50th

ANNUAL REPORTS
AND CONSOLIDATED
FINANCIAL STATEMENTS

30 SEPTEMBER 2019

GHANA COCOA BOARD

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30 SEPTEMBER 2019

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BOARD OF DIRECTORS AND COCOBOD MANAGEMENT

– 2018/19

BOARD OF DIRECTORS

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

COCOBOD MANAGEMENT

Hon. Joseph Boahen Aidoo	Chief Executive
Mr. Emmanuel Ray Ankrah	Deputy Chief Executive (F&A)
Dr. Emmanuel Agyemang Dwomoh	Deputy Chief Executive (A&QC)
Dr. Emmanuel Adem Opoku	Deputy Chief Executive (OPS)
Mr. Peter Osei-Amoako	Director, Finance
Mr. Francis Opoku	Director, Human Resource
Mr. Richard A.Danquah-Boateng	Director, Civil Works

Mr. Vincent Okyere Akomeah	Director, Research
Mr. John. D. Clottey-Sefa	Director, Legal Services
Dr. Jerry Owusu-Ansah	Director, Health
Mrs. Agnes Owusu-Ansah	Director, Procurement
Mr. Charles Asamoah-Frimpong	Ag. Director Audit
Mr. Joseph Nsiah	Ag. Director, General Services
Mr. Johanes Vegba	Deputy Director, Legal Services
Mr. Arnold Mensa-Bonsu	Deputy Director, Scholarship
Mr. Charles K. Asafo-Adjei	Deputy Director, Civil Works
Dr. Eric Fordjour	Deputy Director, Health
Mr. Charles Amenyaglo	Deputy Director, Special Services
Mr. Ernest Opoku Duodo	Deputy Director, Civil Works
Mr. Kwasi Asiedu Mensah	Deputy Director, Estate
Mr. Emmanuel Twumasi	Deputy Director, Research
Mr. Michael Owusu-Manu	Ag. Deputy Director, M&E
Mr. John Randolph Adei	Ag. Deputy Director, HR

HEADS OF DIVISIONS/SUBSIDIARIES

Mr. Samuel Amponsah	Ag. Executive Director, CHED
Dr. Isaac Y. Opoku	Executive Director, CRIG (Contract)
Rev. Dr. Emmanuel. Ahia Clottey	Ag. Executive Director, SPD
Dr. Francis Baah	Director, Social Science & Statistics Unit, CRIG
Dr. Gilbert J. Anim-Kwapong	Director, CODAPEC, CHED
Mr. Thomas K. Osei	Rector, Bunso College
Mr. Joe Forson	Managing Director, CMC
Mr. Isaac Paul Kwofie	Deputy Managing Director, CMC
Mr. Frederick Amponsah-Doku	Deputy Managing Director, CMC
Rev. Fr. E. O. K. Oddoye (PHD)	Deputy Executive Director, CRIG
Dr. Emmanuel Nii Tackie-Otoo	Deputy Executive Director, OPS - CHED
Dr. Henry Dzahini-Obiatey	Deputy Executive Director, CRIG
Mrs. Faustine Asamany	Ag. Deputy Executive Director, SPD

BOARD OF DIRECTORS

GHANA COCOA BOARD CORPORATE INFORMATION

BOARD OF DIRECTORS

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
Mr. Peter Atta-Boakye

REGISTERED OFFICE

Ghana Cocoa Board
Cocoa House
41 Kwame Nkrumah Avenue
PO Box 933, Accra

SOLICITOR/SECRETARY

Francis Akwasi Opoku
Ghana Cocoa Board
41 Kwame Nkrumah Avenue
P.O. Box 933, Accra

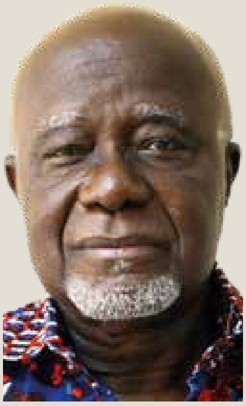
AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P.O. Box GP 242, Accra

BANKERS

Bank of Ghana
Absa Bank Ghana Limited (formerly Barclays Bank (Ghana) Limited)
Access Bank Ghana Plc
Adonten Community Bank
Agricultural Development Bank Limited
Bank of Africa Ghana Limited
CAL Bank Limited
Consolidated Bank Ghana Limited
Ecobank Ghana Limited
FNB Bank Ghana Limited
Fidelity Bank Ghana Limited
First Atlantic Bank Limited
GCB Bank Limited
Ghana International Bank Plc
GT Bank Limited
National Investment Bank Limited
OmniBSIC Bank Ghana Limited
Prudential Bank Limited
Republic Bank Ghana Limited
Société Générale Ghana Limited
Stanbic Bank Ghana Limited
Standard Chartered Bank Ghana Limited
Universal Merchant Bank Limited
Zenith Bank Ghana Limited

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

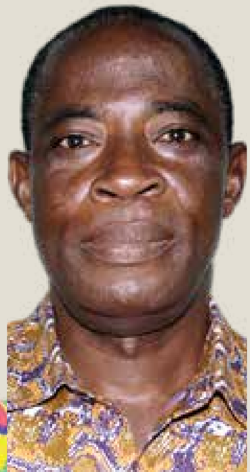
Hon. Charles Adu Boahen
Dep. Minister of Finance, Member

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

Hon. 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

REPORT OF THE DIRECTORS TO THE MINISTER RESPONSIBLE FOR FOOD AND AGRICULTURE

The Directors present their report and the consolidated financial statements of Ghana Cocoa Board ("COCOBOD" or "the Group") for the year ended 30 September 2019.

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. 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 (COCOBOD), comprising the consolidated statement of financial position at 30 September 2019, 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 information in accordance with International Financial Reporting Standards and in the manner required by the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended. In addition, 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 financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Going Concern Consideration

The Group incurred a net loss for the year ended 30 September 2019 of GH¢320.57 million (2018: GH¢78.22 million) and as of that date its current liabilities exceeded its current assets by GH¢2.29 billion (2018: GH¢ 1.52 billion).

Going concern consideration (cont'd)

The loss for the year resulted from increased cost of operations relative to the level of cocoa beans production and the price of cocoa beans on the world market. While 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. 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 as outlined in the business review section of the Directors' Report together with the agreed floor price of cocoa beans on the world market.

In addition, the Directors believe they have assurance of financial support from the Government of Ghana, through the Ministry of Finance in accordance with Section 21 of the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended which states under ***"Capital and funds of the Board"*** that

"The Government may provide to the Board as working capital and as moneys required for carrying out the functions of the Board, the sums of money which the Minister, after consultation with the President, agrees are the sums of money requested by the Board from the Government."

In line with the above, the Directors will consult with the Government through the Minister of Finance to provide financial support to Ghana Cocoa Board when necessary to enable it continue to carry out its functions and settle maturing financial obligations that would arise in the ordinary course of business for a period of not less than twelve months from the date of approval of the financial statements for the year ended 30 September 2019.

Accordingly, the consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations of the Board and the realisation of assets and the settlement of liabilities will occur in the normal course of business.

Business Review

Cocoa production recorded for the 2018/2019 year under review was 811,250 tonnes compared to the target of 850,000 tonnes. The actual achieved represents a shortfall of 4.56% below target. The 2018/2019 actual production represents a decrease of 10.30% over the previous year's production of 904,446 tonnes. The decrease in production is mainly attributed to diseased, overaged tree stock and dry weather conditions experienced during the year.

COCOBOD continued with rehabilitation activities involving the removal and replacement of diseased and old, overaged tree stock during the year. As part of means to ensure sustainable cocoa production, farmers are being incentivised to accept the cutting of diseased and over aged trees to be replaced with drought and disease tolerant high yielding cocoa varieties. The medium to long term production prospects is therefore positive, with the expectation that the newly cultivated farms replacing the rehabilitated areas will generate higher yields from improved varieties. Thus, the yield improvement benefits from the upcoming new farms far outweigh any temporary loss of production associated with the tree removal activities under the rehabilitation programme.
During the year under review, COCOBOD procured adequate chemicals and fertiliser for disease control and nutrient replenishment respectively. This was meant to prevent pod loss to diseases and pests and improve soil nutrients for pods formation.

Turnover for the year under review was GH¢9.76 billion as against GH¢9.04 billion achieved in the previous year, representing an increase of 8% year on year despite the 10.30% decrease in production from 904,446 tonnes in the previous year to 811,250 tonnes in the current year. The increase in sales resulted mainly from a higher achieved average sales price per tonne of US$2,265 in 2018/2019 as against US$2,152 in the previous year representing an increase of 5.25%. The GH¢/US$ exchange rate of GHS 5.3161/US$1.0000 in 2018/2019 as against an average exchange rate of GH¢5.0857/US$1.0000 achieved in the previous year further contributed to the higher revenue recorded in 2018/2019.

COCOBOD recorded a net loss of GH¢320.57 million (2018: GH¢78.22 million). The increase in the net loss was mainly due to the increase in finance costs from cocoa bills and partly due to the amortisation charge on the cocoa roads. In addition, COCOBOD did not receive financial support from the Government in the 2018/2019 financial year although the farm gate price was maintained at GH¢7,600 per tonne whilst the world market price of cocoa did not show significant increase compared to the previous year. Measures instituted by Management as part of turnaround strategies to reduce cost and return to profitability include the following:

Change in the Financial and Spending Culture

A change in the expenditure culture of COCOBOD has been instituted to ensure prudence in spending. All procurement activities are referred to budget to ensure that only budgeted items approved by the Board are procured. Prices of all major operational inputs are negotiated to ensure value for money purchases and all stock balances are taken into consideration in arriving at the next input requirements.

Strengthening of Internal Audit and Controls

Internal controls within the Group has been strengthened with the direction of the Group's subcommittee on internal audit. Recommendations made by the internal audit department are implemented to ensure that controls are strictly adhered to. This measure continues to be adopted in the 2019/2020 financial year.

Long Term Financing to Reduce Interest Cost on Debts

One of the key cost drivers affecting the operations of the Group has been high interest expense on debts which arose from cocoa bills raised in the 2016/2017 and 2017/2018 financial years to support cocoa purchasing operations. Management has put forward a proposal to convert the cocoa bills to a long-term loan. This will cap the growth of the liabilities through the 182day rollovers with associated interest burden on COCOBOD and negative gearing implications.

Monitoring and Evaluation of Input Utilisation

A tracking system to monitor the distribution of inputs is being developed to ensure that inputs get to their destinations and effectively applied. The comprehensive system of monitoring the distribution of inputs will ensure that value for money is achieved and that inputs are utilised efficiently. The objective is to achieve cost savings in the inputs budget and ensure sustainable cocoa production.

New Regime for Fertiliser Distribution

Licensed Buying Companies (LBCs) are supplied with fertiliser for distribution to farmers instead of other agents who do not interface directly with farmers. Since LBCs interface directly with cocoa farmers, it is expected that this will contribute to achieving greater efficiency of fertiliser utilisation thereby contributing to the anticipated increase in cocoa production. In addition to this, farmer cooperative associations have also been registered with COCOBOD and now receive fertiliser allocations directly from COCOBOD for application on their farms. This is to ensure that the fertilisers reach the farms for effective application to contribute to the expected yield. With these initiatives and the expected yield from the investments made in the Productivity Enhancement Programmes (PEPs), COCOBOD expects a gradual turnaround to profitability.

Cocoa Production and Supply

World cocoa production at the end of the 2018/19 season was seen to have experienced a larger than expected drop. Compared to previous estimates of the ICCO, world production of cocoa beans in 2018/2019 is estimated to have reached 4.834 million tonnes, down by 15,000 tonnes from the previous estimate of 4.849 million tonnes. This reflects mainly downward adjustments to the crop estimates for Brazil (down by 24,000 tonnes) to 176,000 tonnes and Ghana (down by 15,000 tonnes) to 815,000 tonnes. The main factors behind the decrease in these countries were adverse weather conditions and diseases.

A global production deficit of 21,000 tonnes for the 2018/19 season was therefore estimated by the ICCO. Total statistical stocks of cocoa beans as at the end of the 2018/19 cocoa year were estimated to reach 1.701 million tonnes, equivalent to 35.4% of projected annual grindings.

The production of Cote d'Ivoire is estimated to have grown by 13% from 1.964 million tonnes in the preceding season to 2.220 million tonnes. This reflects a record production and the increase is attributed mainly to favourable weather conditions for the main crop and output from thousands of small plantations developed and are now in mature production stages.

Cocoa production and supply (cont'd)

After falling by almost 7% to about 905,000 tonnes in 2017/2018, cocoa production in Ghana was estimated to have dropped further to 815,000 tonnes in 2018/2019. Despite the crop optimism from the Productivity Enhancement Programmes (PEPs), the outbreak of Cocoa Swollen Shoot Virus disease (CSSVD) and unfavourable weather conditions during certain periods of the 2018/2019 cocoa year impacted negatively on the country's cocoa production. The drive to combat the CSSVD led COCOBOD to replant an estimated 400,000 hectares of cocoa plants which are anticipated to start producing within three to five years.

Several new initiatives continue to be put in place by COCOBOD to enhance the sector. COCOBOD plans to distribute motorised slashers to cocoa farmers in the country during the 2019/2020 season. To find solutions to the detrimental effects of the CSSVD, the research wing of COCOBOD, Cocoa Research Institute of Ghana (CRIG), is collaborating with the Volcani Centre of Israel to find a remedy to the disease.

Productivity Interventions

Productivity interventions under implementation are meant to improve farm productivity per hectare, boost farmers' incomes and enhance sustainable cocoa production. These are outlined below:

Hand Pollination of Cocoa Farms

Hand pollination has been certified to boost flowering and pod formation. The process involves manual cross-fertilisation of gametes of male and female flowers of the cocoa plant to complement the natural pollination carried out by insects and wind. This procedure ensures that a greater percentage of the flowers which fall off the plant get fertilised leading to the production of pods. Thus, the same land size can produce more than twice the tonnage currently produced. This intervention began in June 2017 and will continue for the next three years after which COCOBOD expects that farmers would have been trained enough and would have appreciated the benefits to motivate them take over and own the project. The loss of production from the ongoing rehabilitation in which overaged, diseased farms are cut out and rehabilitated, is expected to be filled in by the additional production to be generated by the hand pollination programme.

