased by GH¢313,702,000
- Trade and other receivables decreased by GH¢105,279,000 split into an increase of GH¢8,417,000 in the non-current element and a decrease of GH¢113,696,000 in the current element
- Cash and cash equivalents decreased by GH¢225,867,000
- Bank overdraft increased by GH¢7,000,000
- Interest bearing loans and borrowings increased by GH¢51,897,000 split into a decrease of GH¢123,021,000 in the current portion and an increase of GH¢174,918,000 in the non-current portion

8. Correction of errors (cont'd)

- Trade and other payables decreased by GH¢473,013,000
- Current tax liabilities increased by GH¢162,000
- Deferred revenue increased by GH¢51,611,000
- Employee benefit obligations increased by GH¢44,714,000
- Deferred tax liabilities decreased by GH¢7,327,000
- Fair value reserve increased by GH¢354,000
- Retained earnings decreased by GH¢144,033,000
- Translation reserve decreased by GH¢97,762,000
- Revaluation reserve decreased by GH¢9,097,000
- Non-controlling interests decreased by GH¢57,132,000
- Total equity increased by GH¢36,445,000.

9. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

9.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity securities.

The consideration transferred does not include amounts that relate to the settlement of pre-existing relationships, such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Company's reporting date.

Non-controlling interests (NCI)

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

9. Significant accounting policies (cont'd)

9.1 Basis of consolidation (cont'd)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of the equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in a former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

9.2 Foreign currency

(i) Foreign currency transactions

Transactions denominated in foreign currencies are translated to the Group's functional currency at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at exchange rates ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at exchange rates ruling at the dates the fair value was determined.

Exchange differences arising on translation are recognised in profit or loss. Foreign exchange gains and losses arising from the translation of items recognised in other comprehensive income are presented in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Ghana Cedis at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Ghana Cedis at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amounts is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

9. Significant accounting policies (cont'd)

9.3 Financial instruments

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The Group classifies non-derivative financial liabilities as other financial liabilities. Management determines the classification of its financial assets at initial recognition. No financial assets are classified as fair value through profit or loss.

(i) Non-derivative financial assets and liabilities – recognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

Loans and receivables comprises cash and cash equivalents and trade and other receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and which the Group does not intend to sell immediately or in the near term.

Loans and receivables are initially recognised at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise of cash at banks and in hand as well as short-term deposits and highly liquid investments with a term of three months or less from the date of acquisition. Cash and cash equivalents include bank overdraft that are payable on demand and form an integral part of the Group's cash management.

Held-to-maturity financial assets

The Group classifies other financial assets as held-to-maturity financial assets.

Held-to-maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity and which are not designated at fair value through profit or loss or available for sale. Held-to-maturity assets are initially recognised at fair value plus incremental direct transaction costs and subsequently measured at amortised cost using the effective interest method.

Any sale or reclassification of a significant amount of held-to-maturity assets not close to their maturity would result in the reclassification of all held-to-maturity assets as available-for-sale, and would prevent the Group from classifying such assets as held-to-maturity for the current and the following two financial years. Differences between the carrying amount (amortised cost) and the fair value on the date of the reclassification are recognised in other comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices that are not classified as held-to-maturity investments, fair value through profit or loss or loans and receivables.

Available-for-sale financial assets comprise other investments.

Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale financial assets are measured at fair value after initial recognition.

9. Significant accounting policies (cont'd)

9.3 Financial instruments

Interest income is recognised in profit or loss using the effective interest method. Dividends on available-for-sale equity instruments are recognised in profit or loss in dividend income when the Group's right to receive payment is established.

Other fair value changes, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, into the other financial liabilities category.

Other financial liabilities include trade and other payables and loans and borrowings and bank overdraft.

Other financial liabilities are initially recognised at fair value less any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

(ii) Derecognition

Financial asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risk and rewards of ownership and does not retain control over the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under applicable accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(iv) Investment in subsidiary and associate

Investment in subsidiary and associate is measured at cost in the consolidated financial statements.

9. Significant accounting policies (cont'd)

9.4 Impairment of financial assets

(a) Assets carried at amortised costs

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The Group considers evidence of impairment of these assets both on an individual and collective basis. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and make adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

All impairment losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(b) Assets classified as available-for-sale

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each reporting date. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss.

In general, the Group considers a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

Impairment losses are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, in a subsequent period, the fair value of an equity security classified as available-for-sale increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through other comprehensive income.

9.5 Intangible assets

COCOBOD recognises an intangible asset arising from a concession arrangement when it has right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or rehabilitation of cocoa roads in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value services provided.

9. Significant accounting policies (cont'd)

9.5 Intangible assets (cont'd)

Where the fair value of services provided cannot be reliably determinable, the fair value on initial recognition is measured with reference to the total costs incurred in constructing or rehabilitating cocoa roads under the concession arrangement.

Subsequent to initial recognition, the intangible asset is measured at cost, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period. In the case of COCOBOD, this is assessed as being a ten-year period from the date of completion of construction and rehabilitation of the cocoa roads.

9.6 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost. Land and buildings are recognised at revalued amounts less subsequent accumulated depreciation and subsequent accumulated impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

An increase in the carrying amount of buildings as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

A revaluation decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The surplus on revaluation is transferred to retained earnings on ultimate disposal of the asset.

Valuations are performed at most every five (5) years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Other items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

(iii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

9. Significant accounting policies (cont'd)

9.6 Property, plant and equipment (cont'd)

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset if there is uncertainty that the lessee will obtain ownership of the asset at the end of the lease term, if not they are depreciated over the useful life of the asset. Freehold land is not depreciated.

The estimated useful lives are as follows:

• buildings and produce sheds	10-50 years
• plant and equipment	5 years
• furniture	5 years
• motor vehicles	4 years
• leasehold property	shorter of the lease term and the estimated useful life

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in profit or loss.

(v) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(vi) Derecognition

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to flow to the Group from either use or disposal.

9.7 Contract assets

Contract assets represents cocoa roads under construction and or rehabilitation. COCOBOD recognises construction assets at cost. Upon the completion of the related roads, the proportionate costs incurred on the construction of the cocoa roads are transferred to intangible assets – service concession (see note 9.5).

Income from construction services for cocoa roads is recognised net of cost incurred since the contract does not allow for margins to be applied.

9.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and risks specific to the asset. A previously recognised impairment loss is reversed where there has been a change in circumstances or in the basis of estimation used to determine the recoverable value, but only to the extent that the asset's net carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

9. Significant accounting policies (cont'd)

9.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the selling price less costs to sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

9.10 Employee benefit obligations

a. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to a separate company and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The Group has the following defined contribution schemes:

(i) Social Security and National Insurance Trust

Under the national pension scheme, the Group contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The Group's obligation is limited to the relevant contributions, which have been recognised in the financial statements. The pension liabilities and obligations, however, rest with SSNIT.

(ii) Provident Fund

The Group has a Provident Fund Scheme for all employees who have completed their probation period with the Group. The Group contributes 7% to 10% of their basic salary to the Fund. Obligations under the plan are limited to the relevant contributions which have been recognised in the financial statements and are settled on due dates to the fund manager.

(iii) End of Service Benefit

The Group operates a contributory 'End-of-Service benefit' scheme for staff under which the Group contributes 12.5% of each staff's basic salary. Obligations under the plan are limited to the relevant contributions which are settled on due dates to the fund manager.

b. Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a Qualified Actuary using the projected unit credit method. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses is recognised immediately in other comprehensive income.

The Group determines the net interest expense (income) on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit liability at the period end, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of defined benefits when settlement occurs.

9. Significant accounting policies (cont'd)

9.10 Employee benefit obligations (con'd)

The Group has the following defined benefit plans:

(i) Ghana Cocoa Board Pension scheme (Superannuation Scheme)

This pension scheme entitles retired employees to receive annual pension payments. Members retire at the age of 60 and are entitled to receive annual payments, based on a proportion of their final salary until their death. The scheme was closed to all new members in 1984.

(ii) Long-service awards

This defined benefit scheme entitles employees to a benefit package at the end of their service with the Group. This benefit package is paid at the point of exit on scales that have been graduated based on the length of service ranging from 10 to 40 years.

(iii) Post-retirement medical benefit

The defined benefit scheme entitles:

i. retired employees who have served a minimum of twelve (12) years to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school)

ii. retrenched employees who have continuously served a minimum of fifteen (15) years and have attained the compulsory retirement age to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school).

(iv) Repatriation benefit

This benefit entitles an employee who leaves the services of COCOBOD on grounds other than summary dismissal or resignation to be repatriated to his hometown or place of hire at the expense of COCOBOD or be paid 20% (twenty percent) of his basic annual salary in lieu of transport being made available by the BOARD.

c. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by employees and the obligation can be estimated reliably.

9.11 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rates that reflect risks specific to the liability. Unwinding of the discount is recognised as finance costs.

Stabilisation fund

Ghana Cocoa Board is mandated by the Producer Price Review Committee (PPRC), a quasi-regulatory body, to establish a stabilisation fund to be used to avoid significant fluctuations in the producer price of cocoa in Ghana. The funds are set aside from profit at the directive of the PPRC.

Farmers' social security fund

Ghana Cocoa Board is required under section 26 of the Ghana Cocoa Board Act 1984 (PNDCL Law 81), as amended to establish a contributory insurance scheme for cocoa, coffee and sheanuts farmers within the framework of the Social Security Fund. As required by the PNDC Law 81, the Group is yet to make regulations by means of a legislative instrument to give full effect to the provisions of section 2 of PNDC Law 81.

9. Significant accounting policies (cont'd)

9.11 Provisions (cont'd)

Farmers' welfare fund

Ghana Cocoa Board is required under section 27 of the Ghana Cocoa Board Act 1984 (PNDL Law 81), as amended to establish a farmers' welfare fund into which a sum of not more than 10 percent of the net profit of the Group shall be transferred each year. The fund is intended to be used for:

a. development projects in any cocoa, coffee or sheanuts producing area; and

b. the provision of other farmers' benefits such as low interest-bearing farmers' welfare loans, farmers' refresher courses, scholarship scheme for farmer's wards, and for other purposes aimed at enhancing the welfare of cocoa, coffee and sheanut farmers.

9.12 Revenue

Sale of goods

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, associated costs and the possible return of goods can be estimated reliably, there is no continuing management involvement in the goods and the amount of revenue can be measured reliably. Risks and rewards of ownership are transferred at the point of despatch of cocoa beans and semi-finished cocoa beans.

9.13 Deferred revenue

Deferred revenue is made up of customer advances. This relates to deposits made by customers towards the purchase of cocoa beans, which had not been delivered at the end of the reporting period.

Deferred revenue is recognised when cash is received but goods have not been delivered. It is measured at the value of the amount received. When product is delivered, the amount delivered is transferred from deferred revenue to revenue.

9.14 Leases

(i) Lease payments - Lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between finance expense and a reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Lease assets - Lessee

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease assets - Lessor

Where significant portions of the risks and rewards of ownership are retained by the lessor, such leases are classified as operating leases. Lease income from operating leases are recognised in other income on a straight-line basis over the period of the lease.

9. Significant accounting policies (cont'd)

9.15 Finance income and expenses

Finance income comprise interest receivable on funds invested and dividend income. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Finance expenses comprise interest payable and finance lease charges recognised in profit or loss using the effective interest method and unwinding of discounts on provisions that are recognised in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognised in profit or loss using the effective interest method.

9.16 Income from service concession arrangements

Income related to construction under a service concession arrangement is recognised on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative fair value of the services delivered if the services are separately identifiable. Allocation from industry stakeholders to the Group towards the use of cocoa roads based on each industry stakeholder's activity (as defined by the tonnage of cocoa traded in) and tariff as agreed by the industry stakeholders including Government, is recognised net of the related industry stakeholder's expenditure amount.

9.17 New standards and interpretations issued not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 October 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group plans to adopt these standards on their effective dates.