Irrigation of cocoa farms

Cocoa is a biological crop which thrives well in favourable weather conditions with the optimal amount of rainfall. The period and intensity of dry weather conditions are also very important variables. There are two seasons which prevail in the cultivation of cocoa, the rainy and the dry seasons. Flowering also coincides with the seasons. The May-July flowering meets the rainy season whilst the October-December flowering is adversely affected by the dry weather as a result of the harmattan season.

Extreme dry weather has often been a challenging factor against productivity in the cocoa sector in Ghana. To assist cocoa farmers to minimise the damaging effect of the dry weather on cocoa production, COCOBOD has initiated different systems of irrigation programmes on cocoa farms. The cocoa plantations of the Cocoa Research Institute of Ghana (CRIG) and the seed gardens of the Seed Production Division (SPD), (both being Divisions of COCOBOD), are being used as pilot farms for the irrigation programme.

The irrigation programme will be scaled up during the next three seasons to expand coverage and give farmers the opportunity to witness and implement the programme to enhance cocoa farm productivity per hectare and bean sizes through the improvement of moisture content of soils and enhanced retention of flowers.

Rehabilitation of Cocoa Swollen Shoot Virus Disease (CSSVD) and Moribund Farms

The rehabilitation programme involves replacement of old, overaged trees with new plantings of disease tolerant and early bearing characteristics. In the intervening period between the replanting and commencement of harvesting of the new farms, COCOBOD plans to work with farmers in the intensification of all good agronomic practices (GAP).

The Government of Ghana has supported the cocoa industry with policies aimed at enhancing the livelihoods of cocoa farmers and therefore encouraging sustainable cocoa production in Ghana. The Government continues to reward farmers with remunerative producer prices to ensure that farmlands are not diverted from cocoa

Rehabilitation Of Cocoa Swollen Shoot Virus Disease (CSSVD) And Moribund Farms

cultivation unto other competing uses. COCOBOD's drive to undertake extensive rehabilitation exercise is supported by the Government. COCOBOD is of the firm believe that this support will continue, and cocoa production will be sustained in Ghana.

The devastation of farms by the cocoa swollen shoot virus disease (CSSVD) contributed to the production drop with 811,250 tonnes recorded in 2018/2019. COCOBOD is continuing with the Productivity Enhancement Programmes (PEPs) and this is expected to reverse the downward production trend as the programmes are scaled up. Funding is being sought specifically for the PEPs with African Development Bank (AfDB) and Credit Suisse coordinating the financing.

COCOBOD has embarked on two forms of rehabilitation programmes, namely CSSVD control and replanting of moribund cocoa farms. These are outlined below:

CSSVD Control

The programme involves the resurvey of farms to map out and update CSSVD outbreak and cut-out of infected areas with provision of plantain suckers, economic trees and disease tolerant, high yielding hybrid cocoa seedlings to farmers to replant the cut-out areas. Compensation payment to both farmers and landowners is being implemented to sustain interest in cocoa farming. The ratio of extension officer to farmers has been increased to provide technical and extension support to farmers in the implementation of the rehabilitation programme whilst the implementation, monitoring, and evaluation measures track the activities carried out.

Moribund Farms

This programme involves cutting out and replanting overaged farms and replanting with high yielding, disease resistant and drought tolerant varieties. The noncut areas are pruned, and mistletoes removed with motorised weeding and pruning equipment are to ensure operational efficiency.
Benefits of the rehabilitation programmes include the following:

- Increased farm yields to economic levels
- Better livelihoods of farmers
- Control and curtailment of CSSVD
- Effective and efficient control of other diseases and pests
- Training of farmers to adopt farm maintenance and good agronomic practices
- Increase yield per hectare, projected to increase from 450kg/ha to 1,200kg/ha
- Rejuvenation of about 23% of the national cocoa tree stock for increased and sustainable production.

Cocoa Diseases and Pest Control (CODAPEC) Programme

This programme has been implemented by COCOBOD over the years for the control of capsid and black pod disease. Black pod disease is the most destructive of a number of diseases, which attack the developing or ripening cocoa pod worldwide. In Ghana, the disease is caused by two Phytophthora species: P. palmivora and P. megakarya. P. palmivora and P. megakarya cause significant pod rot and losses due to canker. They attack all parts of the cocoa tree at all stages of the growing cycle. Generally, losses due to P. megakarya range from 60 to 80% in newly affected farms to about 100% in old affected farms in the black pod season (May to mid- June). P. palmivora causes 20 to 30% pod losses through Black pod rot. The genus Phytophthora kills up to 10% of trees annually through stem canker.

Capsids, also known as Mirids, are the most economically important insect pest of cocoa in West Africa. The most common mirid species in Ghana are Distantiella theobromae and Sahlbergella singularis. These are sucking insects that cause damage to the cocoa crop through feeding. They damage the soft, young tissues of cocoa trees by piercing young shoots with their mouth parts, injecting poisonous saliva and then sucking liquid food out of the wound (lesion) so made. These wounds (lesions) frequently become infected with fungus, notably Calonectria rigidiuscula. As a result, the affected shoot dieback. In young cocoa trees, the whole plant may

Cocoa Diseases and Pest Control (CODAPEC) Programme

be killed. In mature cocoa trees, capsids damage occurs year after year in small, scattered areas called 'capsid pockets'. Crop losses in cocoa production due to Capsids and Mealybugs have been estimated at 25 to 30% per annum.

Management has over the years embarked on integrated management practices which include pruning and shade management, education on improved farm sanitation, infected pods removal, complete harvesting at intervals, appropriate fertiliser application and targeted use of recommended fungicides and insecticides. In the face of the devastating effect of the CSSVD, the CODAPEC programme has helped to sustain the productivity of the existing farms, and COCOBOD intends to continue with this programme for sustainable cocoa production in Ghana.

The Fertiliser Application Programme And Soil Fertility Management

The development and expansion of the cocoa industry in Ghana was based on the exploitation of the fertility accumulated by virgin forests in what is termed the 'forest rent' approach to cocoa production. In the forest rent approach, when virgin forest land is first cultivated, the farmer enjoys the benefit or rent of undiminished soil fertility and low disease levels. When the forest is cleared nutrients are rapidly released and thus provide the soil with high levels of available nutrients for a few years. The removal of the forest vegetation leads to a decline in soil fertility and productivity within 2 to 3 years to below 50% of its initial value.

Most soils under cocoa cultivation in Ghana are exhausted of their nutrient reserves and out of the fertile phase after several years of cultivation without replenishment. Consequently, the productivity of these soils has declined. Each type of plant is unique and has a minimum level of nutrient requirement. Below this minimum level, plants start to show nutrient deficiency symptoms. Excessive nutrient uptake can also cause poor growth because of toxicity to the cocoa plant.

Management has over the years made conscious investments aimed at replenishing and maintaining fertility of soils in cocoa farms through targeted nutrient application in different fertiliser formulations. This programme will continue to be implemented to ensure effective soil fertility management whilst at the same time ensuring environmentally friendly and sustainable cocoa production.

Mass Pruning Programme

Farm pruning to provide adequate amount of aeration has been found to stem the incidence of pests and diseases whilst at the same time boosting flowering and pod formation. Cocoa exhibits a phenological pattern of flowering and fruiting involving overlapping cycles. There are many fluctuations in the floral abundance with peaks and declines in flower production. Floral production generally increases in the major rainy season which begins in the month of April and peaks in July. During this period, flowering is high and is borne in the canopy, on the branches and on trunks of the cocoa trees. Flowering generally reduces in the minor rainy season from September to November and is restricted to the canopy and branches leaving the trunks with little or no flowers.

COCOBOD has adopted the mass pruning regime as part of its extension programmes to promote good agronomic practices. The pruning is best undertaken in February/March after which fertiliser application is undertaken in April/May to coincide with the rainy season for effective nutrient absorption. The mass pruning programmes will continue in order to realise the boost in production obtainable from its effective implementation.

Policy Initiatives To Be Continued

Policy initiatives to be continued to ensure effective and sustainable cocoa production include the following:

- Training of farmers on hand pollination to enhance yield per hectare and to improve their incomes will continue to be implemented in 2020/2021.
- The policy on compensation package for tenant farmers and landowners in the removal of diseased and overaged trees will continue under the rehabilitation programme. This is to prevent conversion of cocoa farmlands for other uses and encourage replanting of diseased and overaged farms.

Policy Initiatives To Be Continued

- Solar powered irrigation will be scaled up to improve moisture availability of soils to enhance yield per hectare.
- Programmes to have database of farmers and their farms as well as investment in soil fertility management will be enhanced following the mapping of cocoa farmlands.
- Marketing collaboration with other producer countries and exploration of other marketing avenues in new cocoa consuming countries will be intensified to improve demand and spur up price.
- The consumption of cocoa and cocoa products will be promoted with greater intensity both locally and/internationally to increase demand.

Contribution to Accessibility in Cocoa Growing Areas

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.

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.

Grindings and Demand

The 2018/2019 season witnessed a global increase in cocoa grindings. Compared to the 2017/2018 season, grindings are estimated to have increased by almost 5%. On a regional basis, grindings in Asia and Africa maintained an upward trend through the 2018/2019 season while Europe and the Americas witnessed a slower growth. Indeed, local and foreign companies continued to invest in the downstream cocoa value chain in producing countries. As a result, major producers are net exporters of cocoa semi-finished products.

For the 2018/2019 cocoa season, it is estimated that Europe as a region processed an estimated 1.719 million tonnes of cocoa beans, close to 36% of the global cocoa bean production. The Netherlands is estimated to have handled 600,000 tonnes of beans, followed by Germany and France with 440,000 tonnes and 150,000 tonnes respectively.

Grindings and demand

Cocoa grindings in Africa continued to follow an upward trend by increasing from almost 963,000 tonnes to 991,000 tonnes. As aforementioned, investments in cocoa processing in producing countries have supported the growth in grinding at origin. In Cote d'Ivoire, Guan Chong BHD, the fourth largest grinder in the world is investing to establish its first Africa grinding facility in the country. Major grinders Barry Callebaut, Cargill and Olam International already have their operations in Cote d'Ivoire. For the 2018/2019 season, grindings are estimated at 590,000 tonnes, about 27% of the country's cocoa production.

In Ghana, cocoa grindings are estimated at 300,000 tonnes. This represents about 37% of the country's cocoa beans production. The policy objective of the government is to achieve added value up to 50% of the annual cocoa production. Ghana Cocoa Board has signed a Memorandum of Understanding (MoU) with the China Development Fund and Genertec International Corporation of China for the establishment of a cocoa processing factory at Sefwi Wiawso, the country's main cocoa producing region.

The Government of Ghana continues to implement measures aimed at increasing local processing and consumption. Fiscal and financial incentives have been rolled out towards achieving the local processing and consumption objective. Should importing countries continue to step up grindings and producing countries process more beyond the secondary level, price will be expected to be impacted positively as overall demand outstrips supply.

Price Movements

Over the 2018/2019 cocoa year, the front-month cocoa futures contract prices denominated in United States Dollars ranged between US$1,879 and US$2,522 per tonne in London and between US$2,004 to US$2,602 per tonne in New York.

The nearby cocoa futures contract prices rose substantially from the start of the season until the first week of November. This price increase stemmed from improved demand as mirrored in published grindings data posted by the main regional cocoa associations worldwide. The price increase during the period was 19% from US$2,004 to US$2,381 per tonne in New York.

The abovementioned upward trend waned over the period 8th November to 11th December 2018 due to indication of bumper supply and cocoa bean purchases recorded in Cote d' Ivoire and Ghana. Prices declined by 14% from US$2,182 to US$1,879 per tonne in London and by 9% from US$2,277 to US$2,066 per tonne in New York. On the contrary, during the last two trading weeks of December 2018, an increase in prices was observed on both markets based on expectations of slowdown in cumulative production of cocoa in Cote D'Ivoire, indicated by slowdown in bean arrivals at Ivorian ports. During this period, dry winds and below average rainfall which are detrimental to crop development occurred in most of Cote d'Ivoire's main cocoa growing regions. Hence, prices ramped up by 17% from US$1,948 to US$2,273 tonne in London and by 14% from US$2,112 to US$2,414 tonne in New York. The upward trend was however short-lived and during the month of January 2019, prices collapsed in response to a strong supply on the London market which led to prices declining from US$2,394 to US$2,064 per tonne. Over the same period on the New York market, prices declined by 9% from US$2,394 to US$2,168 per tonne.

Improving Demand Led to Price Rallies

During the period February to April 2019, prices generally increased as released by regional cocoa associations. Due to a rise in processing activities worldwide prices surged by 9% from US$2,178 to US$2,386 per tonne.

Quality Concerns and Inadequate Climate Conditions Influenced Prices in London and New York Respectively

By May 2019, the nearby cocoa contract prices collapsed considerably in London in anticipation of a lack of immediately available good quality cocoa beans to be delivered in Europe as the May cocoa futures contracts weighed on London prices. This resulted in prices plummeting by 10% from US$2,511 to US$2,253 per tonne in London. On the other hand, in New York prices strengthened by 4% from US$2,314 to US$2,401 per tonne. Below average rainfall recorded in Cote d'Ivoire's cocoa producing areas contributed to firming futures prices in New York over the last trading sessions of May.

Adverse Weather Partnered With Cocoa Related Diseases and Better Demand Supported Prices

Moving on to June 2019, the less conducive meteorological conditions that prevailed in most West African countries together with the continuous increase in processing activities worldwide stimulated prices. In addition, the Cocoa Swollen Shoot Virus Disease (CSSVD) outbreak in Ghana's major cocoa growing areas combined with the inappropriate meteorological conditions that reigned in Cote d'Ivoire's cocoa belt contributed to support the bullish price outlook. In London, compared to their settlement values recorded at the beginning of the month, prices strengthened by 2% from US$2,450 per tonne by the end of the month.

Massive Supplies Underpinned Prices

During July and August 2019, the first position contract traded lower in London and New York. This downward trend was an aftereffect of expectations that the global cocoa market was bracing itself for another supply excess for the 2018/19 cocoa season. Indeed, cumulative arrivals of cocoa beans at Ivorian ports hit an unprecedented level of 2.135 million tonnes. Thus, in London prices tumbled by 12% from US$2,274 to US$1,996 per tonne whist in New York they plummeted by 14% from US$2,526 to US$2,161 per tonne.

Prospects of a Small Size Underpinned Prices

Prices of the front-month contract increased considerably in September 2019 on both the London and New York markets. Compared to the first trading session and the closing values observed for the month, prices rose by 18% from US$1,993 to US$2,358 per tonne in London and by 14% from US$2,161 to U$2,453 per tonne in New York.

Prospects of a Small Size Underpinned Prices

On closer inspection, the bullish trend started soon after the expiry of the September 2019 contracts. Indeed, the spreading of Cocoa Swollen Shoot Virus Disease (CSSVD) in Ghana and wetter weather conditions prevailing in Cote d'Ivoire raised concerns over the size of the 2019/2020 main crop for the two largest world cocoa producers. As a result, cocoa futures contract prices gained strength on both the London and New York markets. (Credit: ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XLV, No. 4, 2018/2019).

Shareholding Structure

COCOBOD is wholly owned by the Government of Ghana.

Subsidiaries

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

The financial statements of the above subsidiaries are included in the consolidated financial statements of Ghana Cocoa Board, which are available at its registered office, Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana.

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 agrochemicals.

Approval of the Consolidated Financial Statements

The consolidated financial statements of Ghana Cocoa Board, was approved by the Board of Directors on 29th August, 2020 and were signed on their behalf by:

Director	**Director**
Name: HON. HACKMAN OWUSU-AGYEMANG	**Name:** HON JOSEPH BOAHEN AIDOO

CHIEF EXECUTIVE'S

REPORT FOR THE YEAR
ENDING 30TH SEPTEMBER, 2019

REVIEW OF BUSINESS OPERATIONS

1. PRODUCER PRICE

The 2018/19 crop year commenced on 5th October 2018. The producer price per tonne of cocoa beans was set at GH¢8,240.00. 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 fully privatized. For the two commodities, the producer prices were determined by market forces.

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

The 2018/19 cocoa season marked 26 years of re-introduction of the competition into the internal marketing of cocoa. At the beginning of the 2018/19 season, 48 LBCs were licenced to engage in the internal marketing of cocoa. However, 40 out of the 48 LBCs were active and purchased cocoa during the year.

Cocoa purchased for 2018/19 season was 811,747 tonnes which shows a decrease of 10.28%, compared to the 904,740 tonnes recorded in 2017/18 crop year.

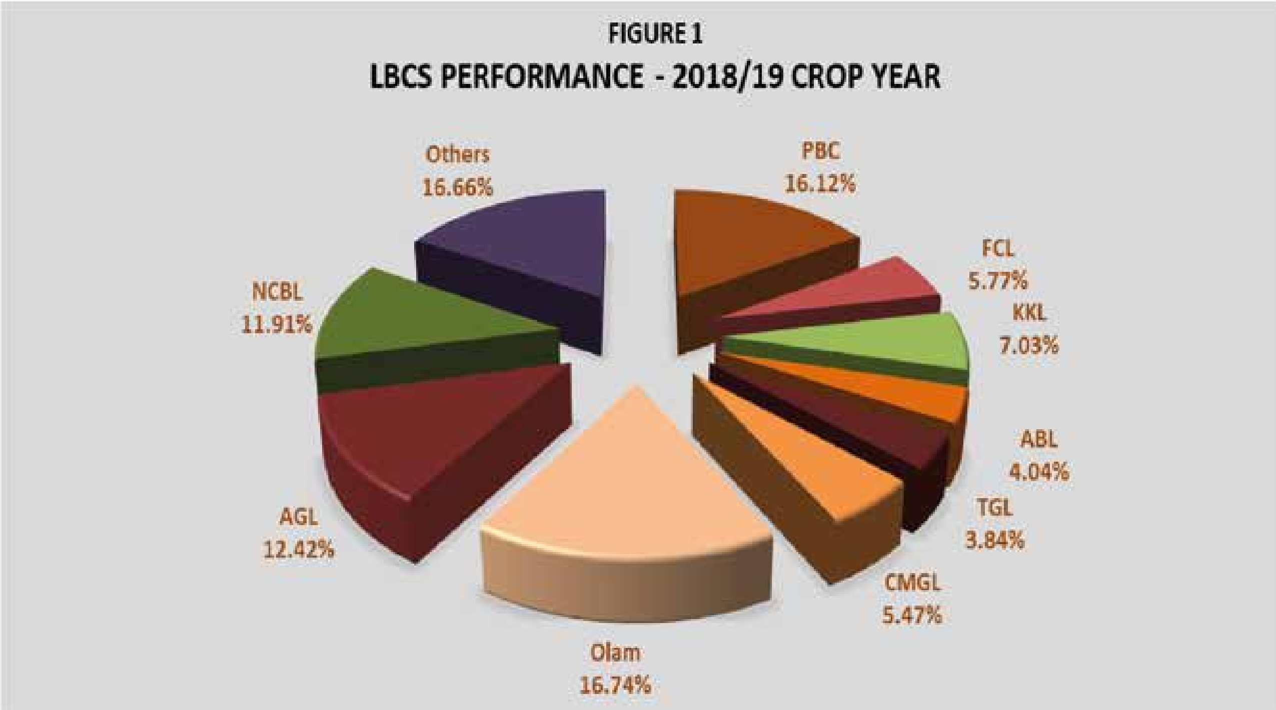
The LBCs that were actively involved in the internal marketing of cocoa in the year under review were;

1.	Produce Buying Company	(PBC)
2.	Federated Commodities Ltd.	(FCL)
3.	Kuapa Kokoo Ltd.	(KKL)
4.	Adwumapa Buyers Ltd.	(ABL)
5.	Transroyal Ghana Ltd.	(TGL)
6.	Cocoa Merchant Gh. Ltd.	(CMGL)
7.	Olam Cocoa Ltd.	(Olam)
8.	Agroecom Ghana Ltd.	(AGL)
9.	Royal Commodities Ltd	(RCL)
10.	Sika Aba Buyers Ltd.	(SABL)
11.	Yayra Glover Ltd.	(YGL)
12.	CDH Commodities Ltd.	(CDH)
13.	Universal Co-operative Ltd.	(UCCL)
14.	Kumankuma Company Ltd.	(KCL)
15.	Nyonkopa Comm. Buyers Ltd.	(NCBL)
16.	M-Ghazzalli Ghana Ltd.	(BRCL)
17.	NTHC Commodities Ltd.	(NTHC)
18.	Tradeco International Co. Ltd.	(TIC)
19.	Farmers Alliance Co. Ltd.	(FACL)
20.	Unicom Commodities Ltd.	(Unicom)
21.	Countryside Investment Ltd.	(CIL)
22.	Nkwa Dua Ghana Ltd.	(NDGL)
23.	Fludor Ghana Ltd.	(FGL)
24.	Kokoo Aba Buyers Ltd.	(KABL)
25.	First Sky Company	(FSL)
26.	Yemon Ghana Ltd.	(Yemon)
27.	Doxa Worldwide Movers Ltd	(Doxa)
28.	Sassh Alliance Ltd.	(Sassh)
29.	Adinkafo Company Ltd.	(Adikanfo)
30.	Cargill Kooko Sourcing Ltd.	(Cargill)
31.	Sunshine Commodities Ltd.	(Sunshine)
32.	Akuaffo Commodities Ltd	(Auaffo Com)
33.	Eliho Ghana Ltd	(EGL)
34.	Bestlink Global Ghana Ltd.	(BLG)
35.	Hyperlink Company Ltd.	(HCL)
36.	All Africa Minerals Co. Ltd.	(AAMC)
37.	Adehyemba Company Ltd.	(Adehyemba)
38.	Hans Nef Cocoa Ltd.	(Han Nef)
39.	Atlas Commomdities Ltd.	(Atlas)
40.	Equator Commodities Ltd.	(Equator)

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

1.	Evadox Ltd.	(EVL)	5.	Dio Jean Ltd.	(Dio Jean)
2.	Splendid Business Services	(SBS)	6.	Trans Afrique Ltd.	(Trans Afrique)
3.	Akuotech Ghana Ltd.	(AKCL)	7.	Nananom Buyers Ltd.	(Nananom)
4.	Five Star Produce Buying Co.	(FSPBC)	8.	Adepa No. 1 Commodities Ltd.	(Adepa No.1)

Olam Cocoa Ltd (Olam) was the leading LBC with 17% share of the market. Produce Buying Company, Agroecom Ghana Ltd. and Nyonkopa Comm. Buyers Limited followed in second, third and fourth places with market shares of 16%, 12% and 12% respectively whilst the six (6) of the remaining LBCs had market shares of between 3% and 7%. The remaining thirty (30) companies together accounted for 17% 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 with the internal and external marketing of coffee and sheanuts. The number of eligible sheanut LBCs during 2018/19 crop year was sixteen (16) whilst coffee was thirty-one (31).

Sheanuts exported during the year under review was 27,967 tonnes valued at US$¢14,103,332 while sheabutter exports were 40,900 tonnes valued at US$64,785,768.

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD

A. QUALITY CONTROL COMPANY LIMITED (QCC)

QCC continued with the grading/sealing of mandated crops namely cocoa, coffee and sheanuts, as well as the disinfestation of produce, sheds/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 2018/19 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	N
Main Crop	91 – 100	U
Super Light Crop	101 – 110	M
Light Crop	111 – 120	D
Small Beans	121 – 130	F
Type 4 Beans	131 – 150	K
Remnant Beans	151 – 180	R

(b) Grading and Sealing

(i) Cocoa

The Company graded/sealed a total of 810,796 tonnes of cocoa during the period under review. This tonnage was lower than the 902,846 tonnes recorded in 2017/18 by 10.20%. The graded and sealed figure represented 99.88% of the total declared purchases of 811,747 tonnes.

(ii) Composition of Bean-size Categories

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

Bean Size Category	2018/2019 (%)	2018/2019 (%)
Main Crop	84.40	75.41
Light Crop	13.82	20.39
Small Beans	1.48	3.39
Type 4 Beans	0.23	0.56
Remnant Beans	0.07	0.25
Total	**100**	**100**

(iii) Other Produce Inspected

Below indicates other produce inspected and certified by the Company during the 2018/19 crop year.

Produce	2018/19	2017/18
Cocoa Waste (tonnes)	3,643	3,349
Sheanut (tonnes)	1,042	14,221
Coffee	36	-
Cashew	8,307	11,827

(c) Check Sampling

The Company also carried out check-sampling activities to certify the purity of consignments of 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. Cocoa checked sampled as of the end of the year was 808,710 tonnes.

(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.

Insect Control Operation	2018/19
Number of sheds sprayed	98,274
Number of sheds fogged	150,397
Tonnage of produce fumigated for export (including re-fumigated stocks of cocoa)	1,079,769 tonnes

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. Cocoa that was received by the company was 809,243 tonnes.

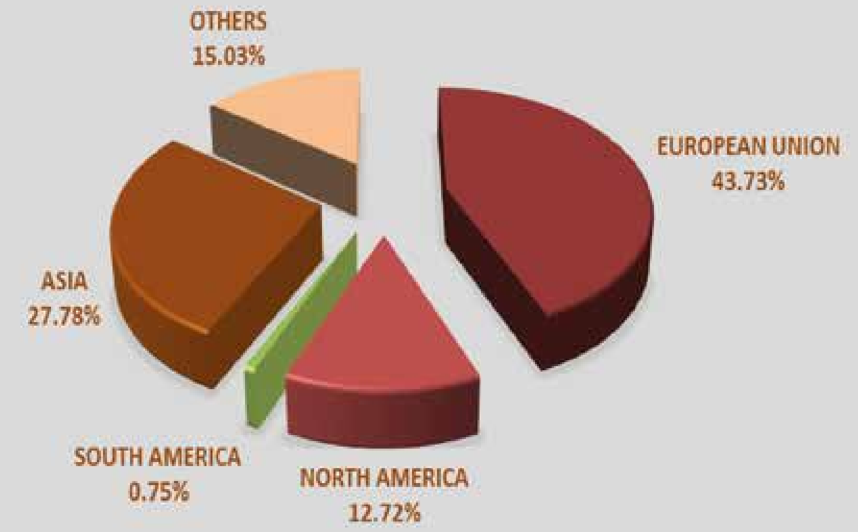
(a) Shipments and Deliveries to Local Processing Factories

(i) Shipment

Cocoa beans shipped to overseas destinations during the 2018/19 crop year totaled 668,404 tonnes. The sale value of the beans shipped amounted to US$1,587,507,011.50.

The European Union continued to be the destination receiving the largest shipment of Ghana cocoa beans. Shipment of cocoa to the EU accounted for 44% of total cocoa beans exported. The direction of trade for bean shipments is shown in Figure 2.

FIGURE 2
COCOA SHIPMENT BY DESTINATION - 2018/19 CROP YEAR



SOURCE: SHIPPING DEPT., CMC

(ii) Deliveries to Local Processing Factories

Cocoa beans delivered to local processing companies during the period totaled 256,251 tonnes with a CIF value of US$537,177,015.

(b) Cocoa Beans Processed And Products Export

(i) Beans Processed

A total of 259,416 tonnes of cocoa beans were processed by ten (10) local processing companies into semi-finished and finished products. The companies include;

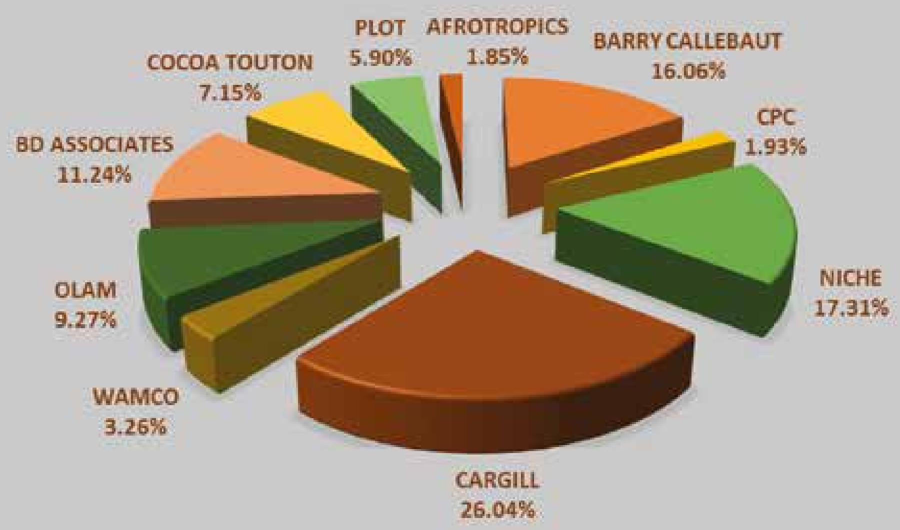
1. Barry Callebaut Limited
2. Cocoa Processing Company Limited (CPC)
3. Niche Cocoa Industries Limited
4. Cargill (Ghana) Limited
5. WAMCO
6. Olam Ghana Limited
7. BD Associates
8. Cocoa Touton Ghana Limited
9. Plot Enterprise
10. Afrotropics Limited

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

Figure 3 on page 6 depicts the shares of cocoa beans processed by the respective local processing factories during the year. Cargill and Niche Cocoa Industries Limited had market share of about 26% and 17% respectively, and accounting for 43% of domestic cocoa processing in 2018/19.