- **IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

Sale of goods

Revenue is currently recognised when the goods are currently delivered to the customers' premises which is taken to be the point of time at which the customer accepts the goods and the related risks and rewards of ownership transfer.

Revenue is recognised at this point provided the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

9. Significant accounting policies (cont'd)

9.17 New standards and interpretations issued not yet effective (cont'd)

- **IFRS 15 Revenue from contracts with customers (cont'd)**

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under IFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the statement of financial position.

The Group has not yet quantified the impact on its reported revenue, deferred revenue, trade and other receivables, and inventories, therefore the impact is not known.

- **IFRS 9 Financial Instruments**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

(i) Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The Group has not yet quantified the impact on its accounting for trade receivables and other receivables.

(ii) Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following basis:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

9. Significant accounting policies (cont'd)

9.17 New standards and interpretations issued not yet effective (cont'd)

- **IFRS 16 Leases**

The Group has not yet quantified the impact on its reported impairment losses, therefore the impact is not known.

(iii) Classification – Financial liabilities

The Group has not designated debt securities issued at FVTPL, therefore IFRS 9 is not considered to have a significant impact on the measurement of its financial liabilities.

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively except as described below:

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 October 2018.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

The Group is yet to start an initial assessment of the potential impact on its financial statements.

As a lessee, the Group can either apply the standard using a:

- Retrospective approach - the standard is applied retrospectively to each prior reporting period presented applying IAS 8; or
- Modified retrospective approach with optional practical expedients - the standard is applied retrospectively with the cumulative effect of initially applying IFRS 16 recognised in the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application, instead of restating comparative information.

The lessee applies the election consistently to all of its leases. The Group has not yet determined which transition approach to apply. As a lessor, the Group is not required to make any adjustments for leases except where it is an intermediate lessor in a sub-lease. The Group has not yet quantified the impact on its reported assets and liabilities of the adoption of IFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. The Group expects to disclose its transition approach and quantitative information before adoption.

- Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)

The IASB's amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

9. Significant accounting policies (cont'd)

9.17 New standards and interpretations issued not yet effective (cont'd)

- **IFRS 16 Leases**

The amendments clarify that:

- On amendment, curtailment or settlement of a defined benefit plan, it is now mandatory for entities to use the updated actuarial assumptions to determine the current service cost and net interest for the period; and
- The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted. The Group is yet to make an assessment in this regard but does not expect the impact to be significant.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

9.18 Taxation

Tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI), in which case it is recognised in equity or OCI.

(a) Current tax

Current tax is the expected tax payable or receivable on taxable incomes or losses for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting dates.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised simultaneously.

10. Revenue– Sale of goods

	2018	2017
	GH¢'000	GH¢'000
Sale of cocoa beans	8,910,491	10,233,869
Sale of processed cocoa products	127,904	63,186
	9,038,395	**10,297,055**

11. Direct costs

	2018	2017
	GH¢'000	GH¢'000
Cost of inventory included in cost of sales	7,239,322	6,778,628
Buyers' margin and haulers' costs	857,668	998,386
Pest and disease control	48,660	233,898
Cocoa Hi-Tech expenses	469,609	215,484
Other direct costs	211,841	462,759
Depreciation	16,677	16,606
Government revenue support *	(1,532,132)	-
	7,311,645	**8,705,761**

*: This represents the Government's reimbursement of the shortfall of the proportionate reduction in the producer price of cocoa beans paid to farmers and other industry participants following the fall in the world market price of cocoa beans during the 2017/2018 crop year.

12. Other operating income

	2018	2017
	GH¢'000	GH¢'000
Rental income	9,334	5,179
Sundry income	94,886	157,159
Profit on disposal of property, plant and equipment	-	240
	104,220	**162,578**

13. Distribution expenses

	2018	2017
	GH¢'000	GH¢'000
Export duty	-	178,528
Bank of Ghana commission	3,659	5,781
Other distribution costs	3,866	3,798
	7,525	**188,107**

14. Administrative expenses

	2018	2017
	GH¢'000	GH¢'000
Auditor's remuneration	1,262	934
Depreciation of property, plant and equipment	137,277	96,667
Amortisation of intangible assets	54,859	53,813
Directors' remuneration	2,647	2,865
Staff costs	558,895	545,975
Impairment of trade and other receivables	203,068	35,255
Impairment of other financial assets	4,289	43,020
Exchange losses	230,041	242,582
Other administrative expenses	153,314	441,864
	1,345,652	**1,462,975**

15. Finance costs

Interest on loans and borrowings	939,975	497,222
Interest on defined benefit pension plans	25,389	19,350
	965,364	**516,572**

16. Finance income

Interest on fixed deposits	265,206	117,760
Interest on loans and advances	52,369	41,474
Bank interest earned	92,717	72,174
Dividend income	148	561
	410,440	**231,969**

17. Taxation

Ghana Cocoa Board is exempt from income tax in accordance with section 25 of the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended by Ghana Cocoa Board (Amendment) Act, 1991 (PNDCL 265).

Except for COCOBOD, all other entities within the Group are subject to tax.

a. Amounts recognised in profit or loss

	2018	2017
	GH¢'000	GH¢'000
Current tax expense		
Current year	3,446	7,279
Deferred tax expense		
Recognition and reversal of temporary differences	(2,398)	(12,301)
Total tax expense	**1,048**	(5,022)

17. Taxation (cont'd)

b. Amounts recognised in OCI

	2018			2017		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax/ expense/ (benefit)	Net of tax
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Property, plant and equipment	-	-	-	(3,462)	53,443	49,981
Remeasurement of defined benefit liability	1,829	(457)	1,372	(2,740)	509	(2,231)
	1,829	**(457)**	**1,372**	(6,202)	53,952	47,750

c. Reconciliation of effective tax rate

	2018	2017
	GH₵'000	GH₵'000
Loss before tax	(77,169)	(181,757)
Corporate tax rate at 25% (2017: 25%)	(19,292)	(45,439)
Non-deductible expenses	1,396	(5,100)
Effect of tax exempt status of group entities	19,619	45,517
Tax exempt income	(675)	-
Total tax credit	**1,048**	(5,022)
Effective tax rate	(1%)	3%

d. Current tax liabilities

The movement on the current tax account was as follows:

	Balance at October 1	Payment for the period	Charge to profit or loss	Balance at September 30
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Up to 2017	14,935	-	-	14,935
2018	-	(391)	3,446	3,055
	14,935	(391)	3,446	17,990
National Reconstruction Levy				
Up to 2016	2	-	-	2
	14,937	(391)	3,446	17,992

17. Taxation (cont'd)

e. Movement in deferred tax balances

	1 October	Profit or loss	In OCI	Translation differences	Net assets/ Liabilities	Deferred tax asset	Deferred tax liabilities
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
2018							
Property, plant and equipment	89,554	(1,260)	-	6,527	94,821	-	94,821
Unutilised tax losses	(23,364)	-	-	(2,037)	(25,401)	(25,401)	-
Employee benefit obligations	(1,136)	(65)	(457)	(47)	(1,705)	(1,705)	-
Trade receivables	(352)		-	(20)	(372)	(372)	-
Other financial assets	(10,755)	(1,073)	-	-	(11,828)	(11,828)	-
	53,947	**(2,398)**	**(457)**	**4,423**	**55,515**	**(39,306)**	**94,821**
2017							
Property, plant and equipment	15,986	17,975	53,443	2,150	89,554	-	89,554
Unutilised tax losses	(4,810)	(17,903)	-	(651)	(23,364)	(23,364)	-
Employee benefit obligations	(234)	(1,396)	509	(15)	(1,136)	(1,136)	-
Trade receivables	(123)	(222)	-	(7)	(352)	(352)	-
Other financial assets	-	(10,755)	-	-	(10,755)	(10,755)	-
	10,819	**(12,301)**	**53,952**	**1,477**	**53,947**	**(35,607)**	**89,554**

18. Intangible assets

On 1 October 2017, Ghana Cocoa Board entered into a service concession agreement with the Ministry of Roads and Highways (the grantor), acting on behalf of the Government of Ghana, to construct and or rehabilitate certain roads in cocoa growing communities in Ghana (cocoa roads). This concession agreement is effective for all cocoa roads constructed and rehabilitated from the financial year commencing 1 October 2014. The construction or rehabilitation of the cocoa roads started in July 2015 and these are at various levels of completion as at 30 September 2018. Under the terms of the agreement, Ghana Cocoa Board will operate and make the cocoa roads available to the public and industry stakeholders for a period of 10 years, starting from the date of completion of construction of each cocoa road. Ghana Cocoa Board will be responsible for any maintenance services required during the concession period. Ghana Cocoa Board does not expect major repairs to be necessary during the concession period.

The grantor will not provide Ghana Cocoa Board a guaranteed minimum annual payment for each year that the cocoa road is in operation. Additionally, Ghana Cocoa Board has received the right to charge users a fee for using the road, which the Group will collect and retain; however, this fee is based on each industry stakeholder's activity (as defined by the tonnage of cocoa traded in) and tariff as agreed by the industry stakeholders including Government. In addition to the right to charge users a fee for the use of the cocoa roads, Ghana Cocoa Board derives a number of economic benefits from the construction and rehabilitation of the cocoa roads. Some of these benefits include but not limited to:

18. Intangible assets (cont'd)

- Prompt receipt of cocoa beans at the takeover centres with its positive effect on turnover
- Reduction in the loss of cocoa beans in transit
- Discharge of COCOBOD's obligations to the cocoa growing communities (CSR)
- General improvement in the economy of cocoa growing communities
- Reduction in direct costs associated with the purchase, storage and sales of cocoa beans.

At the end of the concession period, the cocoa roads will become the property of the grantor and Ghana Cocoa Board will have no further involvement in its operation or maintenance requirements.

The service concession agreement does not contain a renewal option. The rights of the grantor to terminate the agreement include poor performance by Ghana Cocoa Board and in the event of a material breach in the terms of the agreement. The rights of Ghana Cocoa Board to terminate the agreement include failure of the grantor to fulfil its obligations under the agreement, material breach in the terms of the agreement and any changes in law that would render it impossible for Ghana Cocoa Board to fulfill its requirements under the arrangement.

For the year ended 30 September 2018, the Group has recognised income and cost from construction services of GH₵206 million. No profit has been recognised from construction services.

The Group has recognised a service concession intangible asset up to 30 September 2018, initially measured at the total cost of construction of roads completed amounting to GHS549million, of which GH₵119 million has been amortised. The intangible asset represents the right to charge users a fee for use of the roads.

The table below shows the intangible assets that the Group has recognised in respect of the costs incurred for the construction or rehabilitation of cocoa roads under the service concession arrangement as at 30 September 2018 and the related amortisation for the year ended 30 September 2018.