FIGURE 3

COCOA BEANS PROCESSED BY LOCAL FACTORY - 2018/19 CROP YEAR



SOURCE: RM&E DEPT., COCOBOD

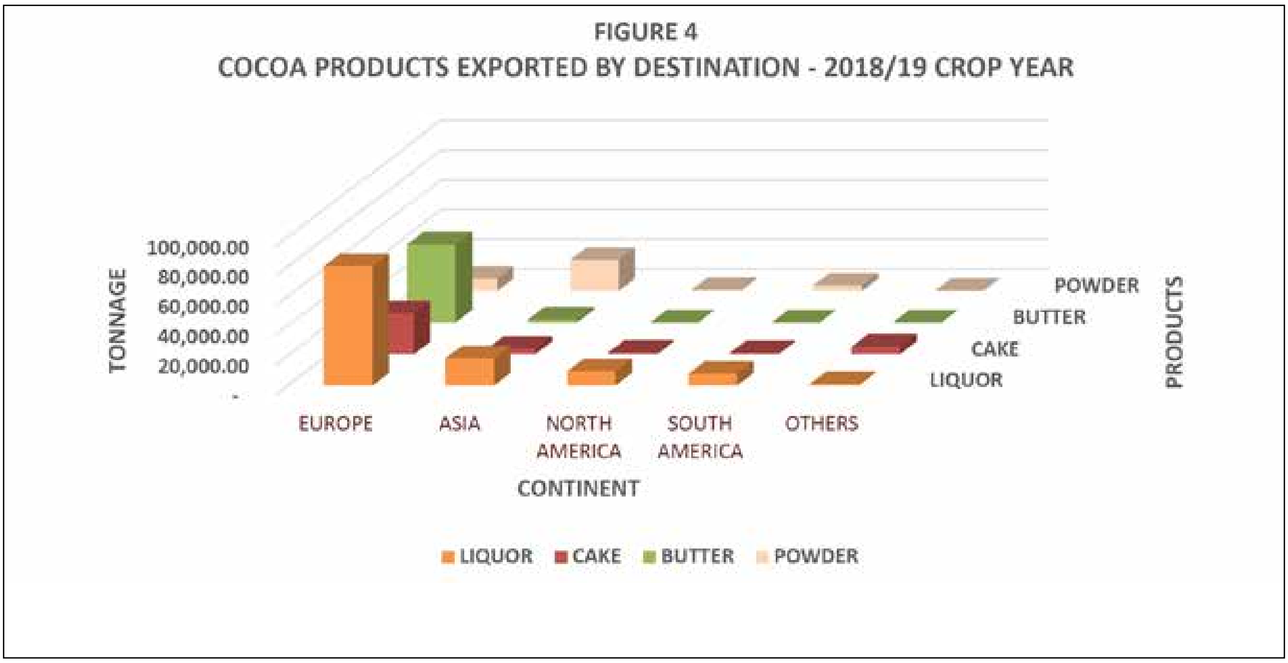
(ii) Cocoa Products

Exports of cocoa products by the nine (9) cocoa processing companies during the 2018/19 crop year comprised:

Product	Tonnage	Value (US$)
Natural cocoa butter	61,566	306,263,146.42
Cocoa Nibs	5,224	14,562,041.08
Cocoa Liquor	124,921	353,756,589.00
Cocoa Cake	37,641	60,451,677.33
Cocoa powder	36,365	67,485,358.14

(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 4 on page 7.



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 5,262,473 mature hybrid cocoa seed pods were harvested in 2018/19 representing 68% of the target of 7,748,000 pods. Out of 5,262,473 hybrid pods harvested during the year under review, 4,228,228 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 2018/19 totaled 37,981,919. This performance fell below the season's target of 60,000,000 by 22,018,081 or 37%. 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 482 sectors involving 2,101 blocks and covering an area of 963,671.15 hectares was surveyed during the 2018/19 year. In addition, the Unit discovered 15,042 Swollen Shoot disease outbreaks covering an area of 104,116.59 hectares. The Unit also removed 5,960,098 diseased and contact trees from 6,272 farms, covering an area of 5,363.65 hectares.

(b) ODAPEC & 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 116,797 cartons of fungicides and 184,665 cartons of insecticides were distributed to Community Task Forces through the District Task Forces for CODAPEC activities. CHED districts were supplied 230,079 litres fungicides to spray farms that were artificially pollinated and newly established farms

Also, 2,865,900 bags of granular fertilisers (organic and inorganic) were distributed to farmers. Farmer associations/cooperative and Licenced Buying Companies (LBCs) were also supplied with 2,498,829 bags of fertilizer. As a result of changes in the pest population dynamics in the cocoa agro-ecosystem, a new spraying regime and schedule was introduced in 2018/19 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 were 9,895 and 7,900 respectively.

E. COCOA RESEARCH INSTITUTE OF GHANA (CRIG)

Scientific research activities carried out by CRIG during the 2018/19 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

Research under the Crop Improvement Thrust focused on the maintenance of germplasm holdings, and development of improved varieties of CRIG mandate crops. For cocoa, 16 clones obtained from the International Cocoa Quarantine Unit, Reading, UK, were planted to broaden the genetic base for variety development. Currently CRIG holds about 700 cocoa clones in the germplasm plots.

Evaluation of various hybrid varieties across locations identified new clones with good combining abilities for yield when crossed with existing seed garden clones. These comprised GU 125C, GU 255V, DOM 3, MO 20, AMAZ 3-2, CRG 9006/109 and EQ x 78. Additionally, CRG 2029 and CRG 8914 are candidate female clones with existing seed garden clones used as males. In an experiment that compared yield of current seed garden varieties, mixed hybrid varieties from Bunso cocoa station gave significantly higher yields compared with those obtained from Oyoko, Pankese and Apedwa, indicating that the type of parent clones and fidelity of manual pollinations play important roles in the yield of cocoa varieties.

Field trials of coffee clones assembled from various sources identified the following high yielding clones: KYC30 (3.6 t ha-1), TR56 and T1X21 (2.5 t ha-1) compared with the standard variety E139 (2.4 t ha-1). In the coffee hybrid trials, the best variety, PA193 x C180 produced 2.9 t ha-1 compared with the standard hybrid variety E138 x C134 that obtained 2.0

Cashew clones were tested across farmers' plots in the Ahafo and Northern Regions. After five years of evaluation, the best cashew clones were CRCT 924 (2.5 t ha-1) and CRCT 039 (1.7 (t ha-1) compared with the standard clone SG 266 (1.2 t ha-1) in locations in the Ahafo Region. In the Northern Region however, these cashew clones tested had nut sizes too low to be of commercial value.

(c) Insect Pests Management Thrust

Field assessment has shown that poorly managed cocoa farms suffer severe crop losses to mirids, stink and coreid bugs and stem borers. The incidence of the defoliator caterpillar, Anomis Leona was much less than in the 2017/2018 crop year – due to the timely distribution of chemical inputs and equipment to the farming communities. Studies to rear mealybugs and their host-specific parasitoid, Aenasius abengouroui (Risbec) for future management of cocoa swollen shoot virus disease is ongoing.

(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 GH¢470,952 was recorded for the year. A total of 3,741 kg of potash was produced as compared to 1,633 kg produced in the previous year and 7,190 kg of palm oil was received from Worakese compared to 600 kg received in the previous year. Marketing studies of coffee flavoured biscuits began on a very small scale and it is quite encouraging. Development of coffee and kola flavoured wines are on-going.

(f) Systems Assessment and Analysis Thrust

The thrust established 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 2018/19 season included the following:-

(i) Profit/Loss

During the 2018/19 financial year, COCOBOD made a loss of GH¢274,521,000 compared to a loss of GH¢78,474,000 recorded in 2017/18. The 2018/19 financial year recorded an achieved FOB price of US$2,249 per tonne as against US$2,152 per tonne in the 2017/18 financial year.

7. COMMUNITY IMPROVEMENT PROJECTS

As part of COCOBOD's corporate social responsibility, cash donations were made to various institutions and persons during the 2018/19 season. The list of beneficiaries are listed below.

NO	NAME OF BENEFICIARIES
1	Osu Traditional Council
2	Nsein Traditional Council
3	The Duke Of Edinburgh's International Award
4	CSIR 60th Anniversary Fundraising
5	COCOSHE Farmers Day Celebration
6	Commonwealth Hall
7	Head Of States Golf Tournament
8	Swedru Girls Model JHS
9	Rebecca Foundation
10	Media Related Activities
11	Hon. Ofosu Asamoah
12	University Of Ghana Medical Exchange Programme (79 Student)
13	Inaugration Of Ashyiayem Queenmother's Association
14	Inter-School Quiz Competition

NO	NAME OF BENEFICIARIES
15	Emmanuel Baah Iro Kidney Transplant
16	50th Anniversary Of Ahantahene
17	Abeadze Festival
18	Cancer Treatment Iro Joyce Mens
19	2019 Accountants' Conference Held @ Tamale
20	Chiefs Of Bieni Iro Bieni Cocoa Station
21	Ministry Of Justice
22	Tetteh Quarshie Heritage Fund
23	Architectural Design For China
24	Osu Annual Homowo Festival

Hon Joseph Boahen Aidoo
Chief Executive

GHANA COCOA BOARD

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER RESPONSIBLE FOR FOOD AND AGRICULTURE

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ghana Cocoa Board ("the Company"), which comprise the statement of financial position at 30 September 2019, and 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 consolidated financial statements which include a summary of significant accounting policies and other explanatory note, as set out on pages 35 to 90.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group at 30 September 2019, and of its financial performance and 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.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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, we do not provide a separate opinion on these matters.

Revenue Recognition (GH¢9,763 million) Refer to Note 8 of the separate financial statements	
The key audit matter	How the matter was addressed in our audit
The operations of COCOBOD is mainly financed through borrowings on the international market. These borrowings are collaterised by the sale of cocoa beans. Sales contracts are established with foreign customers and local factories and deliveries are made over time by COCOBOD in accordance with contract terms. Advance payments are also made periodically by local factories against future deliveries. There is a risk of material misstatement in revenue due to the large volume of transactions and the fact that the sales schedule is maintained manually. On account of the above, we considered revenue recognition a key audit matter.	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; • We obtained the schedule of advance payments received from customers and checked that deferred income was appropriately recognised for outstanding deliveries. ***Foreign sales*** • We evaluated the design and implementation of key controls over the revenue recognition process. • 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 SmartAnalyzer) 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 financial statements in accordance with the applicable financial reporting framework.

Intangible Assets (GH¢938 million) and Contract Assets (GH¢1,551 million) Refer to Notes 16 and 17 of the consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
The Company has a service concession agreement with the Ministry of Roads and Highways (representing the Government of Ghana) to construct/rehabilitate and operate roads in cocoa growing areas in Ghana. There is a risk of material misstatement due to: • Possible errors in the classification of work certificates relating to non-cocoa growing areas; and • The complexity involved in accounting for service concessions including the impairment assessment of the intangible assets and related contract assets. On account of the above, we considered recognition of intangible assets and contract assets a key audit matter.	Our audit procedures included among others: • We reviewed management's classification of cocoa roads to exclude roads in non-cocoa growing areas; • We reviewed management's assessment of indicators of impairment of the intangible assets and related contract assets; • We test checked management's amortisation of the intangible assets to confirm accuracy; • We reviewed management's assessment of the fair value on initial recognition of additions to the intangible asset relative to the construction costs incurred; • We reviewed new 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; and • We assessed the adequacy of disclosures in respect of service concessions.

<table>
<tr><th colspan="2">Revaluation of land and buildings (GH¢3,954 million)
Refer to Note 18 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>During the year under review, COCOBOD revalued its land and buildings. In carrying out the valuation,management's experts employed the use of physical inspection of the assets, open market pricing, comparative valuation of similar or neighbouring properties.

The applicable method for valuing each category of assets depended on a combination of physical nature and geographical location of the assets. The depreciated replacement cost approach was adopted for the valuation of the building structures, while the market comparison approach was adopted for the valuation of lands.

Key inputs used in the valuation are location, plot size, property floor area, age and condition of the property, degree of utilisation, architectural design, improvement works performed on properties subsequent to the previous revaluation, and prevailing market conditions at the time of sale that impacts the subject property.

These inputs are relevant for the determination of replacement cost of the fixed assets.

Given the materiality of the Company's land and buildings, a significant risk of error is attached to the revaluation due to:
• the large number of landed properties subject to revaluations;
• high level of judgement in estimating the fair values and the complexities involved in determining the revaluations and related accounting treatment; and
• the history of mismatches between the assets register maintained by finance and estate departments.

On account of the above, we considered revaluation of land and buildings a key audit matter.</td><td>Our audit procedures performed among others include:
• We evaluated the competence, capabilities and objectivity of the experts management contracted to carry out the revaluation exercise;
• We performed a three (3) way reconciliation between the fixed assets register to the revaluation report, estate listing to the fixed assets register and the fixed assets register to the estate listing to confirm completeness;
• We obtained an understanding of the various valuation methods used by management's experts for the respective class of assets.
• We contracted a third party expert to review the appropriateness of the valuation methods applied and the reasonableness of the key assumptions used by management's experts in carrying out the revaluation exercise to the respective classes of assets.
• We checked the mathematical accuracy of the revaluation worksheet and schedules included in the experts reports and agreed the values to the amounts reported in the financial statements.
• We assessed the accuracy of the accounting treatment for the revaluation losses/surpluses; and
• We reviewed the appropriateness of disclosures on property, plant and equipment in the financial statements.</td></tr>
</table>

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 and the Corporate Information, which we obtained at the date of this audit report and the Chairman's Statement and Chief Executives Report which we expect to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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, and 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.

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 Company 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 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 separate 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 separate 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 the Directors.

- 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.

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, actions taken to eliminate threats or safeguards applied.