	2018	2017
	GH₵'000	GH₵'000
Cost		
At 1 October	538,120	103,012
Transfers from contract assets	10,471	435,108
At 30 September	**548,591**	**538,120**
Amortisation		
At 1 October	64,113	10,300
Charge for the year	54,859	53,813
At 30 September	**118,972**	**64,113**
Net book value		
At 30 September	**429,619**	**474,007**
At 1 October 2016		**92,712**

19. Contract assets

	2018	2017
	GH¢'000	GH¢'000
Cost		
At 1 October	1,727,102	1,037,169
Additions	204,643	1,125,041
Transfers to intangible assets	(10,471)	(435,108)
At 30 September	**1,921,274**	**1,727,102**

20. Property, plant and equipment

2018

	Land and Buildings	Furniture and Equipment	Motor Vehicles	Plant and Equipment	Work in Progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost/Valuation						
At 1 October 2017	2,252,289	87,489	65,030	369,330	229,925	3,004,063
Additions	5,834	8,187	4,070	15,130	94,464	127,685
Disposals/write off	-	(2,990)	(8,413)	(12,039)	(5,632)	(29,074)
Transfers between categories	121,112	352	-	991	(122,455)	-
Effect of movement in foreign exchange	18,338	296	210	28,935	222	48,001
At 30 September 2018	**2,397,573**	**93,334**	**60,897**	**402,347**	**196,524**	**3,150,675**
Accumulated depreciation						
At 1 October 2017	133,839	57,941	52,000	157,721	-	401,501
Charge for the year	84,339	17,361	8,122	27,435	-	137,257
Released on disposal	(1,673)	(1,245)	(8,092)	(18,064)	-	(29,074)
Effect of movement in foreign exchange	1,365	190	247	11,470	-	13,272
At 30 September 2018	**217,870**	**74,247**	**52,277**	**178,562**	**-**	**522,956**
Net book value						
At 30 September 2018	**2,179,703**	**19,087**	**8,620**	**223,785**	**196,524**	**2,627,719**

Comprising	
Carrying amount under cost model	397,773
Effects of movement in foreign exchange	16,973
Revaluation surplus recognised	1,764,957
At 30 September 2018	**2,179,703**

21. Property, plant and equipment (cont'd)

2017

	Land and Buildings GH¢'000	Furniture and Equipment GH¢'000	Motor Vehicles GH¢'000	Plant and Equipment GH¢'000	Work in Progress GH¢'000	Total GH¢'000
Cost/Valuation						
At 1 October 2016	2,230,637	69,744	64,183	340,437	56,749	2,761,750
Additions	1,224	17,503	1,730	910	169,580	190,947
Assets written-off	-	-	-	-	-	-
Disposal	-	(248)	(1,117)	(21)	-	(1,386)
Effect of movement in foreign exchange	20,428	490	234	28,004	3,596	52,752
At 30 September 2017	**2,252,289**	**87,489**	**65,030**	**369,330**	**229,925**	**3,004,063**
Accumulated depreciation						
At 1 October 2016	70,836	46,304	42,443	134,315	-	293,898
Charge for the year	61,748	11,626	10,304	12,989	-	96,667
Released on disposal	-	(172)	(1,002)	(21)	-	(1,195)
Effect of movement in foreign exchange	1,255	183	255	10,438	-	12,131
At 30 September 2017	**133,839**	**57,941**	**52,000**	**157,721**	**-**	**401,501**
Net book value						
At 30 September 2017	**2,118,450**	**29,548**	**13,030**	**211,609**	**229,925**	**2,602,562**
Comprising						
Carrying amount under cost model	353,493					
Effects of movement in foreign exchange	19,173					
Revaluation surplus recognised	1,745,784					
At 30 September 2017	**2,118,450**					

Cocoa Processing Company Limited, one of the Group's subsidiaries, has pledged assets with a carrying value of GH¢427,932,000 (2017: GH¢ 410,766,000) as security for loans and overdraft from a syndicate of banks led by Barclays Bank Ghana Limited and Prudential Bank Limited respectively.

Except for the property, plant and equipment of Cocoa Processing Company Limited, there are no restrictions to title on any of the Group's property, plant and equipment and there are no charges on any of these assets.

The Group's Land and buildings and produce sheds were independently revalued at 30 September 2015 and 30 September 2014 by Valuation and Investment Associates and Property Solutions Model. Subsequent revaluations will be done at intervals of five years. Valuations are made on the basis of the open market values, which reflect recent prices for similar properties. The revalued amounts were incorporated in the financial statements for the respective years. Revaluation differences are adjusted through revaluation reserve in shareholders' equity.

21. Investments

(a) List of subsidiaries and associates

Set out below is a list of subsidiaries and associates of the Group:

	Country of incorporation	Interest	Principal place of business
Investment in listed entity			
Cocoa Processing Company Limited	Ghana	57.73%	Ghana
Investment in unlisted entities			
Cocoa Marketing Company (Ghana) Limited	Ghana	100%	Ghana
Cocoa Marketing Company (UK) Limited*	United Kingdom (UK)	100%	UK
Quality Control Company Limited**	Ghana	100%	Ghana
Tema Chemicals Company Limited	Ghana	49%	Ghana

*: COCOBOD has an indirect interest in Cocoa Marketing Company (UK) Limited by virtue of the fact that the latter is a wholly owned subsidiary of Cocoa Marketing Company (Ghana) Limited.

**: This company is currently dormant.

(b) Investment in associates

	2018	2017
	GH₵'000	GH₵'000
Cost	4,434	916
Share of profit	(38)	56
Share of OCI	-	3,462
	4,396	**4,434**

Tema Chemicals Company Limited

The investment in Tema Chemicals Limited represent shares, held by Ghana Cocoa Board conferring the right to exercise 49% of votes exercisable at general meetings. Tema Chemicals Limited is a company registered in Ghana in the business of formulation, repackaging and sale of Agro Chemicals. There was no change in the nature of objects of the company during the year.

	2018	2017
	GH₵'000	GH₵'000
Non-current assets	9,026	9,109
Current assets	2,477	2,467
Non-current liabilities	(2,224)	(2,224)
Current liabilities	(308)	(304)
Net assets (100%)	**8,971**	**9,048**
Group's share of net assets (49%)	**4,396**	**4,434**
Carrying amount of interest in associate	**4,396**	**4,434**
Revenue	597	487
Loss from continuing operations (100%)	(78)	(185)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(78)	(76)
Total comprehensive income (49%)	**(38)**	(37)
Correction of errors (revaluation surplus on PPE)	-	3,462
Correction of other errors	-	93
Group's share of total comprehensive income	**(38)**	3,518

21. Investments (cont'd)

(c) Investment in subsidiary

	2018	2017
	GH¢'000	GH¢'000
Cost	**10**	10

This represents 100% equity interest in Quality Control Company Limited, an entity incorporated in Ghana that engages in certification, inspection, grading and sealing of agricultural produce, disinfestation activities, certification of weights or agricultural produce, warehousing and warehousing practices and other incidental business. The Company is currently dormant. The financial information of Quality Control Company Limited has not been consolidated as it is not material to the Group financial statements.

22. Other equity investments

Equity securities - Available for sale		
At 1 October	6,473	6,321
Net change in fair value	2,183	152
At 30 September	**8,656**	**6,473**

23. Other financial assets

Held to maturity financial assets		
Fixed deposits	446,319	864,653
Impairment of doubtful debt	(47,309)	(43,020)
	399,010	**821,633**

24. Inventories

Cocoa beans	237,028	556,801
Other consumables and inputs	493,041	685,829
Processed cocoa products	8,216	5,572
	738,285	**1,248,202**

25. Trade and other receivables

Current		
Trade receivables	420,584	307,646
Amounts due from related parties	3,169,413	1,388,230
Other receivables	642,578	495,044
Prepayments	35,452	28,639
Loans receivable	106,587	97,397
	4,374,614	2,316,956
Non-current		
Loans receivable	**24,573**	**67,591**

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 33.

26. Cash and cash equivalent

	2018 GH₵'000	2017 GH₵'000
Cash at bank	813,900	426,946
Cash in hand	2,051	3,282
Fixed deposits	464,520	1,542
Cash and cash equivalent per statement of financial position	1,280,471	431,770
Bank overdraft	(122,325)	(12,258)
Cash and cash equivalents in the statement of cash flows	**1,158,146**	**419,512**

Information about the Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is included in note 33.

27. Loans and borrowings

	2018 GH₵'000	2017 GH₵'000
Current		
Secured bank loans	747,500	723,104
Unsecured bills payable	5,903,105	2,391,360
	6,650,605	**3,114,464**
Non-current		
Secured bank loans	**1,714,539**	**2,362,102**
Total loans and borrowings	**8,365,144**	**5,476,566**

Terms and debt repayment schedule

				2018		2017	
	Currency	Nominal Interest	Year of Maturity	Face Value GH₵'000	Carrying amount GH₵'000	Face Value GH₵'000	Carrying amount GH₵'000
Secured bank loan	GH₵	6%	Nov 2022	1,999,404	1,999,404	1,999,404	1,999,404
Unsecured bills 1	GH₵	16%	Nov 2018	1,315,182	1,315,182	1,164,543	1,164,543
Unsecured bills 2	GH₵	16%	Dec 2018	684,753	684,753	-	-
Unsecured bills 3	GH₵	16%	Jan 2019	681,698	681,698	-	-
Unsecured bills 4	GH₵	15%	Jan 2019	264,838	264,838	-	-
Unsecured bills 5	GH₵	15%	Jan 2019	347,449	347,449	-	-
Unsecured bills 6	GH₵	16%	Jul 2019	240,790	240,790	1,226,817	1,226,817
Unsecured bills 7	GH₵	18%	Jul 2019	721,623	721,623	-	-
Unsecured bills 8	GH₵	18%	Feb 2019	542,233	542,233	-	-
Unsecured bills 9	GH₵	17%	Mar 2019	621,702	621,702	-	-
Unsecured bills 10	GH₵	16%	Jul 2019	482,837	482,837	-	-
Secured bank loan	US$	3.5% /Libor	Jan 2019	362,999	362,999	996,998	996,998
Secured bank loans	US$	Libor+9.19%	Mar 2020	99,636	99,636	88,804	88,804
				8,365,144	**8,365,144**	**5,476,566**	**5,476,566**

In September 2018, Ghana Cocoa Board, in collaboration with a consortium of international banks signed a syndicated loan agreement for an amount of US$1,300,000,000 to finance the purchase of cocoa beans for the 2018/19 crop year. This loan is secured against receivables from future sales contracts. This loan amount was paid subsequent to the year end.

27. Loans and borrowings (cont'd)

2018	Opening Balance 1 Oct-17 GH₵'000	Additions GH₵'000	Capital Repayment GH₵'000	Finance Cost GH₵'000	Interest Paid GH₵'000	Exchange Difference GH₵'000	Closing Balance 30 Sept-18 GH₵'000
Secured bank loan (a)	996,998	-	(675,000)	35,630	(39,727)	45,098	362,999
Secured bank loan (b)	1,999,404	-	-	130,318	(130,318)	-	1,999,404
Secured bank loan (c)	88,804	-	-	10,420	(7,579)	7,991	99,636
Unsecured bills and notes payable	2,391,360	8,003,260	(4,665,663)	798,202	(624,054)	-	5,903,105
Syndicated loan	-	5,870,521	(5,870,521)	74,760	(74,760)	-	-
	5,476,566	**13,873,781**	**(11,211,184)**	**1,049,330**	**(876,438)**	**53,089**	**8,365,144**

28. Trade and other payables

	2018 GH₵'000	2017 GH₵'000
Trade payables	272,783	145,986
Other taxes and social security	111,119	32,575
Other payables	130,812	78,988
Accruals	199,169	597,847
Retention payable	193,134	184,586
Amounts payable to road contractors	375,986	646,210
	1,283,003	**1,686,192**

Included in other payables is an amount of GH₵36,687,000 (2017: GH₵Nil) representing the deferral of a portion of Government reimbursement of the shortfall of the proportionate reduction that COCOBOD should have applied to 2017/2018 crop year cocoa beans taken over subsequent to the year end but was covered by the Government revenue support. This amount would be released to the statement of profit or loss and other comprehensive income when the cocoa beans are sold. As a result, this amount has not been included as financial liabilities.

29. Deferred income

	2018 GH₵'000	2017 GH₵'000
Customer advances	**176,292**	**432,532**

This represents payments made by customers in advance for cocoa beans supply contracts yet to be delivered.

30. Employee benefit obligations

Defined benefit pension plans

Apart from the legally required social security scheme, the Group has established the following post-employment defined benefit plans. These plans are unfunded.

(a) Ghana Cocoa Board Pension scheme (Superannuation Scheme) – Plan A

This pension scheme entitles retired employees to receive annual pension payments. Members retire at the age of 60 and are entitled to receive annual payments, based on a proportion of their final salary until their death. The scheme was closed to all new members in 1984.

(b) Long-service awards – Plan B

Long service awards accrue to employees based on graduated periods of uninterrupted service. These awards accrue over the service life of employees. Employees leaving the service of the Group after ten (10) years through retirement (both voluntary and compulsory) or resignation become eligible to entitlements at the time of retirement or resignation based on their length of service.

(c) Post-retirement medical benefit – Plan C

This defined benefit scheme entitles:

i. retired employees who have served a minimum of twelve (12) years to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school).

ii. retrenched employees who have continuously served a minimum of fifteen (15) years and have attained the compulsory retiring age to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school).

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment risk).

(d) Repatriation benefit – Plan D

This benefit entitles an employee who leaves the services of COCOBOD on grounds other than summary dismissal or resignation to be repatriated to his hometown or place of hire at the expense of COCOBOD or be paid 20% (twenty percent) of his basic annual salary in lieu of transport being made available by the Board of Directors.

Movement in defined benefit liability

The following table shows a reconciliation of the opening and closing balances of the net defined benefit liability and its components.

End of service benefit

	2018	2017
	GH₵'000	GH₵'000
At 1 October	130,425	74,071
Included in profit and loss		
Current service costs	3,551	4,263
Past service cost	-	12,223
Interest cost	25,389	19,350
	28,940	35,836
Included in other comprehensive income		
Re-measurements:		
Actuarial loss	26,620	30,354
Other		
Benefits paid	(15,050)	(10,476)
Exchange adjustments	479	640
At 30 September	**171,414**	**130,425**

30. Employee benefit obligations (cont'd)

Movement in defined benefit liability (cont'd)

	2018	2017
	GH¢'000	GH¢'000
Represented by:		
Net defined benefit liability – Plan A	17,048	16,915
Net defined benefit liability – Plan B	39,617	18,752
Net defined benefit liability – Plan C	102,353	82,536
Net defined benefit liability – Plan D	12,396	12,222
	171,414	**130,425**

	2018	2017
The expense has been recognised in the following line items in profit or loss:		
Administrative expenses	3,551	16,486
Finance costs	25,389	19,350
	28,940	**35,836**

The principal actuarial assumptions at the year-end were as follows:

	2018	2017
	%	%
Discount rate	17.5	20.0
Future salary increases	13.5	15.0
Rate of medical inflation	13.5	15.0
Rate of inflation	10.0	10.0
Withdrawal rates (see table below):		

		2018		2017
Age	Males	Females	Males	Females
Less than 30	5%	5%	5%	5%
Age 30 to 39	4%	4%	4%	4%
Age 40 to 49	3%	3%	3%	3%
Age 50 to 60	2%	2%	2%	2%
Greater than 60	-	-	-	-

*Note: The pre-retirement mortality has been assumed to follow the mortality rates according to the A67-70 table while the post-retirement mortality has been assumed to follow the mortality rates according to the PA(90) table. These assumptions have remained unchanged from the previous valuation.

30. Employee benefit obligations (cont'd)

Sensitivity analysis

Reasonable changes at the reporting date to the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Superannuation		Long service awards		Post-retirement medical benefit		Repatriation		Combined	
		2018		2018		2018		2018		2018
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Discount rate (1% movement)	16,073	18,139	31,198	35,997	93,773	112,495	11,598	13,304	152,642	179,935
Withdrawal rate (10% movement)	18,217	-	34,158	-	113,091	-	11,853	-	177,319	-
Inflation (1% movement)	17,048	-	36,165	-	89,501	-	6,459	-	149,173	-
Mortality (1% movement)	15,832	-	33,334	-	101,957	-	11,448	-	162,571	-

30. Employee benefit obligations (cont'd)

Defined contribution pension plans

The total expense relating to these plans in the current year was as follows:

	2018	2017
	GH¢'000	GH¢'000
Defined contribution expense recognised in the year	**109,429**	**111,098**

31. Provisions

	Stabilisation fund GH¢'000	Farmers' social security fund GH¢'000	Farmers' welfare fund GH¢'000	Other provisions GH¢'000	Total GH¢'000
At 1 October 2017	155,864	28,898	27,733	3,696	216,191
Provisions released during the year	(155,864)	-	(154)	-	(156,018)
At 30 September 2018	**-**	**28,898**	**27,579**	**3,696**	**60,173**

Stabilisation fund

Ghana Cocoa Board is mandated by the Producer Price Review Committee (PPRC), a quasi-regulatory body, to establish a stabilisation fund to be used to avoid significant fluctuations in the producer price of cocoa beans in Ghana. The funds are set aside from profit at the directive of the PPRC. However, during the year no additional provision was requested by the PPRC. Instead, the prior year provision was released to offset the fall in the price of cocoa beans on the world market relative to the producer price of cocoa beans in Ghana.

Farmers' social security fund

Ghana Cocoa Board is required under section 26 of the Ghana Cocoa Board Act 1984 (PNDCL Law 81), as amended to establish a contributory insurance scheme for cocoa, coffee and sheanuts farmers within the framework of the Social Security Fund. As required by the PNDC Law 81, the Group is yet to make regulations by means of a legislative instrument to give full effect to the provisions of section 2 of PNDC Law 81. However, the balance at the year-end represents funds carried forward from prior years.

Farmers' welfare fund

Ghana Cocoa Board is required under section 27 of the Ghana Cocoa Board Act 1984 (PNDL Law 81), as amended to establish a farmers' welfare fund into which a sum of not more than 10 percent of the net profit of the Group shall be transferred each year. The fund is intended to be used for:

(c) development projects in any cocoa, coffee or sheanuts producing area; and

(d) the provision of other farmers' benefits such as low interest-bearing farmers' welfare loans, farmers' refresher courses, scholarship scheme for farmer's wards, and for other purposes aimed at enhancing the welfare of cocoa, coffee and sheanut farmers.

32. Capital and reserves

Capital contribution

The capital contribution comprise of Ghana Government's contribution towards the set up fund for Ghana Cocoa Board during its establishment.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Revaluation reserve

Where property, plant and equipment is revalued, the cumulative increase in the fair value of the property at the date of revaluation in excess of its carrying amount is included in the revaluation reserve.

Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statement of foreign operations.

33. Financial instruments

(a) Fair values of financial instruments

Some of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments.

When measuring fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques:

(a) Level 1: quoted prices (adjusted) in active markets for identical assets or liabilities.

(b) Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for assets and liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The loans and borrowings are repayable on demand and the face value of the receivables is a close approximation of its fair value.

33. Financial instruments (cont'd)

(a) Fair values of financial instruments (cont'd)

30 September 2018	Loans and receivables GH¢'000	Available -for- sale GH¢'000	Held to maturity GH¢'000	Total GH¢'000
Financial assets not measured at fair value				
Cash and cash equivalents	1,280,471	-	-	1,280,471
Trade and other receivables	4,363,735	-	-	4,363,735
Other financial assets	-	-	399,010	399,010
	5,644,206	**-**	**399,010**	**6,043,216**
Financial assets measured at fair value				
Other investments	-	8,656	-	8,656
	-	**8,656**	**-**	**8,656**

30 September 2017	Loans and receivables GH¢'000	Available -for- sale GH¢'000	Held to maturity GH¢'000	Total GH¢'000
Financial assets not measured at fair value				
Cash and cash equivalents	431,770	-	-	431,770
Trade and other receivables	2,355,908	-	-	2,355,908
Other financial assets	-	-	821,633	821,633
	2,787,678	**-**	**821,633**	**3,609,311**
Financial assets measured at fair value				
Other investments	-	6,473	-	6,473
	-	**6,473**	**-**	**6,473**

30 September 2018	Loans and receivables GH¢'000	Available -for-sale GH¢'000	Other financial liabilities GH¢'000	Total GH¢'000
Financial liabilities not measured at fair value				
Bank overdraft	-	-	122,325	122,325
Loans and borrowings	-	-	8,365,144	8,365,144
Trade and other payables	-	-	1,135,197	1,135,197
	-	**-**	**9,622,666**	**9,622,666**

33. Financial instruments (cont'd)

(a) Fair values of financial instruments (cont'd)

	Loans and receivables GH¢'000	Available -for-sale GH¢'000	Other financial liabilities GH¢'000	Total GH¢'000
30 September 2017				
Financial liabilities not measured at fair value				
Bank overdraft	-	-	12,258	12,258
Loans and borrowings	-	-	5,476,566	5,476,566
Trade and other payables	-	-	1,653,617	1,653,617
	-	**-**	**7,142,441**	**7,142,441**

Fair value hierarchy

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
30 September 2018				
Available–for-sale financial assets				
Other investments	**8,656**	**-**	**-**	**8,656**

Fair value hierarchy (cont'd)

	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
30 September 2017				
Available–for-sale financial assets				
Other investments	**6,473**	**-**	**-**	**6,473**

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(i) Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and established management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to risks faced by the Group.

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date by class of financial instrument was as follows:

	2018	2017
	GH¢'000	GH¢'000
Other financial assets	399,010	821,633
Cash and cash equivalents	1,278,420	428,488
Trade receivables	420,584	307,646
Loan receivables	131,160	164,988
Amount due from related parties	3,169,413	1,388,230
Other receivables	642,578	495,044
	6,041,165	**3,606,029**

Trade receivables and loan receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer and counter party. However, management also considers factors that may influence the credit risk of its customer base and counter parties, including default risk of the geographical area of each indebted party. The concentration of credit risk for trade receivables and other receivables at the reporting date by geographic region was:

	2018	2017
	GH¢'000	GH¢'000
Local trade and other receivables	4,250,632	2,326,205
Foreign trade receivables	113,103	29,703
	4,363,735	**2,355,908**

Credit quality of trade and other receivables and impairment losses

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

The aging of trade and other receivables at the reporting date was as follows:

	Gross	**Impairment**	Gross	Impairment
	2018	**2018**	2017	2017
	GH₵'000	**GH₵'000**	GH₵'000	GH₵'000
Neither past due nor impaired	6,164	-	1,226,283	-
Past due 0-30 days	99,475	-	161	-
Past due 31-120 days	92,146	-	97,719	-
Past due 121-365 days	4,165,950	-	1,031,745	-
Individually impaired	596,015	(596,015)	392,947	(392,947)
	4,959,750	**(596,015)**	**2,748,855**	**(392,947)**

Management believes that the unimpaired amounts that are past due by more than 30 days but less than 120 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit worthiness.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2018	2017
	GH₵'000	GH₵'000
At 1 October	(392,947)	(357,692)
Impairment loss recognised	(203,068)	(35,255)
At 30 September	**(596,015)**	**(392,947)**

The allowance account for trade receivables and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at which point the amounts considered irrecoverable are written off against trade receivables directly.

Cash and cash equivalent and other financial assets

The Group held cash and cash equivalents of GH₵1,278,420,000 (2017: GH₵428,488,000) and other financial assets of GH₵399,010,000 (2017: GH₵821,633,000) at the reporting date. These balances are held with banks and financial institution counterparties, which are assessed as having a relatively good credit rating.

The movement in the allowance for impairment in respect of other financial assets during the year was as follows:

	2018	2017
	GH₵'000	GH₵'000
At 1 October	(43,020)	-
Impairment loss recognised	(4,289)	(43,020)
At 30 September	**(47,309)**	**(43,020)**

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to hold cash and cash equivalents and maintain undrawn committed facilities at levels sufficient to ensure the Group has available funds to meet its liabilities as they become due.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

2018	**Carrying amounts GH¢'000**	**Contractual cashflows GH¢'000**	**1 year or less GH¢'000**	**1 to 2 years GH¢'000**	**2 to 5 years GH¢'000**	**5 years and over GH¢'000**
Non-derivative financial liabilities						
Secured bank loans (GH₵)	1,999,404	2,294,316	459,094	636,541	1,198,681	-
Secured bank loans (US$)	362,999	362,999	362,999	-	-	-
Secured bank loans (US$)	99,636	99,636	99,636	-	-	-
Unsecured bills (GHS)	5,903,105	6,399,635	6,399,635	-	-	-
Bank overdraft	122,325	122,325	122,325	-	-	-
Trade and other payables	1,135,197	1,135,197	1,135,197	-	-	-
	9,622,666	**10,414,108**	**8,578,886**	**636,541**	**1,198,681**	**-**

2017	Carrying amounts GH¢'000	Contractual cashflows GH¢'000	1 year or less GH¢'000	1 to 2 years GH¢'000	2 to 5 years GH¢'000	5 years and over GH¢'000
Non-derivative financial liabilities						
Secured bank loans (GH₵)	1,999,404	2,304,313	131,440	436,391	1,327,318	409,164
Secured bank loans (US$)	996,998	1,033,275	696,551	336,724	-	-
Secured bank loans (US$)	88,804	88,804	9,106	9,106	70,592	-
Unsecured bills (GH₵)	2,391,360	2,611,566	2,611,566	-	-	-
Bank overdraft	12,258	12,258	12,258	-	-	-
Trade and other payables	1,653,617	1,653,617	1,653,617	-	-	-
	7,142,441	**7,703,833**	**5,114,538**	**782,221**	**1,397,910**	**409,164**

(iv) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk - Foreign currency risk

Foreign exchange or currency risk is the risk of loss that results from changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currency. These transactions are primarily denominated in US Dollar, EURO and GB Pounds. The Group's exposure to foreign currency risk was as follows based on the carrying amount of monetary financial instruments.