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

....
FOR AND ON BEHALF OF:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

31 August 2020

GHANA COCOA BOARD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Revenue	8	9,762,613	9,038,395
Direct costs	9	(8,134,239)	(7,311,645)
		-------------------	------------------
Gross Profit		1,628,374	1,726,750
Other operating income	10	106,373	104,220
Distribution expenses	11	(9,046)	(7,525)
Administrative expenses	12	(1,313,828)	(1,138,295)
Impairment reversal/(loss) on trade receivables and contract assets	32	193,598	(203,068)
		-------------------	------------------
Operating Profit		605,471	482,082
Finance costs	13	(1,202,690)	(969,653)
Finance income	14	320,155	410,440
		-------------------	------------------
Net Finance Costs		(882,535)	(559,213)
Share of loss of equity-accounted investees, net of tax	20	(212)	(38)
		-------------------	------------------
Loss Before Tax		(277,276)	(77,169)
Income tax expense	15	(43,289)	(1,048)
		-------------------	------------------
Loss For The Year		(320,565)	(78,217)
		-------------------	------------------

	Note	2019 GH¢'000	2018 GH¢'000
Other comprehensive income			
Items that will not be classified to profit or loss			
Revaluation of property, plant and equipment	18	1,807,436	-
Re-measurement of defined benefit liability	29	(1,709)	(26,620)
Related tax	15	5,049	457
Equity investments at FVOCI-net change in fair value	21	(684)	-
		1,810,092	(26,163)
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		(10,989)	(18,726)
Available-for-sale financial assets - net change in fair value	21	-	2,183
		(10,989)	(16,543)
Total other comprehensive income for the year		1,799,103	(42,706)
Total comprehensive income for the year		1,478,538	(120,923)
Loss attributable to:			
Owners of the Company		(290,558)	(67,278)
Non-controlling interests		(30,007)	(10,939)
		(320,565)	(78,217)
Total comprehensive income attributable to:			
Owners of the Company		1,524,095	(102,046)
Non-controlling interests		(45,557)	(18,877)
		1,478,538	(120,923)

The notes on pages 35 to 90 form an integral part of these financial statements

GHANA COCOA BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Assets			
Intangible assets	16	937,974	429,619
Contract assets	17	1,550,649	1,921,274
Property, plant and equipment	18	4,458,818	2,627,719
Trade and other receivables	24	1,253,158	24,573
Investment in subsidiaries	19	10	10
Investment in associate	20	3,318	3,530
Other investments	21	7,972	8,656
Non-current assets		8,211,899	5,015,381
Inventories	23	1,036,945	738,285
Other financial assets	22	506,930	399,010
Trade and other receivables	24	4,312,022	4,374,614
Cash and cash equivalents	25	1,001,158	1,280,471
Current assets		6,857,055	6,792,380
Total assets		15,068,954	11,807,761
Equity			
Capital contribution		393	393
Fair value reserve	31	7,584	8,268
Translation reserve	31	(50,615)	(44,329)
Revaluation reserve	31	3,487,541	1,662,107
Retained earnings	31	(348,369)	32,432
Equity attributable to owners of the Company		3,096,534	1,658,871
Non-controlling interests		(147,659)	(102,102)
Total equity		2,948,875	1,556,769

Consolidated statement of financial position at 30 september 2019 (cont'd)

	Note	2019 GH¢'000	2018 GH¢'000
Liabilities			
Bank overdraft	25	6,157	122,325
Current tax liabilities	15	19,135	17,992
Loans and borrowings	26	7,148,757	6,650,605
Trade and other payables	27	1,562,737	1,283,003
Contract liabilities	28	354,726	176,292
Provisions	30	60,173	60,173
Current liabilities		9,151,685	8,310,390
Loans and borrowings	26	2,684,350	1,714,539
Employee benefit obligations	29	197,903	171,414
Deferred tax liabilities	15	86,141	54,649
Non-current liabilities		2,968.394	1,940,602
Total liabilities		12,120,079	10,250,992
Total equity and liabilities		15,068,954	11,807,761

The consolidated financial statements of Ghana Cocoa Board, was approved by the Board of Directors on 29th August, 2020 and were signed on their behalf by:

Director

Name: HON. HACKMAN OWUSU-AGYEMANG

Director

Name: HON JOSEPH BOAHEN AIDOO

The notes on pages 35 to 90 form an integral part of these financial statements

GHANA
COCOA
BOARD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE ENDED YEAR 30 SEPTEMBER 2019

2019	Notes	Capital Contribution GH¢'000	Fair Value Reserve GH¢'000	Translation Reserve GH¢'000	Revaluation Reserve GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Tota equit GH¢'00
Balance at 1 October 2018, as previously reported		393	8,268	(44,329)	1,662,107	32,432	1,658,871	(102,102)	1,556,769
Adjustment on initial application of IFRS 9	6B	-	-	-	-	(87,682)	(87,682)	-	(87,682)
Related Tax	6B	-	-	-	-	1,250	1,250	-	1,250
Restated balance at 1 October 2018		393	8,268	(44,329)	1,662,107	(54,000)	1,572,439	(102,102)	1,470,337
Total comprehensive income									
Loss for the year		-	-	-	-	(290,558)	(290,558)	(30,007)	(320,565)
Other comprehensive income	18,21,29	-	(684)	(6,286)	1,819,864	1,759	1,814,653	(15,550)	1,799,103
Total comprehensive income		-	(684)	(6,286)	1,819,864	(288,799)	1,524,095	(45,557)	1,478,538
Transfer within equity		-	-	-	5,570	(5,570)	-	-	-
Balance at 30 September 2019		393	7,584	(50,615)	3,487,541	(348,369)	3,096,534	(147,659)	2,948,875

2018	Notes	Capital Contribution GH¢'000	Fair Value Reserve GH¢'000	Translation Reserve GH¢'000	Revaluation Reserve GH¢'000	Retained Earnings GH¢'000	Total GH¢'000	Non-controlling interest GH¢'000	Tota equit GH¢'00
Balance at 1 October 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	21,29	-	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)
Balance at 30 September 2018		393	8,268	(44,329)	1,662,107	32,432	1,658,871	(102,102)	1,556,769

The notes on pages 35 to 90 form an integral part of these financial statements.

GHANA COCOA BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 GH¢'000	2018 GH¢'000
Cash flow from operating activities			
Loss for the year		(320,565)	(78,217)
Adjustments for:			
Depreciation of property, plant and equipment	18	99,051	137,257
Amortisation of intangible assets	16	213,233	54,859
Write off of property, plant and equipment	18	26,942	-
Foreign exchange gain/(loss)		360,297	(141,909)
Share of loss of equity-accounted investees	20	212	38
Gain on disposal of property, plant and equipment	18	(76)	-
Finance income	14	(320,155)	(410,440)
Finance costs	13	1,234,600	965,364
Tax expense	15	43,289	1,048
Impairment (reversal)/ loss on trade and other receivables	32	(193,598)	203,068
Impairment (reversal)/loss on other financial assets	32	(31,910)	4,289
		1,111,320	735,357
Changes in:			
Inventories	23	(294,644)	512,199
Other financial assets	22	(63,039)	455,747
Trade and other receivables	24	(533,044)	(2,066,392)
Trade and other payables	27	168,921	(446,181)
Contract liabilities	28	151,797	(273,353)
Provisions	30	-	(156,018)
Employee benefit obligations	29	(6,620)	13,873
Cash generated from/(used in) operating activities		534,691	(1,224,768)
Income tax paid	15	-	(391)
Net cash from/(used in) operating activities		534,691	(1,225,159)

Consolidated Statement of Cash Flows for the Year Ended 30 September 2019 (cont'd)

	Note	2019 GH¢'000	2018 GH¢'000
Cash flow from operating activities			
Proceeds from sale of property, plant and equipment	18	131	-
Interest received	14	311,295	380,868
Dividend received	14	444	148
Acquisition of property, plant and equipment	18	(103,965)	(127,685)
Expenditure on contract assets	17	(350,963)	(204,643)
Net cash (used in)/from investing activities		(143,058)	48,688
Cash flow from operating activities			
Proceeds from loans and borrowings	26	18,844,829	13,873,781
Interest paid	26	(1,388,623)	(750,214)
Repayment of borrowings	26	(18,006,433)	(11,211,184)
Net cash (used in)/from financing activities		(550,227)	1,912,383
Net increase in cash and cash equivalents		(158,594)	735,912
Cash and cash equivalents at 1 October	25	1,158,146	419,512
Effect of movements in exchange rate on cash held		(4,551)	2,722
Cash and cash equivalents at 30 September	25	995,001	1,158,146

The notes on pages 35 to 90 form an integral part of these financial statements.

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. COCOBOD's registered office is at Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana. These consolidated financial statements comprise the Group and its subsidiaries (together referred to as the "Group").

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. This is the first set of the Group's financial statements in which IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 6.

3. Functional and Presentation Currency

These consolidated financial statements are presented in Ghana Cedis, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless 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 the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. 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 Notes 16 and 17 - Service Concession determining whether an arrangement is a service concession arrangement.

B. Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties at 30 September 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 16 and - impairment of intangible assets; key assumptions underlying recoverable amounts;
- Note 18 - determining the fair values of land and buildings; key assumptions;
- Note 29 - measurement of employee benefit obligations: key actuarial assumptions;
- Note 30 - recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 32 - measurement of ECL allowance for trade and other receivables and contract assets; key assumptions in determining the weighted -average loss rate.

Changes in significant accounting policies (cont'd)

5. Basis of Measurement

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

- Financial assets classified as equity investments at FVOCI, measured at fair value.
- Employee benefit obligations recognised at the present value of the defined benefit obligations.
- Land, buildings and produce sheds, measured at revalued amounts.

6. Changes in Significant Accounting Policies

The Group has initially applied IFRS 15 (see A) and IFRS 9 (see B) from 1 October 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

A. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 October 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

IFRS 15 did not have a significant impact on the Group's accounting policies relating to revenue recognition. The Group has one performance obligation, which is the delivery of cocoa beans. The Group has elected to treat delivery as an integrated activity and not as a separate performance obligation. There was no material impact on transition to IFRS 15 on retained earnings and trade receivables at 1 October 2018. There was no material impact on the Group's statement of financial position as at 30 September 2019 and statements of comprehensive income and cash flows for the year ended 30 September 2019.

B. 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*.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other administrative expenses. Consequently, the Group classified impairment losses amounting to GH¢203.07 million, recognised under IAS 39, from 'administrative expenses' to 'impairment loss on trade receivables and contract assets' in the consolidated statement of profit or loss and OCI for the year ended 30 September 2019. Impairment of other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the consolidated statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information. The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

	Note	Impact of adopting IFRS 9 on opening balance GH¢'000
Retained earnings		
Recognition of expected credit losses under IFRS 9	6II	87,682
Related tax		(1,250)

Impact at 1 October 2018		86,432
		===========

I. Classification and measurement of financial assets and financial liabilities

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 classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has had a significant effect on the Group's accounting policies related to financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 32.

The following table below and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 October 2018 and its related carrying amounts.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 October 2018 relates solely to the new impairment requirements.

In GH¢'000	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets					
Other investments	(a)	Available-forsale	FVOCI - equity instrument	8,656	8,656
Other financial assets	(b)	Held-to maturity	Amortised cost	399,010	381,461
Trade and other receivables	(c)	Loans and receivables	Amortised cost	4,363,735	4,302,272
Cash and cash equivalents		Loans and receivables	Amortised cost	1,280,471	1,271,801
				-----------------	------------------
Total financial assets				6,051,872	5,964,190
				================	=================

In GH¢'000	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabiliti					
Bank overdrafts		Other financial liabilities	Other financial liabilities	122,325	122,325
Loans and Borrowings		Other financial liabilities	Other financial liabilities	8,365,144	8,365,144
Trade and other payables		Other financial liabilities	Other financial liabilities	1,135,197	1,135,197
				-----------------	------------------
Total financial liabilities				9,622,666	9,622,666
				=================	==================

a. These equity securities represent investments that the Group intends to hold for long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

b. Other financial assets that were previously classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. An increase of GH¢17.55 million in the allowance for impairment was recognised in opening retained earnings at 1 October 2018 on transition to IFRS 9.

c. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified as amortised cost. An increase of GH¢61.46 million in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 October 2018 on transition to IFRS 9.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 October 2018.

GH¢'000	IAS 39 carrying amount at 30 September 2018	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 October 2018
Financial Assets				
Amortised cost				
Cash and cash equivalents:				
Brought forward: Loans and receivables	1,280,471			
Remeasurement			(8,670)	
Carried forward: Amortised cost				1,271,801
Trade and other receivables:				
Brought forward: Loans and receivables	4,363,735			
Remeasurement			(61,463)	
Carried forward: Amortised cost				4,302,272
Other financial assets:				
Brought forward: Held-to-maturity	399,010			
Remeasurement			(17,549)	
Carried forward: Amortised cost	-	-	-	381,461
	-----------------		-----------------	------------------
Total amortised cost	6,043,216	-	(87,682)	5,955,534
	================		=================	================

I. Classification and measurement of financial assets and financial liabilities (cont'd)

GH¢'000	IAS 39 carrying amount at 30 September 2018	Reclassification	Remeasurement	IFRS 9 carrying amount at 1 October 2018
Financial assets				
FVOCI - equity				
Other investments:				
Brought forward: Available-for-sale	-	8,656		-
Carried forward: FVOCI - equity	-	-	-	8,656
	-----	--------	----	--------
Total FVOCI	-	8,656	-	8,656
	=====	========	====	========

II. Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 - see Note 32.

For assets in scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 October 2018 results in an additional allowance for impairment as follows:

	GH¢'000
Loss allowance at 30 September 2018 under IAS 39	(659,324)
Additional impairment recognised at 1 October 2018 on:	
Trade and other receivables as at 30 September 2018	(61,463)
Other financial assets	(17,549)
Cash and cash equivalents	(8,670)

Loss allowance at 1 October 2018 under IFRS 9	(747,006)

Additional information about how the Group measures the allowance for impairment is described in Note 32.

III. Transition

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 October 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.

- The designation of certain investments in equity instruments not held for trading as at FVOCI.

7. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated (see Note 6).

7.1 Basis of Consolidation

Business Combinations

The Group accounts for business combinations 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 expenses as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, 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.

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.

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the Group'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 date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

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.

7.2 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 into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in profit or loss and presented in administrative expenses.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognised in OCI and presented in fair value reserve.

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 as part of the gain 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 amount 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.

7.3 Revenue From Contracts With Customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The Group has initially applied IFRS 15 from 1 October 2018. Information about the Group's accounting policies relating to contracts with customers is provided in Note 8. The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 6.
The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 6.

7.4 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 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.

7. Significant accounting policies (cont'd)

7.4 Employee benefit obligations (cont'd)

a. Defined contribution plans (cont'd)

(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% 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.

The Group has the following defined benefit plans:

(iii) 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

This defined benefit scheme entitles:

- 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)

- 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)

7. Significant accounting policies (cont'd)

7.4 Employee benefit obligations (cont'd)

b. Defined benefit plans (cont'd)

The Group operates a group wide post-retirement medical benefit pension plan. This pension plan covers all group companies except for Cocoa Processing Company Limited. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is COCOBOD.

(iv) Repatriation benefit

Except for Cocoa Processing Company Limited, this benefit entitles an employee who leaves the services of the Group on grounds other than summary dismissal or resignation to be repatriated to his hometown or place of hire at the expense of the Group or be paid 20% (twenty percent) of his basic annual salary in lieu of transport being made available by the Group.
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 under short-term cash bonus or profit-sharing plans 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.

7.5 Finance income and expenses

The Group's finance income and finance costs include:

- interest receivable on funds invested;
- interest payable;
- dividend income;
- the net gain or loss on the disposal of other investments measured at FVOCI;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination
- impairment losses (and reversals) on investments in debt securities carried at amortised cost

Interest income or expense 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 on which the Group's right to receive payments is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

7.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the firstin 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. Net realisable value is the selling price less costs to sell.

7. Significant accounting policies (cont'd)

7.7 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) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) 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 of property, plant and equipment for current and comparative periods 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 remaining estimated useful life

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

(iv) 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-inprogress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(v) 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.

7.8 Intangible assets

(i) Recognition and measurement

The Group 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 of the services provided. 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.

(ii) Subsequent recognition

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

(iii) Amortisation

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 the Group, this is assessed as being a ten-year period from the date of completion of construction or rehabilitation of the cocoa roads.

7.9 Contract assets

Contract assets represents cocoa roads under construction and or rehabilitation. The Group recognises contract 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 7.8).

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

7.10 Taxation

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

(i) Current tax

Current tax comprises the expected tax payable or receivable on taxable income or loss for the year and any adjustment 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 date. Current tax also includes any tax arising from dividends.

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

7. Significant accounting policies (cont'd)

7.10 Taxation (cont'd)

(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.

Unrecognised deferred tax

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

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.

7.11 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets - Policy applicable from 1 October 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial

7. Significant accounting policies (cont'd)

7.11 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment: Policy applicable from 1 October 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

Policy applicable from 1 October 2018.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- iterms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

7. Significant accounting policies (cont'd)

7.11 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 October 2018

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets - Policy applicable before 1 October 2018
The Group classified its financial assets into one of the following categories:

- loans and receivables;
- held-to-maturity; and
- available-for-sale

Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 October 2018.

Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Loans and receivables comprise cash and cash equivalents, trade receivables, amounts due from related companies and other receivables. Loans and receivables were initially measured at fair value plus any directly attributable transaction costs, subsequently measured at amortised cost using the effective interest method less any impairment losses.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses and interest income were recognised in OCI and accumulated in the fair value reserve, when these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

7. Significant accounting policies (cont'd)

7.11 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

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 any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset, and the net amount presented when and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

7.12 Impairment

i Non-derivative financial assets

Policy applicable from 1 October 2018

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forwardlooking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

7. Significant accounting policies (cont'd)

7.12 Impairment (cont'd)

(i) Non-derivative financial assets

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are creditimpaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 October 2018

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;

7. Significant accounting policies (cont'd)

7.12 Impairment (cont'd)

- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of twelve months to be prolonged.

Financial assets measured at amortised cost	The Group considered evidence of impairment for these assets at both individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that were not individually significant are collectively assessed for impairment. Collective assessment was carried out by grouping assets with similar risk characteristics.
	In assessing collective impairment, the Group used historical information on the timing of recoveries and the amounts of loss incurred and makes an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.
	An impairment loss was calculated as the difference between an asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.
Available-for-sale financial assets	Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment losses previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

7. Significant accounting policies (cont'd)

7.12 Impairment (cont'd)

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash flows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are first allocated to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7.13 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.

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 COCOBOD shall be transferred each year.

The fund is intended to be used for:

- development projects in any cocoa, coffee or sheanuts producing area; and
- the provision of other farmers' benefits such as low interest-bearing farmers' welfare loans, farmers' refresher courses, and scholarship scheme for farmer's wards, and for other purposes aimed at enhancing the welfare of cocoa, coffee and sheanut farmers.

7. Significant accounting policies (cont'd)

7.14 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

ii. Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asses are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

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

iii. Lease payments

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 leases are apportioned between finance expense and the 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.

7.15 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its nonperformance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 4).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into accounting in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any observable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value. adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

7. Significant accounting policies (cont'd)

7.16 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.

7.17 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these financial statements.

A. IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 October 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

The actual impacts of adopting the standard on 1 October 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a rightof-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of lowvalue 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.

i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of warehouses. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

ii. Leases in which the Group is a lessor

The Group has no leases in which it is a lessor.

No significant impact is expected for other leases in which the Group is a lessor.

7. Significant accounting policies (cont'd)

7.17 Standards issued but not yet effective

iii. Transition

The Group plans to apply IFRS 16 initially on 1 October 2019. using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 October 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 October 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

B. Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments apply for annual periods beginning on or after 1 January 2019. Early adoption is permitted.

C. 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.

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 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.

D. Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendment clarifies that an entity is required to

- recalculate the amortised cost of a modified financial liability by discounting the modified contractual cash using the original effective interest rate (EIR)
- recognise any adjustment in profit or loss

The amendment is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs.

E. 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.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments are effective from 1 January 2020 but may be applied earlier. A significant change is not expected as this does not intend to alter the concept of materiality.

7. Significant accounting policies (cont'd)

7.17 Standards issued but not yet effective (cont'd)

iii. Transition (cont'd)

F. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investor's interests in the associate or joint venture.

The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

G. Definition of a Business (Amendments to IFRS 3)

The IASB has issued amendments to IFRS 3 Business Combinations that seek to clarify this matter.
Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets between a business and a group of assets when applying IFRS 3.

The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

F. Conceptual Framework amendments

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing. Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

The amendments are effective from 1 January 2020 but may be applied earlier.

8. Revenue - Sale of goods

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 6. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

A. Revenue stream

The Group generates revenue primarily from the sale of cocoa beans and processed cocoa products.

	2019 GH¢'000	2018 GH¢'000
Sale of cocoa beans	9,611,246	8,910,491
Sale of processed cocoa products	151,367	127,904
	9,762,613	9,038,395

B. Revenue disaggregation

Revenue from contracts with customers are disaggregated into foreign sales of GH¢8.04 billion (2018: GH¢7.91 billion) and local sales of GH¢1.73 billion (2018: GH¢1.13 billion).

C. Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

GH¢'000	*Note*	*30 September 2018*	*1 October 2019*
Receivables, which are included in 'trade and other receivables'	24	422,646	420,584
Contract liabilities	28	(354,726)	(176,292)

Contract liabilities primarily relate to consideration received in advance of the delivery of cocoa beans. They are measured at the value of the amount received. This will be recognised as revenue when customers obtain control of cocoa beans upon dispatch from the various ports for foreign sales; and for local sales, when cocoa beans are transferred to the buyer's transport contractor.

The amount of GH¢176.29 million recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 30 September 2019.

No information is provided about remaining performance obligations at 30 September 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

D. Performance obligations and revenue recognition policies

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer.

The Group recognises revenue when it transfers control over the goods to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Sale of goods	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 1 October 2018)	Revenue recognition under IAS 18 (applicable before 1 October 2018)
Sale of cocoa beans	Customers obtain control of cocoa beans when the cocoa beans are despatched from the various ports for foreign sales and for local sales, when cocoa beans are transferred to the buyers' transport contractor. Invoices are generated at that point in time. Invoices are usually payable within 5 working days.	Revenue is recognised when control over the goods is transferred to the customer	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 processed cocoa beans.

9. Direct costs	2019 GH¢'000	2018 GH¢'000
Costs of inventory	6,737,951	7,239,322
Buyers' margin and haulers' costs	770,442	857,668
Pest and disease control	10,868	48,660
Cocoa Hi -Tech expenses	581,804	469,609
Depreciation	24,527	16,677
Other direct costs	103,561	211,841
Government revenue support*	(94,914)	(1,532,132)
	8,134,239	7,311,645

*: 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.

10. Other operating income		
Rental income	6,845	9,334
Sundry income	99,452	94,886
Gain on disposal of property, plant and equipment	76	-
	106,373	104,220

11. Distribution expenses	2019 GH¢'000	2018 GH¢'000
Rental income	6,845	9,334
Sundry income	99,452	94,886
Gain on disposal of property, plant and equipment	76	-
	106,373	104,220

11. Distribution expenses

Bank of Ghana commission	9,046	3,659
Other distribution expenses	-	3,866
	9,046	7,525

12. Administrative expenses

Auditor's remuneration	1,647	1,262
Amortisation of intangible assets	213,233	54,859
Depreciation of property, plant and equipment	74,524	120,580
Directors' remuneration	2,269	2,647
Exchange (gain)/loss	(80,540)	230,041
Legal and professional expenses	5,618	3,774
Other administrative expenses**	176,636	(59,503)
Repairs and maintenance	55,098	44,795
Rents, rates and insurance	54,985	41,737
Staff costs	783,416	698,103*
Write-off of property, plant and equipment	26,942	-
	1,313,828	1,138,295

* Employee expenses of GH¢139.10 million has been reclassified from other administrative expenses to staff costs.

** Included in other administrative expenses is an amount of GH¢97.02 million (2018: GH¢43.36 million) which represents costs incurred in recruiting casual and temporary labour for mass pruning and hand pollination during the year .

13. Finance costs

Interest on loans and borrowings*	1,203,912	939,975
Finance cost - ECL	(31,910)	4,289
Interest on defined benefit pension plan obligations	30,688	25,389
	1,202,690	969,653

* Interest cost of GH¢253.12 million incurred on cocoa bills received to finance 2017/2018 bean purchases which forms part of the GoG revenue support has been set off against interest on loans and borrowings.

14. Finance income	2019 GH¢'000	2018 GH¢'000
Interest on fixed deposits	198,482	265,206
Interest on loans and advances	44,388	52,369
Bank interest earned	76,841	92,717
Dividend income	444	148
	320,155	410,440

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

A. Amounts recognised in profit or loss

	2019	2018
Current tax expense		
Current year	1,143	3,446
Deferred tax expense		
Originating and reversal of temporary differences	16,346	(2,398)
Derecognition of previously recognised temporary difference	25,800	-
	42,146	(2,398)
Total tax expense	43,289	1,048

B. Amounts recognised in OCI

	2019			2018		
	Before tax GH¢'000	Tax (expense) benefit GH¢'000	Net of tax GH¢'000	Before tax GH¢'000	Tax (expense) benefit GH¢'000	Net of tax GH¢'000
Revaluation of property, plant and equipment	1,807,436	3,916	1,811,352	-	-	-
Remeasurement of defined benefit liability	(1,709)	1,133	(576)	(26,620)	457	(26,163)
Equity investments at FVOCI-net change in fair value	(684)	-	(684)	2,183	-	2,183
	1,805,043	5,049	1,810,092	(24,437)	457	(23,980)

15. Taxation (cont'd)

C. Reconciliation of effective tax rate	**2019 GH¢'000**	**2018 GH¢'000**
Loss before tax	(277,276)	(77,169)
Corporate tax rate at 25% (2018: 25%)	(69,319)	(19,292)
Non-deductible expenses	2,278	1,396
Income tax at different rate	2,568	-
Derecognition of previously recognised temporary difference	26,767	-
Utilisation of tax losses for the year not recognised as deferred tax assets	514	-
Other timing differences	9,812	-
Effect of tax-exempt status of group entities	70,669	18,944
Total tax expense	43,289	1,048
Effective tax rate	(16)%	(1)%

D. Current tax liabilities

The movement on the current tax account was as follows:

	Balance at October 1 GH¢'000	**Payment for the period GH¢'000**	**Charge to profit or loss GH¢'000**	**Balance at September 30 GH¢'000**
Up to 2018	17,990	-	-	17,990
2019	-	-	1,143	1,143
	17,990	-	1,143	19,133
National Reconstruction Levy				
Up to 2016	2	-	-	2
	17,992	-	1,143	19,135

15. Taxation (cont'd)

E. Movement in deferred tax balances

2019	Net balance at 1 Oct GH¢'000	Adjustment - IFRS 9 GH¢'000	Net balance after adjustment GH¢'000	Recognised Profit or loss GH¢'000	In OCI GH¢'000	Translation differences GH¢'000	Net assets/Liabilities GH¢'000	Deferred tax asset GH¢'000	Deferred tax liabilities GH¢'000
Property, plant and equipment	93,875	-	93,875	7,521	(3,916)	(2,608)	94,872	-	94,872
Other timing differences	(24,751)	-	(24,751)	26,334	-	(1,583)	-	-	-
Employee benefit obligations	(2,275)	-	(2,275)	(1,264)	(1,133)	(130)	(4,802)	(4,802)	-
Inventories	-	-	-	(41)	-	(2)	(43)	(43)	-
Trade receivables	(372)	-	(372)	(621)	-	(34)	(1,027)	(1,027)	-
Other financial assets	(11,828)	(1,250)	(13,078)	10,219	-	-	(2,859)	(2,859)	-
	54,649	(1,250)	53,399	42,148	(5,049)	(4,357)	86,141	(8,731)	94,872

2018	Net balance at 1 Oct GH¢'000	Adjustment - IFRS 9 GH¢'000	Net balance after adjustment GH¢'000	Recognised Profit or loss GH¢'000	In OCI GH¢'000	Translation differences GH¢'000	Net assets/Liabilities GH¢'000	Deferred tax asset GH¢'000	Deferred tax liabilities GH¢'000
Property, plant and equipment	88,608	-	88,608	(1,260)	-	6,527	93,875	-	93,875
Unutilised tax losses	(22,714)	-	(22,714)	-	-	(2,037)	(24,751)	24,751	-
Employee benefit obligations	(1,706)	-	(1,706)	(65)	(457)	(47)	(2,275)	2,275	-
Trade receivables	(352)	-	(352)	-	-	(20)	(372)	372	-
Other financial assets	(10,755)	-	(10,755)	(1,073)	-	-	(11,828)	11,828	-
	53,081	-	53,081	(2,398)	(457)	4,423	54,649	39,226	93,875

15. Taxation (cont'd)

F. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2019 Gross amount GH¢'000	Tax effect GH¢'000	2018 Gross amount GH¢'000	Tax effect GH¢'000
Tax losses	156,279	27,530	47,962	8,488
	============	============	============	============

G. Tax losses carried forward

Tax losses for which no deferred tax assets was recognised expire as follows:

	2019 GH¢'000	Expire date	2018 GH¢'000	Expire date
Tax losses - 2016	108,844	2021	527	2021
Tax losses - 2017	31,318	2022	31,318	2022
Tax losses - 2018	16,117	2023	16,117	2023
	------------		------------	
	156,279		47,962	
	============		============	

16. 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 2019. 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 effective date of the concession agreement. 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:

- 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 the Group's obligations to the cocoa growing communities (CSR);
- General improvement in the economy of cocoa growing communities; and
- 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 fulfil its requirements under the arrangement.