2018	Pound Sterling	EUR	US Dollar
	000	000	000
Cash and cash equivalents	461	1,176	9,263
Trade receivables	-	-	72,201
Amounts due from related parties	-	-	240,685
Other receivables	-	-	79,518
Loan receivables	-	-	17,941
Other financial assets	-	-	16,454
Secured bank loans	-	-	(96,838)
Trade and other payables	(121)	(46)	(69,628)
Net exposure	**340**	**1,130**	**269,596**

2017	Pound Sterling	EUR	US Dollar
	000	000	000
Cash and cash equivalents	532	2,520	24,063
Trade receivables	-	-	71,259
Amounts due from related parties	-	-	218,272
Other receivables	-	-	34,452
Loan receivables	-	-	18,606
Other financial assets	-	-	33,867
Secured bank loans	-	-	(247,088)
Trade and other payables	(239)	(1,500)	(169,388)
Net exposure	**293**	**1,020**	**(15,957)**

The following significant exchange rates have been applied during the year and at the year end.

	Average		Year end	
GH¢	**2018**	2017	**2018**	2017
GBP 1	6.061	4.808	6.218	5.900
EUR 1	5.356	5.387	5.542	5.196
USD 1	4.502	4.274	4.780	4.397

A 10 percent weakening of these currencies against the Ghana Cedi at 30 September would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

	Equity		Profit or loss	
	2018	2017	**2018**	2017
	GH₵'000	GH₵'000	**GH₵'000**	GH₵'000
Pound Sterling	(211)	(173)	(211)	(173)
Euro	(628)	(530)	(628)	(530)
US Dollar	(128,867)	7,016	(128,867)	7,016

A 10 percent strengthening of the above currencies against the Ghana Cedi at 30 September would have had an equal but opposite effect on equity and profit or loss. This analysis has been prepared on the basis that all other variables remain constant.

33. Financial instruments (cont'd)

(iv) Market risk (cont'd)

Market risk – Interest rate risk

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2018	2017
	GH¢'000	GH¢'000
Fixed rate instruments		
Loans receivables	131,160	164,988
Other financial assets	399,010	821,633
Cash and cash equivalents - fixed deposits	464,520	1,542
Bank overdraft	(122,325)	(12,258)
Loans and borrowings	(7,902,509)	(4,390,764)
	(7,030,144)	**(3,414,859)**
Variable rate instruments		
Loans and Borrowings	**(462,635)**	**(1,085,802)**

Sensitivity analysis

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative period.

	2018	2017
	GH¢'000	GH¢'000
Equity		
Increase	2,313	5,429
Decrease	(2,313)	(5,429)
Profit or loss		
Increase	2,313	5,429
Decrease	(2,313)	(5,429)

Market risk – Equity price risk

The Group's exposure to equity price risk arises from its investment in equity securities which are classified as available for sale financial assets and are shown on the reporting date as other financial assets.

Sensitivity analysis

All of the Group's equity investments are listed on the Ghana Stock Exchange. For investments classified as available-for-sale, a 2 percent increase in the equity prices at the reporting date would have increased equity by the amounts shown below.

	2018	2017
	GH¢'000	GH¢'000
Equity	173	129

A 2 percent decrease in the equity prices at 30 September would have had an equal but opposite effect on equity. The analysis assumes that all other variables remain constant.

35. Commitments

Ghana Cocoa Board has made commitments to incur capital expenditures of GH₵2,679,047,000 (2017: GH₵2,805,564,000). These commitments relate to contract assets and property, plant and equipment that are expected to be executed in 2019.

36. Contingencies

Contingent liabilities comprises pending law suits against the Group and is estimated at GH₵45,302,000 (2017: GH₵39,481,000).

During the year 2016, Ghana Revenue Authority, through a private consultant, performed a tax audit of the Cocoa Marketing Company (Ghana) Limited, a subsidiary of COCOBOD, covering the period from 1 January 2009 to 31 December 2014. An issue of Value Added Tax (VAT) on commission earned from Ghana Cocoa Board was raised in the report of the consultant. This issue of VAT is in dispute and currently under discussion with the Ministry of Finance of Ghana as Ghana Cocoa Board is exempt from all forms of taxes. The estimated potential liability is GH₵ 26,478,000.

36. Related parties

The Group has related party relationship with its ultimate controlling party and subsidiaries.

Ultimate controlling party

The ultimate controlling party of Ghana Cocoa Board is the Government of Ghana.

Key management personnel compensation

Compensation paid to key management personnel (including the Directors) during the year was as follows:

	2018	2017
	GH₵'000	GH₵'000
Directors' emoluments including social security costs	**3,858**	**3,657**

Compensation paid to the Group's key management personnel include salaries, non-cash benefits and contributions to defined contribution schemes.

Other related party transactions

	2018	2017
	GH₵'000	GH₵'000
Advances made in the year:		
Payments made on behalf of the Government of Ghana	**98,746**	**70,311**
Export duties paid to the Government of Ghana	**-**	**203,632**
Government revenue support		
Reimbursement by the Government of Ghana	**1,627,045**	**-**
Receivables outstanding:		
Government of Ghana	**3,331,129**	**1,531,843**

None of these balances from related parties is secured and these are expected to be settled in cash. The total allowance against these balances at 30 September 2018 was GH₵147,816,000 (2017: GH₵147,816,000).

36. Related parties (cont'd)

Other related party transactions during the year

- At the year end the Group had outstanding loan payable to Bank of Ghana (BoG) of GH₵1,999,404,000 (2017: GH₵1,999,404,000). The loan agreement has a six year moratorium on capital repayment which expired in December 2018. COCOBOD commenced capital repayment from 2 January 2019.

37. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. The Group monitors capital using the ratio of adjusted net debt to equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises of all components of equity. The Group's adjusted net debt to equity at the reporting date was as follows:

	2018	2017
	GH₵'000	GH₵'000
Total liabilities	10,251,858	8,023,048
Less: Cash and cash equivalents	(1,280,471)	(431,770)
Net debt	8,971,387	7,591,278
Total equity	1,556,769	1,677,692
Net debt to equity ratio	**5.76**	4.52

38. Correction of errors and change in accounting policy

The tables below summarise the restatement adjustments made to prior periods presented; and in the statement of profit or loss and other comprehensive income for the year ended 30 September 2017.

A. Summary of the restatement adjustments to Statement of financial position at 1 October 2016

	Per unaudited management accounts	Change in accounting policy	Note	As restated
	GH¢'000	GH¢'000		GH¢'000
Assets				
Intangible assets	-	92,712	(a)	92,712
Contract assets	-	1,037,169	(a)	1,037,169
Property, plant and equipment	2,467,852	-		2,467,852
Trade and other receivables	41,758	-		41,758
Investment in subsidiaries	10	-		10
Investment in associates	916	-		916
Other investments	6,321	-		6,321
Non-current assets	**2,516,857**	**1,129,881**		**3,646,738**
Inventories	388,951	-		388,951
Other financial assets	404,894	-		404,894
Trade and other receivables	1,928,463	171,424	(a)	2,099,887
Cash and cash equivalents	225,579	3,967	(a)	229,546
Current assets	**2,947,887**	**175,391**		**3,123,278**
Total assets	**5,464,744**	**1,305,272**		**6,770,016**
Equity				
Capital contribution	393	-		393
Translation reserve	(12,548)	-		(12,548)
Revaluation reserve	1,668,608	-		1,668,608
Fair value reserve	5,579	-		5,579
Retained earnings	(769,835)	1,095,820	(a)	325,985
Equity attributable to owners of the Company	892,197	1,095,820		1,988,017
Non-controlling interest	(40,122)	-		(40,122)
Total equity	**852,075**	**1,095,820**		**1,947,895**
Liabilities				
Bank overdraft	5,065	-		5,065
Loans and borrowings	375,489	-		375,489
Trade and other payables	898,539	209,452	(a)	1,107,991
Current tax payable	7,666	-		7,666
Deferred revenue	132,668	-		132,668
Provisions	218,081	-		218,081
Current liabilities	**1,637,508**	**209,452**		**1,846,960**

38. Correction of errors and change in accounting policy (cont'd)

A. Summary of the restatement adjustments to Statement of financial position at 1 October 2016 (cont'd)

	Per unaudited management accounts GH¢'000	Change in accounting policy GH¢'000	Note	As restated GH¢'000
Loans and borrowings	2,890,271	-		2,890,271
Employee benefit obligations	74,071	-		74,071
Deferred tax liabilities	10,819	-		10,819
Non-current liabilities	2,975,161	-		2,975,161
Total liabilities	4,612,669	209,452		4,822,121
Total equity and liabilities	**5,464,744**	**1,305,272**		**6,770,016**

Explanations of changes to the statement of financial position at 1 October 2016

i. Change in accounting policy

(a) Capitalisation of costs incurred on cocoa roads under a new concession arrangement

As stated in Note 7, the change in accounting policy had the following net effect on the opening balances as at 1 October 2016:

- Increase in intangible assets by GH¢92,712,000. This relates to costs capitalised in respect of certified works done on the construction and rehabilitation of cocoa roads and the related accumulated amortisation charge as at 1 October 2016.
- Increase in contract assets by GH¢1,037,169,000. This relates to costs incurred in respect of certified works done on the construction and rehabilitation of cocoa roads in progress as at 1 October 2016.
- Increase in other receivables by GH¢171,424,000. This represents advances to contractors for the construction and rehabilitation of cocoa roads.
- Increase in cash and cash equivalents by GH¢3,967,000. This represents the transfer of bank accounts that were opened and maintained separately for the Cocoa Roads Trust.
- Increase in retained earnings by GH¢1,095,820,000. This represents the cumulative effect of the reversal of the cocoa roads expenses recognised, interest income on short term investments made and the net effect of misstatements identified in relation other balances associated with the intangible assets including retentions payable, amounts owed to contractors and withholding tax payable.
- Increase in trade and other payables by GH¢209,452,000. This is disaggregated into increases in retentions payable of GH¢95,816,000; amounts payable to contractors of GH¢385,033,000; withholding tax payable of GH¢19,165,000 and a decrease in "related party" balance of GH¢290,562,000 representing the reversal of amount owed the Cocoa Roads Trust.