For the year ended 30 September 2019, the Group has recognised income and cost from construction services of GH¢351 million (2018: GH¢205 million). No profit has been recognised from construction services.

The Group has recognised a service concession intangible asset up to 30 September 2019, initially measured at the total cost of construction of roads completed amounting to GH¢1,270 million (2018: GH¢549 million), of which GH¢332 million (2018: 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 2019 and the related amortisation for the year ended 30 September 2019.

	2019 GH¢'000	**2018 2019**
Cost		
At 1 October	548,591	538,120
Transfers from contract assets	721,588	10,471
At 30 September	1,270,179	548,591
Amortisation		
At 1 October	118,972	64,113
Charge for the year	213,233	54,859
At 30 September	332,205	118,972
Carrying amount		
At 30 September	937,974	429,619

17. Contract assets

Cost		
At 1 October	1,921,274	1,727,102
Additions	350,963	204,643
Transfers to intangible assets	(721,588)	(10,471)
At 30 September	1,550,649	1,921,274

18. Property, plant and equipment

2019	Land and buildings GH¢'000	Furniture and equipment GH¢'000	Motor vehicles GH¢'000	Plant and machinery GH¢'000	Work in progress GH¢'000	Total GH¢'000
Cost/Valuation						
At 1 October 2018	2,394,669	84,064	69,312	434,307	172,168	3,154,520
Additions	3,964	10,057	10,470	2,557	76,917	103,965
Disposals	-	(754)	(506)	-	-	(1,260)
Write off	(27,993)	-	(3,399)	-	-	(31,392)
Transfer between categories	6,400	-	-	-	(6,400)	-
Revaluation surplus	1,807,436	-	-	-	-	1,807,436
Revaluation adjustment	(231,218)	-	-	-	-	(231,218)
Effect of movement in exchange rate	24,005	439	296	40,536	776	66,052
At 30 September 2019	3,977,263	93,806	76,173	477,400	243,461	4,868,103
Accumulated depreciation						
At 1 October 2018	199,976	63,307	63,414	200,104	-	526,801
Charge for the year	52,971	11,036	6,502	28,542	-	99,051
Released on disposal	-	(699)	(506)	-	-	(1,205)
Write off	(1,051)	-	(3,399)	-	-	(4,450)
Revaluation adjustment	(231,218)	-	-	-	-	(231,218)
Effect of movement in exchange rate	2,112	299	369	17,526	-	20,306
At 30 September 2019	22,790	73,943	66,380	246,172	-	409,285
Carrying amounts						
At 30 September 2019	3,954,473	19,863	9,793	231,228	243,461	4,458,818
Comprising						
Carrying amount under cost model	382,080					
Revaluation surplus recognised	3,572,393					
At 30 September 2019	3,954,473					

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

2018	Land and buildings GH¢'000	Furniture and equipment GH¢'000	Motor vehicles GH¢'000	Plant and machinery GH¢'000	Work in progress GH¢'000	Total GH¢'000
Cost/Valuation						
At 1 October 2017	2,249,390	78,205	73,445	401,290	205,589	3,007,919
Additions	5,829	8,192	4,070	15,130	94,464	127,685
Disposals	-	(2,990)	(8,413)	(12,039)	(5,652)	(29,094)
Transfer between categories	121,112	352	-	991	(122,455)	-
Effect of movement in exchange rate	18,338	305	210	28,935	222	48,010
At 30 September 2018	2,394,669	84,064	69,312	434,307	172,168	3,154,520
Accumulated depreciation						
At 1 October 2017	115,945	46,992	63,137	179,301	-	405,375
Charge for the year	84,339	17,379	8,122	27,417	-	137,257
Released on disposal	(1,673)	(1,245)	(8,092)	(18,084)	-	(29,094)
Effect of movement in exchange rate	1,365	181	247	11,470	-	13,263
At 30 September 2018	199,976	63,307	63,414	200,104	-	526,801
Carrying amounts						
At 30 September 2018	2,194,693	20,757	5,898	234,203	172,168	2,627,719
Comprising						
Carrying amount under cost model	429,736					
Revaluation surplus recognised	1,764,957					
At 30 September 2018	2,194,693					

__18. Property, plant and equipment (cont'd)__

Cocoa Processing Group Limited, one of the Group's subsidiaries, has pledged assets with a carrying value of GH¢424.12 million (2018: GH¢427.93 million) as security for loans and overdraft from a syndicate of banks led by Absa Bank Ghana Limited and Prudential Bank Limited.

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. There was no indication of impairment of property and equipment held by the Group at 30 September 2019 (2018: GH¢Nil).

The Group's Land and buildings and produce sheds were independently revalued at 30 September 2019. Subsequent valuations will be done at intervals of five years. Valuations are made in the basis of the open market values which reflect recent prices for similar properties. Where market comparable data was not available for some locations, the fair value of buildings was determined to be replacement costs, which reflects the cost a market participant will incur to construct assets of comparable utility and age, adjusted for obsolescence. The gain on revaluation has been recognised in other comprehensive income and is disclosed in revaluation reserve in equity.

__Gain on disposal of property, plant and equipment__	**2019 GH¢'000**	**2018 GH¢'000**
Proceeds from disposal of property, plant and equipment	131	-
Carrying amount	(55)	-
	76	-

The following table analyses the valuation method by levels in the fair value hierarchy:

	Level 1 GH¢'000	**Level 2 GH¢'000**	**Level 3 GH¢'000**	**Total GH¢'000**
Land and buildings	-	3,954,473	-	3,954,473

19. Investment in subsidiaries

The Group had the following investment in the under listed subsidiaries:

	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	100%	UK

*: 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.

19. Investment in subsidiaries (cont'd)

	2019 GH¢'000	2018 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.

20. Investment in associate

Tema Chemicals Limited

The investment in Tema Chemicals Limited represents 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 agrochemicals. There was no change in the objects of the company during the year.

	2019 GH¢'000	2018 GH¢'000
Percentage ownership interest	49%	49%
Non-current assets	9,880	9,026
Current assets	2,254	2,477
Non-current liabilities	(3,968)	(3,991)
Current liabilities	(1,395)	(308)
Net assets (100%)	6,771	7,204
Group's share of net assets (49%)	3,318	3,530
Revenue	348	597
Loss from continuing operations (100%)	(432)	(78)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(432)	(78)
Group's share (49%) of total comprehensive income	(212)	(38)
Carrying amount of interest in associate	3,530	3,568
-Share of loss	(212)	(38)
-Share of OCI	-	-
	3,318	3,530

21. Other investments

The effect of initially applying IFRS 9 in the Group's financial instruments is described in Note 6. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

Non-current investments	**2019**	**2018**
Equity securities - at FVOCI	**GH¢'000**	**GH¢'000**
At 1 October	8,656	6,473
Net change in fair value	(684)	2,183
At 30 September	7,972	8,656

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 32.

Equity securities designated as at FVOCI

At 1 October 2018, the Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposed. In 2018, these investments were classified as available-for-sale - see Note 6.

	Fair value at 30 September 2019 GH¢'000	**Dividend income recognised during 2019 GH¢'000**
GOIL Company Limited	100	-
GCB Bank Ghana Limited	7,872	444
	7,972	444

22. Other financial assets	**2019**	**2018**
	GH¢'000	**GH¢'000**
Financial assets measured at amortised cost		
Fixed deposits	506,930	446,319
Impairment of doubtful debt	-	(47,309)
	506,930	399,010

Other financial assets classified as amortised cost (2018: held-to-maturity) have interest rates of 1% to 19% (2018: 0.2% to 23.5%) and mature in a year.

23. Inventories

Cocoa beans	33,323	237,028
Other consumables and inputs	986,685	493,041
Processed cocoa products	16,937	8,216
	1,036,945	738,285

24. Trade and other receivables

	2019 GH¢'000	2018 GH¢'000
Current		
Trade receivables	422,646	420,584
Amounts due from related parties	2,611,319	3,169,413
Other receivables	1,074,580	642,578
Prepayments	14,115	35,452
Loans receivable - staff	189,362	106,587
	4,312,022	4,374,614
Non-current		
Loans receivable	38,053	24,573
Amounts due from related parties	1,215,105	-
	1,253,158	24,573

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 32.

Included in trade and other receivables is deferred cost amounting to GH¢576.38 million (2018: GH¢Nil). This relates to cost of fertilisers and chemicals incurred by the Group on behalf of cocoa farmers during the year to support sustained and improved yield of cocoa beans. The cost of fertilisers and chemicals is considered in determining the net FOB sharing. The amount capitalised relates to future benefits of the cost of fertilisers and chemicals that will be allocated on future FOB sharing.

25. Cash and cash equivalents

	2019	2018
Current		
Cash at bank	652,515	813,900
Cash in hand	2,631	2,034
Fixed deposits	346,012	464,537
Cash and cash equivalents in the statement of financial position	1,001,158	1,280,471
Bank overdraft	(6,157)	(122,325)
Cash and cash equivalents in the statement of cash flows	995,001	1,158,146

26. Loans and borrowings

	2019	2018
Current		
Secured bank loans	681,483	747,500
Unsecured bills payable	6,467,274	5,903,105
	7,148,757	6,650,605
Non-current		
Secured bank loans	2,684,350	1,714,539
Total	9,833,107	8,365,144

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 32.

Terms and debt repayment schedule

	Currency	Nominal Interest	Year of Maturity	2019 Face Value GH¢'000	Carrying amount GH¢'000	2018 Face value GH¢'000	Carrying Amount GH¢'000
Secured bank loan (b)	GH¢	6%	Nov 2022	1,667,675	1,667,675	1,999,404	1,999,404
Unsecured bill - 6067	GH¢	16%	Nov 2018	-	-	1,341,757	1,315,182
Unsecured bill - 6068	GH¢	16%	Dec 2018	-	-	712,438	684,753
Unsecured bill - 6069	GH¢	16%	Jan 2019	-	-	711,662	681,698
Unsecured bill - 6073	GH¢	15%	Jan 2019	-	-	278,250	264,838
Unsecured bill - 6071	GH¢	15%	Jan 2019	-	-	363,827	347,449
Unsecured bill - 6072	GH¢	16%	Jul 2019	-	-	271,567	240,790
Unsecured bill - 6073	GH¢	18%	Jul 2019	-	-	825,069	721,623
Unsecured bill - 6065	GH¢	18%	Feb 2019	-	-	632,249	542,233
Unsecured bill - 6066	GH¢	17%	Mar 2019	-	-	720,320	621,702
Unsecured bill - 6071	GH¢	16%	Jul 2019	-	-	542,497	482,837
Unsecured bill - 6090	GH¢	17%	Nov 2019	844,503	826,243	-	-
Unsecured bill - 6091	GH¢	17%	Nov 2019	707,317	690,320	-	-
Unsecured bill - 6092	GH¢	17%	Nov 2019	200,000	194,332	-	-
Unsecured bill - 6093	GH¢	17%	Jan 2020	1,778,550	1,698,245	-	-
Unsecured bill - 6094	GH¢	17%	Jan 2020	828,374	782,597	-	-
Unsecured bill - 6095	GH¢	17%	Jan 2020	109,343	103,250	-	-
Unsecured bill - 6096	GH¢	17%	Jan 2020	281,404	265,174	-	-
Unsecured bill - 6097	GH¢	17%	Jan 2020	396,536	373,288	-	-
Unsecured bill - 6098	GH¢	17%	Feb 2020	110,000	103,284	-	-
Unsecured bill - 6099	GH¢	17%	Feb 2020	700,000	649,548	-	-
Unsecured bill - 6100	GH¢	17%	Mar 2020	850,000	780,993	-	-
Secured bank loan (c)	US$	3.5%/Libor	Jan 2019	-	-	362,999	362,999
Secured bank loan	US$	Libor+9.19%	Jan 2019	124,555	124,555	99,636	99,636
Secured bank loan (a)	US$	2.95%/Libor	Mar 2022	1,573,603	1,573,603	-	-
				10,171,860	9,833,107	8,861,675	8,365,144

26. Loans and borrowings (cont'd)

2019	Opening balance GH¢'000	Additions GH¢'000	Capital repayment GH¢'000	Finance cost GH¢'000	Interest paid GH¢'000	Exchange difference GH¢'000	Closing balance GH¢'000
Secured bank loan (a)	362,999	-	(359,880)	5,312	(5,312)	(3,119)	-
Secured bank loan (b)	1,999,404	-	(346,051)	120,362	(106,040)	-	1,667,675
Secured bank loan (c)	99,636	9,231	-	13,105	(9,110)	11,693	124,555
Unsecured bills and notes payable	5,903,105	11,106,870	(10,583,941)	1,118,515	(1,077,275)	-	6,467,274
Syndicated loan	-	7,728,728	(6,716,561)	199,739	(190,886)	552,583	1,573,603
	8,365,144	18,844,829	(18,006,433)	1,457,033	(1,388,623)	561,157	9,833,107

* The interest cost in note 13 is net of GH¢253.12 million incurred on cocoa bills received to finance 2017/2018 bean purchases which forms part ofthe GoG revenue support.