38. Correction of errors and change in accounting policy (cont'd)

B. Summary of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017

	Per management accounts	Correction of errors	Note	Change in accounting policy	Note	As restated
	GH¢'000	GH¢'000		GH¢'000		GH¢'000
Revenue	10,308,030	(10,975)	(b)			10,297,055
Direct costs	(8,407,495)	(890,766)	(c)	592,500	(a)	(8,705,761)
Gross profit	**1,900,535**	**(901,741)**		**592,500**		**1,591,294**
Other operating income	521,461	(358,883)	(d)	-		162,578
Distribution expenses	(184,309)	(3,798)	(e)	-		(188,107)
Administrative expenses	(2,302,047)	1,077,013	(f)	(237,941)	(a)	(1,462,975)
Operating loss/profit	(64,360)	(187,409)		354,559		102,790
Finance costs	(633,790)	117,484	(g)	(266)	(a)	(516,572)
Finance income	220,134	5,090	(h)	6,745	(a)	231,969
Share of profit of associates, net of tax	-	56	(i)	-		56
Loss before tax	**(478,016)**	**(64,779)**		**361,038**		**(181,757)**
Taxation	11,030	(6,008)		-		5,022
Loss for the year	**(466,986)**	**(70,787)**		**361,038**		**(176,735)**
Other comprehensive income						
Items that will not be classified to profit or loss						
Re-measurement of defined benefit obligations	2,728	(33,082)	(j)	-		(30,354)
Related tax	(507)	(2)	(j)			(509)
Tax on previously recognised revaluation surplus	-	(52,577)	(k)	-		(52,577)
Share of revaluation surplus of associate	-	3,462	(l)	-		3,462
Tax on share of revaluation surplus	-	(866)	(m)	-		(866)
	2,221	(83,065)		-		(80,844)
Items that may be reclassified subsequently to profit or loss						
Foreign exchange translation difference – foreign operations	(205,708)	192,932	(n)	-		(12,776)
Net change in fair value of other financial assets classified as available-for-sale	152	-		-		152
	(205,556)	192,932		-		(12,624)
Other comprehensive income for the year	**(203,335)**	**109,867**			-	**(93,468)**
Total comprehensive income for the year	**(670,321)**	**39,080**		**361,038**		**(270,203)**

38. Correction of errors and change in accounting policy (cont'd)

C. Summary of the restatement adjustments to statement of financial position as at 30 September 2017

	Per management accounts GH¢'000	Correction of errors GH¢'000	Note	Change in accounting policy GH¢'000	Note	As restated GH¢'000
Assets						
Intangible assets	30	(30)	(o)	474,007	(a)	474,007
Contract assets	-	-		1,727,102	(a)	1,727,102
Property, plant and equipment	2,663,505	(60,943)	(p)	-		2,602,562
Trade and other receivables	59,174	8,417	(q)	-		67,591
Investment in subsidiaries	10	-		-		10
Investment in associate	916	3,518	(r)	-		4,434
Other investments	6,473	-		-		6,473
Non-current assets	**2,730,108**	**(49,038)**		**2,201,109**		**4,882,179**
Inventories	1,433,605	(185,403)	(s)	-		1,248,202
Other financial assets	507,931	313,702	(t)	-		821,633
Other investments	24,707	(24,707)	(u)	-		-
Trade and other receivables	2,336,585	(113,696)	(q)	94,067	(a)	2,316,956
Cash and cash equivalents	657,245	(225,867)	(v)	392	(a)	431,770
Current assets	**4,960,073**	**(235,971)**		**94,459**		**4,818,561**
Total assets	**7,690,181**	**(285,009)**		**2,295,568**		**9,700,740**
Equity						
Capital contribution	393	-		-		393
Fair value reserve	5,731	354	(w)		-	6,085
Translation reserve	(131,303)	97,762	(x)		-	(33,541)
Revaluation reserve	1,668,608	(6,501)	(y)		-	1,662,107
Other reserves	(34,327)	34,327	(z)		-	
Retained earnings	(1,186,991)	(143,993)	(aa)	1,456,857	(a)	125,873
Equity attributable to owners of the Company	322,111	(18,051)		1,456,857		1,760,917
Non-controlling interest	(140,357)	57,132	(bb)	-		(83,225)
Total equity	**181,754**	**39,081**		**1,456,857**		**1,677,692**
Bank Overdraft	5,258	7,000	(cc)	-		12,258
Loans and borrowings	3,237,485	(123,021)	(dd)	-		3,114,464
Trade and other payables	1,320,494	(473,013)	(ee)	838,711	(a)	1,686,192
Current tax liabilities	14,775	162	(ff)			14,937
Deferred revenue	380,921	51,611	(gg)	-		432,532
Provisions	216,191	-		-		216,191
Current liabilities	**5,175,124**	**(537,261)**		**838,711**		**5,476,574**
Loans and borrowings	2,187,184	174,918	(dd)		-	2,362,102
Employee benefit obligations	85,711	44,714	(hh)	-		130,425
Deferred tax liabilities	60,408	(6,461)	(ii)			53,947
Non-current liabilities	2,333,303	213,171		-		2,546,474
Total liabilities	7,508,427	(324,090)		838,711		8,023,048
Total equity and liabilities	**7,690,181**	**(285,009)**		**2,295,568**		**9,700,740**

38. Correction of errors and change in accounting policy (cont'd)

D. Summary of the restatement adjustments to statement of cash flows as at 30 September 2017

	Per management accounts GH¢'000	Correction of errors GH¢'000	Note	Change in accounting policy GH¢'000	Note	As restated GH¢'000
Cash flow from operating activities						
Loss for the year	(466,986)	(70,787)	(jj)	361,038	(a*)	(176,735)
Adjustments for:						
Depreciation of property, plant and equipment	100,241	(3,574)	(kk)	-		96,667
Amortisation and impairment - Intangible assets	-	-		53,813	(a*)	53,813
Foreign exchange losses	(1,764)	(10,145)	(ll)	-		(11,909)
Gain on disposal of property and equipment	(240)	-		-		(240)
Finance income	(203,484)	(21,740)	(mm)	(6,745)	(a*)	(231,969)
Finance costs	617,141	(100,835)	(nn)	266	(a*)	516,572
Impairment of other financial assets	-	43,020	(oo)			43,020
Impairment of trade and other receivables	116	35,139	(ggg)			35,255
Share of profit of equity-accounted shares	-	(56)	(pp)			(56)
Taxation	(6,620)	1,598	(qq)			(5,022)
	38,404	**(127,380)**		**408,372**		**319,396**
Changes in:						
Inventories	(1,040,990)	184,043	(rr)	-		(856,947)
Other financial assets	(130,817)	(282,688)	(ss)	-		(413,505)
Trade and other receivables	(367,371)	175,264	(tt)	77,357	(bb*)	(114,750)
Trade and other payables	101,473	(203,019)	(uu)	629,259	(cc*)	527,713
Deferred revenue	248,253	23,279	(vv)	-		271,532
Provisions	(1,890)	-		-		(1,890)
Employee benefits	12,267	13,093	(ww)	-		25,360
Other investment	3,073	(3,073)	(xx)	-		-
Net cash used in operating activities	**(1,137,598)**	**(220,481)**		**1,114,988**		**(243,091)**
Cash flows from investing activities						
Proceeds from sale of property and equipment	431	-		-		431
Interest received	219,573	(24,334)	(yy)	6,745	(a*)	201,984
Dividend received	561	-		-		561
Acquisition of property and equipment	(170,174)	(20,773)	(zz)	-		(190,947)
Acquisition of contract assets	-	-		(1,125,041)	(ee*)	(1,125,041)
Net cash from/(used in) investing activities	**50,391**	**(45,107)**		**(1,118,296)**		**(1,113,012)**
Cash flows from financing activities						
Proceeds from loans and borrowings	2,154,296	7,884,271	(aaa)	-		10,038,567
Interest paid	(626,758)	303,701	(bbb)	-		(323,057)
Repayment of borrowings	(59)	(8,159,320)	(ccc)	(266)	(a*)	(8,159,645)
Net cash from financing activities	**1,527,479**	**28,652**		**(266)**		**1,555,865**
Net increase in cash and cash equivalents	440,272	(236,936)	(ddd)	(3,574)		199,762
Effect of exchange rate movement on cash	(3,357)	(1,374)	(eee)	-		(4,731)
Cash and cash equivalents at 1 October	215,073	5,441	(fff)	3,967	(dd*)	224,481
Cash and cash equivalents at 30 September	**651,988**	**(232,869)**		**393**		**419,512**

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017

i. Change in accounting policy

a. Capitalisation of costs incurred on cocoa roads under a new concession arrangement

As stated in Note 7, the change in accounting policy had the following net effect on the opening balances as at 1 October 2017:

This change in accounting policy had the following net effect on the opening balances as at 1 October 2017:

- Decrease in direct costs by GH¢592,500,000. This represents the reversal of cocoa roads expense recognised in the statement of profit or loss and other comprehensive income for the year ended 30 September 2017.
- Increase in administrative expenses by GH¢237,941,000. This represents amortisation charge of GH¢53,813,000 associated with the intangible assets for the year ended 30 September 2017; and GH¢184,128,000 representing the net effect of misstatements identified in relation to other balances associated with the intangible assets including retentions payable, amounts owed to contractors and withholding tax payable.
- Increase in finance costs by GH¢266,000. This represents bank charges on bank accounts maintained for the cocoa roads project.
- Increase in finance income by GH¢6,745,000. This represents interest income on other financial assets held for the cocoa roads project for the year ended 30 September 2017.
- Increase in intangible assets by GH¢474,007. This represents costs capitalised in respect of certified work done on the construction and rehabilitation of cocoa roads; and the related accumulated amortisation charge as at 30 September 2017.
- Increase in contract assets by GH¢1,727,102. This relates to costs incurred in respect of certified works done on the construction and rehabilitation of cocoa roads in progress as at 30 September 2017.
- Increase in other receivables by GH¢94,067,000. This represents advances to contractors for the construction and rehabilitation of cocoa roads.
- Increase in cash and cash equivalents by GH¢392,000. This represents the transfer of bank accounts maintained for the cocoa roads project.
- Increase in closing retained earnings by GH¢1,456,857,000 as at 30 September 2017. This is split into increase in opening retained earnings by GH¢1,095,819,500 as at 1 October 2016 and increase in the profit for the year ended 30 September 2017 by GH¢361,038,000. This represents the cumulative effect of the reversal of the cocoa roads expenses previously recognised, interest income on short term investments and net effect of misstatements identified in relation other balances associated with the intangible assets including retentions payable, amounts owed to contractors and withholding tax payable.
- Increase in trade and other payables by GH¢838,711,000. This is disaggregated into increases in retentions payable of GH¢171,761,000; amounts payable to contractors of GH¢646,210,000 and withholding tax payable of GH¢20,740,000.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017

ii. Correction of errors

b. Revenue

Revenue has decreased by GH¢10,975,000 representing an adjustment to correct the misstatement of revenue per the management accounts.

c. Direct costs

Direct costs have increased by GH¢ 890,766,000 which is represented by:

- The combined effect of a number adjustments to correct understatements in direct costs totalling GH¢245,502,000. These misstatements resulted mainly from overstatements in inventory and understatements in accruals for cocoa beans and other consumables and inputs purchased during the year ended 30 September 2017.
- The reclassification of direct costs of items which were previously included in other financial statements captions:
  - Cocoa roads expense of GH¢592,500,000 has been reclassified from administrative expenses to direct costs.
  - Freight and insurance reimbursement of GH¢129,051,000 has been reclassified from other operating income to net them off against their related costs in direct costs.
  - Reclassification of port clearing expenses of GH¢58,062,000 from administrative expenses to direct costs.
  - Reclassification of disinfestation and fumigation materials costs of GH¢55,543,000 from administrative expenses to direct costs.
  - Other insignificant reclassification of net credit of GH¢2,609,000 from direct costs to administrative expenses.
- An additional adjustment of GH¢70,819,000 to correct the direct costs balance shown in the management accounts.

d. Other operating income

Other operating income has decreased by GH¢358,883,000 and is represented by:

- An adjustment to correct the overstatement of GH¢11,314,000 in other operating income on account of the sale of cocoa sample residue. COCOBOD's share of the revenue from the sale of cocoa sample residue is 50% of the amount realised. However, in 2017, COCOBOD recognised 75% of the amount realised. The other 25%, which is paid to the Licenced Buying Companies, was wrongly recognised as other income.
- The reclassification of freight and insurance reimbursement of GH¢129,015,000 from other operating income to net them against their related costs in direct costs.
- The reclassification of divisional grants received from head office of GH¢113,878,000 from other operating income to administrative expenses to net off against the related costs recognised by head office.
- The net effect of other adjustments of GH¢26,230,000 to correct the overstatement of other operating income in the books of Ghana Cocoa Board.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

- An adjustment of GH¢31,392,000 to reduce operating income for Cocoa Marketing Company (Ghana) Limited on account of the reclassification of interest on the other financial assets from other operating income to finance income of GH¢7,831,000 and an adjustment to correct the overstatement in amounts owed to related parties of GH¢39,223,000 in the books of Cocoa Marketing Company. The latter was done to correctly eliminate intercompany balances on consolidation.
- An additional adjustment of GH¢47,054,000 to correct the overstatement of operating income shown in the management accounts.

e. Distribution expenses

Distribution expenses have increase by GH¢3,798,000 to correct understatement of distribution expenses balance shown in the management accounts.

f. Administrative expenses

Administrative expenses have decreased by GH¢1,077,013,000 which is represented by:

- A decrease in administrative expenses of GH¢7,884,000 due to the combined effect of a number adjustments to correct misstatements in financial assets and financial liabilities as at 30 September 2017,
- The reclassification of several costs totalling GH¢703,496,000 from administrative expenses to direct costs (see direct costs above).
- The reclassification of divisional grants received from head office of GH¢113,878,000 from other operating income to administrative expenses to net off against the related costs recognised by head office
- The recognition of past service costs of GH¢10,914,000 in respect of COCOBOD's Repatriation Scheme which is a defined benefit scheme in the books of Ghana Cocoa Board
- A number of adjustments totalling GH¢6,778,000 to correct the understatement in administrative expenses in the books of one of COCOBOD's subsidiaries. These include:
    - a number of adjustments to correct the overstatement in other payables of GH¢3,232,000
    - an adjustment to correct the understatement in cash and cash equivalents of GH¢2,708,000; and
    - an adjustment to correct past service costs of GH¢1,309,000 and the net of other adjustments totalling GH¢2,147,000.
    - An additional adjustment of GH¢234,063,000 to correct the administrative expenses balance shown in the management accounts.

g. Finance costs

Finance costs have decreased by GH¢117,484,000 which is represented by:

- Adjustments to correct the overstatement in finance costs and their related loans and borrowings by GH¢110,713,000. Of this balance, GH¢128,613,000 represents the combined effect of adjustments to correct the overstatement of interest accrual on loans and borrowings. The remaining balance of GH¢18,073,000 represents the interest cost on employee benefit obligations in the books of Ghana Cocoa Board and an immaterial adjustment of GH¢173,000 to correct the understatement.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

- An additional adjustment of GH¢6,771,000 to correct the finance costs balance shown in the management accounts.

h. Finance income

Finance income has increased by GH¢5,090,000 which is represented by:

- An adjustment to increase finance income by GH¢11,933,000. This represents the net effect of a reclassification of GH¢7,831,000 of interest on other financial assets from other operating income to finance income; and other adjustments to correct understatement GH¢4,102,000 in other financial assets.
- An additional adjustment of GH¢6,843,000 to reduce the finance income balance shown in the management accounts in order to correctly state the final finance income balance.

i. Share of profit of associates, net of tax

Share of profit of associates, net of tax has increased by GH¢56,000 which represents the recognition of COCOBOD's share of the loss of Tema Chemicals Company Limited GH¢37,000 and other adjustments of GH¢93,000.

j. Re-measurement of defined benefit obligations

Re-measurement of defined benefit obligations has increased by GH¢33,082,000 on account of the re-measurement of defined benefit obligations as at 30 September 2017 together with an immaterial adjustment to correct the related tax on actuarial losses recognised.

k. Tax on previously recognised revaluation surplus

Tax on previously recognised revaluation surplus has increased by GH¢52,577,000. This represents the recognition of deferred tax in respect of previously recognised revaluation surplus due to a change in the tax status of one of COCOBOD's subsidiaries. Previously, the subsidiary was exempt from tax.

l. Share of revaluation surplus of associate

Share of revaluation surplus has increased by GH¢3,462,000. This represents the recognition of COCOBOD's share of the revaluation surplus of Tema Chemicals Company Limited.

m. Tax on share of revaluation surplus

Tax on share of revaluation surplus has increased by GH¢866,000. This represent the recognition of deferred tax in respect of COCOBOD's share of the revaluation surplus of Tema Chemicals Company Limited.

n. Foreign exchange translation difference – foreign operations

Foreign exchange translation difference – foreign operations has decreased by GH¢192,832,000. This adjustment was posted to correctly state the foreign exchange difference on the translations of foreign operations.

o. Intangible assets

Intangible assets have reduced by GH¢30,000. This represents an adjustment to correct the overstatement of the intangible assets balance shown in the management accounts.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

p. Property, plant and equipment

Plant, property and equipment has decreased by GH¢60,943,000. This represents a net effect of additions to property, plant and equipment of GH¢20,779,000 in 2017 that were recognised in 2018; and an additional adjustment of GH¢81,722,000 to correct the overstatement of the property, plant and equipment balance shown in the management accounts.

q. Trade and other receivables

- Non-current trade and other receivables have been increased by GH¢8,417,000. This represents an adjustment of GH¢9,117,000 to correct the understatement of loan receivables on account of retranslation of amounts denominated in foreign currency; and an immaterial adjustment of GH¢700,000 to correct the overstatement of the loan receivable balance shown in the management accounts.
- Current trade and other receivables have been decreased by GH¢113,696,000. This is represented by:
    - o The net effect of a number of adjustments totalling GH¢23,138,000 to correct understatements in trade and other receivables as at 30 September 2017.
    - o The reclassification of GH¢29,070,000 of cash balances, mainly petty cash, from trade and other receivables to cash and cash equivalents to align the classification with the current year.
- o Other adjustments to correct overstatements in prepayments of GH¢6,316,000; amounts due from related parties of GH¢1,385,000 and a further adjustments of GH¢724,000 to correct overstatements in other receivables in the books of one of the subsidiaries of COCOBOD.
- o An additional adjustment of GH¢99,339,000 to correct the overstatement of the trade and other receivables balance shown in the management account.

r. Investment in associates

Investment in associates has increased by GH¢ 3,518,000. This is represented by:

- COCOBOD's share of revaluation surplus of Tema Chemicals Company Limited of GH¢3,462,000.
- Recognition of COCOBOD's share of total comprehensive income for the year ended 30 September 2017 of (GH¢37,000).
- An additional adjustment of GH¢93,000 to correct understatement of investment in associates balance shown in the management account.

s. Inventories

Inventories have decreased by GH¢185,403,000 being the net effect of adjustments posted to correct overstatement of inventories at 30 September 2017.

t. Other financial assets

Other financial assets have increased by GH¢313,702,000. This is represented by:

- The reclassification of other financial assets previously included in cash and cash equivalents amounting to GH¢275,280,000.
- An adjustment of GH¢10,429,000 to recognise short term investments held on behalf of staff for which a corresponding liability has been recognised.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

t. Other financial assets (cont'd)

- The combined effect of other adjustments of GH¢3,286,000 to correct the understatement of other financial assets in the books of one of the subsidiaries of COCOBOD.
- An additional adjustment of GH¢24,707,000 to correct the overstatement of the other financial assets balance shown in the management accounts.

u. Other investment

Other investments have reduced by GH¢24,707,000. This represents an adjustment to correct the overstatement of other investments balance shown in the management accounts.

v. Cash and cash equivalents

Cash and cash equivalents have decreased by GH¢225,867,000. This is represented by:

- An adjustment to reclassify other financial assets of GH¢275,280,000 previously included in cash and cash equivalents.
- The reclassification of GH¢29,070,000, mainly petty cash balances, previously included in trade and other receivables and a reclassification of GH¢7,000,000 of bank overdraft balances to bank overdraft under current liabilities.
- An adjustment to recognise an amount of GH¢9,128,000 representing cash and cash equivalents held for staff provident fund and the net effect of other adjustments of GH¢3,106,000 to correct understatement in cash and cash equivalents in the books of Cocoa Marketing Company.
- An additional adjustment of GH¢1,109,000 to correct the overstatement of the cash and cash equivalents balance shown in the management accounts.

w. Fair value reserve

Fair value reserve has increased by GH¢354,000. This represents an adjustment to correctly state the fair value reserve. The available-for-sale financial assets that is associated with the fair value reserve was correctly stated hence the adjustment was passed through the current year profit or loss.

x. Translation reserve

Translation reserve has decreased by GH¢97,762,000. This represents an adjustment to correctly state the closing balance on the translation reserve of GH¢33,541,000.

y. Revaluation reserve

Revaluation reserve has decreased by GH¢6,501,000. This represents the effect of the recognition of deferred tax on previously recognised revaluation surplus due to the change in the tax status of one of the subsidiaries of COCOBOD.

z. Other reserves

Other reserves have decreased by GH¢34,327,000 on account of the reclassification of actuarial losses GH¢34,291,000 accumulated in other reserves to retained earnings; and an additional adjustment of GH¢36,000 to correct the misstatement in the other reserves balance shown in the management accounts.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

aa. Retained earnings

Retained earnings have decreased by GH¢143,993,000. This is represented by:

- An amount of GH¢70,787,000 representing additional losses recognised by COCOBOD for the year ended 30 September 2017.
- The reclassification of actuarial losses of GH¢34,291,000 accumulated in other reserves to retained earnings.
- An amount of GH¢40,743,000 representing additional profits recognised by one of the subsidiaries of COCOBOD for the year ended 30 September 2017.
- The reclassification of accumulated actuarial losses of GH¢75,000 from other reserves to retained earnings in the books of one of the subsidiaries of COCOBOD for the year ended 30 September 2017.
- An additional adjustment of GH¢79,583,000 to correct the misstatement of the retained earnings balance shown in the management accounts.

(ab) Non-controlling interest

The NCI balance was misstatement by GH¢57,132,000. This represents an adjustment to correct the misstatement in the management accounts and to correctly reflect the movements in NCI

(ac) Bank overdraft

Bank overdraft has increased by GH¢7,000,000 which represents the reclassification of bank overdraft balances previously netted off against cash and cash equivalents.

(ad) Loans and borrowings

- Current loans and borrowings have decreased by GH¢123,021,000. This represented by the net effect of adjustments to correct overstatements in current loans and borrowings balance mainly on account of duplicate interest payable accrual and other misstatements of GH¢128,611,000, and a reclassification of GH¢5,590,000 to correct the split between current and non-current elements.
- Non-current loans and borrowings have increased by GH¢174,918,000. This is made up of the reclassification of GH¢176,495,000 of interest payable accrual from trade and other payables to loans and borrowings; the reclassification of GH¢5,590,000 to correct the split between current and non-current elements; and an additional adjustment of GH¢4,013,000 to correct the understatement in loans and borrowings balance shown in the management accounts.

(ae) Trade and other payables

Trade and other payables have decreased by GH¢473,013,000. This is represented by:

- The net effect of a number of adjustments totalling GH¢61,797,000 to correct the understatement in the trade and other payables balance as at 30 September 2017.
- The reclassification of GH¢176,495,000 of interest payable accrual from trade and other payables to loans and borrowings.
- The net effect of an adjustment to correct the overstatement of GH¢27,739,000 of the trade and other payables balance in the books of one of the subsidiaries of COCOBOD.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

ii. Correction of errors (cont'd)

(ae) Trade and other payables (cont'd)

- An additional adjustment of GH¢330,576,000 to correct the overstatement of the trade and other payables balance shown in the management accounts.

(af) Current tax liabilities

Current tax liabilities have increased by GH¢162,000. This represents an adjustment to correctly state the current liabilities balance shown in the management accounts.

(ag) Deferred revenue

Deferred revenue has increased by GH¢51,611,000. This represents an adjustment to correct the understatement in deferred revenue for unearned income.

(ah) Employees benefit obligations

Employee benefit obligations have increased by GH¢44,714,000. This represents the misstatement in employee benefit obligations following the formal valuation of the defined benefit schemes ran by COCOBOD amounting to GH¢43,405,000 and an additional adjustment of GH¢1,309,000 to recognise past services cost in respect of one of the subsidiaries of COCOBOD.

(ai) Deferred tax liabilities

Deferred tax liabilities have decreased by GH¢6,461,000. This represents the combined effect of a number of adjustments that impact financial statements captions associated with temporary differences.

aj. Loss for the year

Loss for the year ended 30 September 2017 increased by GH¢70,787,000. This represents the combined effect of adjustments posted to correct a number misstatements to balances shown in the management accounts. Further details are provided in corrections of errors adjustments (b) to (i) on pages 77 to 79.

ak. Depreciation

The depreciation charge for the year ended 30 September 2017 has decreased by GH¢3,574,000. This represents an adjustment to correctly state the depreciation balances shown in the statement of cash flows in the management accounts.

al. Foreign exchange losses

The foreign exchange losses shown in the statement of cash flows have increased by GH¢10,145,000. This represents:

- An adjustment of GH¢47,699,000 to correctly state the of unrealised foreign exchange losses on financial assets and liabilities at 30 September 2017.
- An additional adjustment of GH¢37,554,000 to correctly state the foreign exchange losses balance shown in the statement of cash flows in the management accounts.

(am) Finance income

The finance income as shown in the statement of cash flows have increased by GH¢21,740,000. This represents:

- An adjustment to increase finance income by GH¢11,933,000 representing the net effect of a reclassification of GH¢7,831,000 of interest on other financial assets from other operating income to finance income; and other adjustments to correct understatement GH¢4,102,000 in other financial assets.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

(am) Finance income (cont'd)

- An additional adjustment of GH₵9,807,000 to correctly state the finance income balance shown in the statement of cash flows in the management accounts.

(an) Finance costs

The finance income as shown in the statement of cash flows have decreased by GH₵100,835,000. This represents:

- Adjustments to correct the overstatement in finance costs and their related loans and borrowings by GH₵110,713,000. Of this balance, GH₵128,613,000 represents the combined effect of adjustments to correct the overstatement of interest accrual on loans and borrowings. The remaining balance of GH₵18,073,000 represents the interest cost on employee benefit obligations in the books of Ghana Cocoa Board and an immaterial adjustment of GH₵173,000.
- An additional adjustment of GH₵9,878,000 to correctly state the finance costs balance shown in the statement of cash flows in the management accounts.

(ao) Impairment of other financial assets

Impairment of other financial assets has increased by GH₵43,020,000. This represents the impairment loss recognised in respect of distressed short term investments in the books of one of COCOBOD's subsidiaries.

(ap) Share of profit of associate, net of tax

Share of loss of associate, net of tax, as shown in the statement of cash flows has increased by GH₵56,000. This represents to recognise COCOBOD's share of profit, net of tax, of Tema Chemicals Limited, associate company.

(aq) Taxation

Income tax credit has increased by GH₵1,598,000. This represents an adjustment to correctly state the income tax credit shown in the management accounts.

(ar) Changes in inventories

The changes inventories have decreased by GH₵184,043,000. This represents:

- Adjustments to correct the overstatement of GH₵185,403,000 in inventories at 30 September 2017.
- An additional adjustment of GH₵1,360,000 to correctly state the inventories balance shown in the statement of cash flows in the management accounts.

(as) Changes in other financial assets

The changes in other financial assets have increased by GH₵282,688,000. This represents:

- The reclassification of other financial assets previously included in cash and cash equivalents amounting to GH₵275,280,000 referred to in "v" in the statement of financial position adjusted for the effect of foreign unrealised foreign exchange gains of GH₵16,829,000 and accrued interest of GH₵29,425,000.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

(as) Changes in other financial assets (cont'd)

- An adjustment of GH₵10,429,000 to recognise short term investments held on behalf of staff for which a corresponding liability has been recognised; and the combined effect of other adjustments of GH₵3,286,000 to correct the understatement of other financial assets in the books of one of the subsidiaries of COCOBOD adjusted for the effect of accrued interest at the year end of GH₵1,123,000, foreign exchange gains of GH₵16,829,000 and impairment loss of GH₵43,020,000.
- An additional adjustment of GH₵67,261,000 to correctly state the other financial assets balance shown in the statement of cash flows in the management accounts.

(at) Changes in trade and other receivables

The changes in trade and other receivables have decreased by GH₵175,264,000. This represents:

- An adjustment of GH₵9,117,000 to correct the understatement of loan receivables on account of retranslation of amounts denominated in foreign currency.
- The net effect of a number of adjustments totalling GH₵23,138,000 to correct understatements in trade and other receivables as at 30 September 2017.
- The reclassification of GH₵29,070,000 of cash balances, mainly petty cash, from trade and other receivables to cash and cash equivalents to align the classification with the current year.
- Other adjustments to correct overstatements in prepayments of GH₵6,316,000; amounts due from related parties of GH₵1,385,000 and a further adjustments of GH₵724,000 to correct overstatements in other receivables in the books of one of the subsidiaries of COCOBOD.
- The related adjustment to strip out the effect of unrealised foreign exchange gains of GH₵161,582,000 associated with trade and other receivables.
- An additional adjustment of GH₵8,442,000 to correctly state the trade and other receivables balance shown in the statement of cash flows in the management accounts.

(au) Changes in trade and other payables

Changes in trade and other payables have decreased by GH₵203,019,000. This represents:

- The net effect of a number of adjustments totalling GH₵61,797,000 to correct the understatement in the trade and other payables balance as at 30 September 2017.
- The reclassification of GH₵176,495,000 of interest payable accrual from trade and other payables to loans and borrowings.
- The stripping out of the effect of unrealised foreign exchange losses of GH₵20,390,000.
- The net effect of a number of adjustments to correct the overstatement GH₵27,739,000 in trade and other in the books of one of the subsidiaries of COCOBOD.
- An additional adjustment of GH₵40,192,000 to correct the understatement in trade and other payables balance in the management accounts.

(av) Changes in deferred revenue

Changes in deferred revenue have increased by GH₵23,279,000 representing an adjustment of GH₵51,611,000 to correct the understatement in deferred revenue adjusted for the effect of unrealised foreign exchange losses of GH₵28,332,000.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

(aw) Employee benefit obligations

Changes in employee benefit obligations have increased by GH¢13,093,000. This represents the net effect of a number of adjustments to correctly state the changes in employee benefits balance including an adjustment of GH¢19,771,000 to correct the misstatement in employee benefit obligations balance in the management accounts

(ax) Changes in "other investment"

Changes in "other investment" have decreased by GH¢3,073,000 representing an adjustment to correct the misstatement of other investments in the management accounts.

(ay) Interest received

Interest received has decreased by GH¢24,334,000. This represents:

- An adjustment GH¢29,425,000 to strip out the effect of accrued interest income at 30 September 2017 in the books of COCOBOD.
- An adjustment to increase finance income by GH¢11,933,000 representing the net effect of a reclassification of GH¢7,831,000 of interest on other financial assets from other operating income to finance income; and other adjustments to correct understatement GH¢4,102,000 in other financial assets in the books of one of the subsidiaries of COCOBOD adjusted for the effect of accrued interest at the year end of GH¢1,123,000,
- An additional adjustment of GH¢5,719,000 to correctly state the interest received balance shown in the statement of cash flows in the management accounts.

(az) Acquisition of property, plant and equipment

Acquisition property, plant and equipment has increased by GH¢20,773,000. This represents the effect of additions to property, plant and equipment of GH¢20,779,000 in 2017 that were recognised in 2018 and an additional immaterial adjustment of GH¢6,000 to correctly state the interest received balance shown in the statement of cash flows in the management accounts.

(ba) Proceeds from loans and borrowings

Proceeds from loans and borrowing have increased by GH¢7,884,271,000 representing an adjustment to correct the misstatement of the proceeds from loans and borrowings balance shown in the statement of cash flows in the management accounts.

(bb) Interest paid

Interest paid has decreased by GH¢303,701,000. This represents an adjustment to correctly state the interest paid balance including an adjustment of GH¢18,401,000 to correct the misstatement of the interest paid balance as shown in the management accounts.

(bc) Repayment of loans and borrowings

Repayment of loans and borrowing has increased by GH¢8,159,320,000 representing the net effect of adjustments to correct the misstatement of the repayment of loans and borrowings balance shown in the statement of cash flows in the management accounts.

(bd) Net increase in cash and cash equivalents

Net increase in cash and cash equivalents has decreased by GH¢236,936,000. This represents the net effect of adjustments described above.

38. Correction of errors and change in accounting policy (cont'd)

Explanations of restatement adjustments to the statement of profit or loss and other comprehensive income for the year ended 30 September 2017 and the statement of financial position at 30 September 2017 (cont'd)

(be) Effect of exchange rate movement on cash

The effect of changes of exchange rate movement on cash has increased by GH¢1,374,000. This represents the net effect of adjustments to correct the misstatement of the effect of changes of exchange rate movement on cash balance shown in the statement of cash flows in the management accounts.

(bf) Opening cash and cash equivalents

Opening cash and cash equivalents has increased by GH¢5,441,000. This represents the net effect of adjustments to correct the misstatement of opening cash and cash equivalents balance shown in the statement of cash flows in the management accounts.

(bg) Impairment of trade and other receivables

Impairment of trade and other receivables has increased by GH¢35,139,000. This represents an adjustment to correct state the impairment loss on trade and other receivables for the year ended 30 September 2017.

Change in accounting policy

(a*) These changes to the cash flows statement for the year ended 30 September 2017 represent the effect of the migration of the cocoa roads ledger on finance costs and finance income and their related effect on interest paid and interest received respectively as explained on page 76 under bullet points three (3) and four (4) respectively. The changes related to the loss for the year and amortisation are also explained on page 76.

bb* Changes in trade and other receivables

The decrease in changes in trade and other receivables of GH¢77,357,000 represents the incremental change in trade and other receivables at 30 September 2017 on accounts of the migration of the cocoa roads balances from the Cocoa Roads Trust Fund. This is split into the increase in trade and other receivables of GH¢171,424,000 and GH¢94,067,000 at 30 September 2016 and 30 September 2017 respectively.

(cc*) Changes in trade and other payables

The increase in changes in trade and other payables of GH¢629,259,000 represents the incremental change in trade and other payables at 30 September 2017 on accounts of the migration of the cocoa roads balances from the Cocoa Roads Trust Fund. This is made up of the increase in trade and other payables of GH¢209,452,000 at 30 September 2016; and a further increase of this amount to GH¢838,711,000 at 30 September 2017.

(dd*) Opening cash and cash equivalents at 1 October 2017

This represents the increase in cash and cash equivalents balance as at 30 September 2016 as stated on page 72.

(ee*) Contract assets

This represents the additions to contract assets as stated in Note 19.

39. Going concern consideration and subsequent events

The Group incurred a net loss for the year ended 30 September 2018 of GH¢78,217,000 (2017: GH¢ 176,735,000) and as of that date its current liabilities exceeded its current assets by GH¢1,518,010,000 (2017: GH¢ 658,013,000).

The net current liability position at the year end is as a result of increased short term borrowings and the changes in existing debt profile from long term to short term due to the passage of time. Subsequent to year end and before the financial statements were authorised for issue, portions of the short-term loans were paid off and the remaining restructured. The Directors, after having considered their restructuring plans together with the agreed floor price of cocoa beans, have made an assessment of the cash flow projections for the next twelve (12) months which shows a positive business outlook. In addition, the Directors believe that the Group would return to a sustainable level of profitability that would have a positive effect on the current ratio of the Group on account of plans to improve production of cocoa beans. The Directors also believe that the Group will be able to realise its assets and settle its liabilities in the ordinary course of business.

Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that cash flows arising from the normal course of business will be available to finance future operations of the Group and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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