2018	Opening balance GH¢'000	Additions GH¢'000	Capital repayment GH¢'000	Finance cost GH¢'000	Interest paid GH¢'000	Exchange difference GH¢'000	Closing balance 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

27. Trade and other payables

	2019 GH¢'000	2018 GH¢'000
Trade payables	201,593	272,783
Other taxes and social security	131,644	111,119
Other payables	144,702	131,673
Accruals	569,550	199,169
Retention payable	187,719	193,134
Amounts payable to road contractors	327,529	375,125
	1,562,737	1,283,003

Information about the Group's exposure to currency and liquidity risks is included in Note 32.

28. Contract liabilities

Customer advances	354,726	176,292

Following the initial application of IFRS 15, customer advances are classified within contract liabilities. See Note 7.3.

29. Employee benefit obligations

Pension plans

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.

	2019	2018
At 1 October	171,414	130,425
Included in profit or loss		
Current service cost	8,776	3,551
Interest cost	30,688	25,389
	39,464	28,940
Included in other comprehensive income		
Re-measurements:		
Actuarial (gain)/loss	1,709	26,620
Other		
Benefits paid	(15,396)	(15,050)
Exchange adjustments	712	479
At 30 September	197,903	171,414

Represented by:

	2019	2018
Superannuation scheme	34,457	17,048
Long service awards	35,375	39,617
Post-retirement medical benefit	112,566	102,353
Repatriation benefit	15,505	12,396
	197,903	171,414

29. Employee benefit obligations (cont'd)

	2019 GH¢'000	2018 GH¢'000
The expense has been recognised in the following line items in profit or loss		
Administrative expenses	8,776	3,551
Finance costs	30,688	25,389
	39,464	28,940

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

	2019 %	2018 %
Discount rate	16	17.5
Future salary increases	12	13.5
Rate of medical inflation	12	13.5
Rate of inflation	8	10.0
Withdrawal rates (see table below):		

Age		**2019**		**2018**
	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.

29. 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 employee benefit obligations by the amounts shown below:

	Superannuation		Long service awards		Post-retirement medical benefit		Repatriation		Combined	
2019	**Increase GH¢'000**	**Decrease GH¢'000**	**Increase GH¢'000**	**Decrease GH¢'000**	**Increase GH¢'000**	**Decrease GH¢'000**	**Increase GH¢'000**	**Decrease GH¢'000**	**Increase GH¢'000**	**Decrease GH¢'000**
Discount rate (1% movement)	16,567	18,663	49,523	55,475	101,943	125,339	14,802	16,349	182,835	215,826
Withdrawal rate (10% movement)	17,557	-	53,276	-	99,018	-	9,103	-	178,954	-
Inflation (1% movement)	18,744	-	56,258	-	126,076	-	16,714	-	217,792	-
Mortality (1% movement)	16,333	-	52,387	-	112,204	-	14,342	-	195,266	-
2018										
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	-

29. Employee benefit obligations (cont'd)

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

	2019 GH¢'000	2018 GH¢'000
Defined contribution expense recognised in the year	124,726	110,845

30. Provisions

	Stabilisation fund GH¢'000	Farmers' social security fund GH¢'000	Farmers' welfare fund GH¢'000	Other provisions* GH¢'000	Total GH¢'000
At October 2018	-	28,899	27,578	3,696	60,173
Provisions made during the year	-	-	-	-	-
At 30 September 2019	-	28,899	27,578	3,696	60,173

* This relates to farmers housing fund and depreciation fund.

31. Capital and reserves

Capital contribution

The capital contribution comprises 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 equity securities designated at FVOCI (2018: available-for-sale financial assets).

Revaluation reserve

Where property, plant and equipment are 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.

32. Financial instruments

a. Accounting classifications and fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, 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 observable market 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 as follows:

(a) Level 1: quoted prices (unadjusted) 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the asset or 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 fall into 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.

a. Accounting classifications and fair values (cont'd)

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.

30 September 2019	FVOCI - equity instruments GH¢'000	Financial assets at amortised cost GH¢'000	Total GH¢'000
Financial assets measured at fair value			
Other investments	7,972	-	7,972
	========	========	========
Financial assets not measured at fair value			
Trade and other receivables	-	4,974,689	4,974,689
Cash and cash equivalents	-	1,001,158	1,001,158
Other financial assets	-	506,930	506,930
	--------	-------------	-------------
	-	6,482,777	6,482,777
	========	=============	=============

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

32. Financial instruments (cont'd)

a. Accounting classifications and fair values (cont'd)

30 September 2019	Other financial liabilities GH¢'000	Total GH¢'000
Financial liabilities not measured at fair value		
Bank overdrafts	6,157	6,157
Loans and borrowings	9,833,107	9,833,107
Trade and other payables	1,431,093	1,431,093
	11,270,357	11,270,357

30 September 2018		
Financial liabilities not measured at fair value		
Bank overdrafts	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

Fair value hierarchy	Level 1 GH¢'000	Level 2 GH¢'000	Level 3 GH¢'000	Total GH¢'000
30 September 2019				
FVOCI - equity instruments				
Other investments	7,972	-	-	7,972
30 September 2018				
Available-for-sale				
Other investments	8,656	-	-	8,656

b. Measurement of fair values

The following table shows the valuation techniques used in measuring fair values for financial instruments measured at fair values in the statement of financial position, as well as the significant unobservable inputs used.

	Type	Valuation technique
Financial instruments measured at fair value	***Equity securities***	This is determined by reference to their quoted bid price at the reporting date.
Financial instruments not measured at fair value	***Other financial liabilities/ financial assets at amortised cost***	The valuation model considers the present value of future cash flows, discounted at the market rates of interest at the reporting date.

c. 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.

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:

	2019 GH¢'000	**2018 GH¢'000**
Other financial assets	506,930	399,010
Cash and cash equivalent	998,527	1,278,437
Trade receivables	422,646	420,584
Amounts due from related parties	3,826,424	3,193,986
Other receivables	498,204	642,578
Loan receivables	227,415	131,160
	6,480,146	6,065,755

Impairment loss on financial assets and contract assets recognised in profit or loss were as follows:

Other financial assets	(37,280)	4,289
Cash and cash equivalent	5,370	-
Trade and contract assets arising from contracts with customers	(193,598)	203,068
	(225,508)	207,357

Trade receivables and other 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 associated with the industry and country in which customers operate.

At 30 September 2019, the exposure to credit risk for trade and other receivables by category of sale was as follows:

	2019	**2018**
	GH¢'000	**GH¢'000**
Local trade receivables	413,507	307,481
Foreign trade receivables	9,139	113,103
Other receivables	4,552,042	3,943,151
	4,974,688	4,363,735

A summary of the Group's exposure to credit risk for trade and other receivables and contract assets is as follows:

	2019		**2018**
	Not credit-impaired	Credit impaired	
	GH¢'000	**GH¢'000**	**GH¢'000**
Local trade receivables	550,706	374,997	766,412
Foreign trade receivables	9,139	-	113,103
Other receivables	4,431,966	86,923	4,096,235
Total gross carrying amount	4,991,811	461,920	4,975,750
Loss allowance	(256,101)	(222,942)	(612,015)
	4,735,710	238,978	4,363,735

Comparative information under IAS 39

An analysis of the credit quality of trade and other receivables that were neither past due nor impaired and the ageing of trade receivables that were past due not impaired as at 30 September 2018 is as follows:

	2018
	GH¢'000
Neither past due nor impaired	6,164
Past due 0-30 days	99,475
Past due 31-120 days	92,146
Total not impaired trade receivables	197,785
Individually impaired (more than 120 days)	4,165,950

Impaired trade receivables at 30 September 2018 had a gross carrying amount of GH¢461.92 million. At 30 September 2018, there was impairment loss of GH¢612.02 million.

32. Financial instruments (cont'd)

c. Financial risk management (cont'd)

ii. Credit risk (cont'd)

Expected credit loss assessment for individual customers as at 1 October and 30 September 2019

The Group applies the IFRS 9 advanced approach to measuring expected credit losses (ECLs) for trade and other receivables. The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

12-month and lifetime probabilities of default for corporate entities are based on historical data supplied by Standard and Poor for each credit rating and are recalibrated based on Real Gross Domestic Product and Inflation. Probabilities of default for individual customers and staff was based on PD term structure based on historical default rates.

LGD parameters generally reflect an assumed recovery rate of 45% except when a security is credit impaired, in which case the recovery rate is determined based on the recovery made or an assumed LGD.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of trade and other receivables and contract assets is its gross carrying amount at the time of default.

The following table presents an analysis of the credit quality of trade and other receivables and contract assets. It indicates whether assets measured at amortised cost are subject to a 12-month ECL or lifetime ECL allowance and in the latter case whether they were credit impaired.

	Stage 1 **GH¢'000**	Stage 2 **GH¢'000**	Stage 3 **GH¢'000**	Total **GH¢'000**
Neither past due nor impaired	4,989,731	-	-	4,989,731
Impaired	-	-	464,000	464,000
Gross carrying amount	4,989,731	-	464,000	5,453,731
Loss allowance	(256,101)	-	(222,942)	(479,043)
Carrying amount	4,733,630	-	241,058	4,974,688

The movement in the allowance for impairment in respect of trade receivables and contracts assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019 GH¢'000 Stage 1	Stage 2	Stage 3	Total	2018 GH¢'000 Total
Balance at 1 October under IAS 39	-	-	-	612,015	612,015
Adjustment on initial application of IFRS 9	-	-	-	61,463	-
Balance at 1 October under IFRS 9	353,050	24	320,405	673,478	-
Net remeasurement of loss allowance	(96,949)	(24)	(97,462)	(194,435)	-
Balance at 30 September	256,101	-	222,943	479,043	612,015

The significant change in the gross carrying amounts of trade receivables which contributed to the changes in the impairment loss allowance during 2019 was as a result in payment of some impaired trade receivables resulting in an improved loss given default as compared to prior year, thereby causing a reduction of impairment loss allowance in 2019 by GH¢194.44 million.

The Group uses a similar approach for assessment of ECL for other financial assets to those used for trade and other receivables.

The following table presents an analysis of the credit quality of other financial assets. It indicates whether assets measured at amortised cost are subject to a 12-month ECL or lifetime ECL allowance and in the latter case whether they were credit impaired.

	Stage 1 GH¢'000	Stage 2 GH¢'000	Stage 3 GH¢'000	**Total GH¢'000**
Neither past due nor impaired	464,159	-	-	464,159
Impaired	-	-	70,353	70,353
Gross carrying amount	464,159	-	70,353	534,512
Loss allowance	(8,780)	-	(18,798)	(27,578)
Carrying amount	455,379	-	51,555	506,934

Movement in the allowance for impairment in respect of other financial assets

The movement in the allowance for impairment in respect of other financial assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39.

	2019 GH¢'000 Stage 1	Stage 2	Stage 3	Total	2018 GH¢'000 Total
Balance at 1 October under IAS 39	-	-	-	47,309	47,309
Adjustment on initial application of IFRS 9	-	-	-	17,549	-
Balance at 1 October under IFRS 9	7,221	-	57,637	64,858	-
Net remeasurement of loss allowance	1,559	-	(38,839)	(37,280)	-
Balance at 30 September	8,780	-	18,798	27,578	47,309

32. Financial instruments (cont'd)

c. Financial risk management (cont'd)

Other Financial assets

Comparative information under IAS 39

An analysis of the credit quality of other financial assets that were neither past due nor impaired and the aging of other financial assets that were past due not impaired as at 30 September 2018 is as follows:

	Gross 2018 GH¢'000	Impairment 2018 GH¢'000
Neither past due nor impaired	399,010	-
Individually impaired	47,309	(47,309)
	446,319	(47,309)
Total not impaired other financial assets	399,010	-

Management believes that the unimpaired amounts are 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 other financial assets during the comparative year was as follows:

	2018 GH¢'000
At 1 October	43,020
Impairment loss recognised	4,289
At 30 September	47,309

The allowance account for other financial assets 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 other receivables directly.

Cash and cash equivalents

The Group held cash and cash equivalents of GH¢1.00 billion (2018: GH¢1.28 billion). These balances are held with banks and financial institutions, which are assessed as having a relatively good credit rating.

Impairment on other financial assets have been measured on a 12-month expected credit loss basis and reflects the short term maturities of the exposures. The Group uses a similar approach for assessment of ECL for cash and cash equivalent to those used for trade and other receivables.

On the initial application of IFRS 9, the Group recognised an impairment allowance as at 1 October 2018 in the amount of GH¢8.67 million. The net remeasurement of loss allowance for the year amounted to GH¢5.37 million bringing the net measurement of loss allowance for the year to GH¢14.04 million.

32. Financial instruments (cont'd)

c. 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 and exclude the impact of netting arrangements.

		Contractual cash flows			
2019	**Carrying amount GH¢'000**	**Total GH¢'000**	**1 year or less GH¢'000**	**1 to 2 years GH¢'000**	**2 to 5 years GH¢'000**
Non-derivative financial liabilities					
Secured bank loans (GH¢)	1,667,675	1,835,799	637,118	557,334	641,347
Secured bank loans (US$)	1,573,603	1,699,308	444,330	847,898	407,080
Secured bank loans (US$)	124,555	124,555	124,555	-	-
Unsecured bills (GH¢)	6,467,274	6,806,028	6,806,028	-	-
Trade and other payables	1,431,093	1,431,093	1,431,093	-	-
Bank overdrafts	6,157	6,157	6,157	-	-
	11,270,357	11,902,940	9,449,281	1,405,232	1,048,427

2018					
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 (GH¢)	5,903,105	6,399,635	6,399,635	-	-
Trade and other payables	1,135,197	1,135,197	1,135,197	-	-
Bank overdrafts	122,325	122,325	122,325	-	-
	9,622,666	10,414,108	8,578,886	636,541	1,198,681

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.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the functional currency which is GH¢. These transactions are primarily denominated in US Dollar, EURO and GB Pounds.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk was as follows based on the carrying amount of monetary financial instruments.

2019	Pound Sterling 000	EUR 000	US Dollar 000
Cash and cash equivalents	423	394	8,303
Trade receivables	-	230	88,569
Amounts due from related parties	-	-	166,009
Other receivables	-	-	-
Loan receivables	-	-	240,039
Other financial assets	-	5	50,793
Secured bank loans	-	-	(317,852)
Trade and other payables	-	(868)	(144,984)
Net exposure	423	(239)	90,877

2018	Pound Sterling 000	EUR 000	US Dollar 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

The amounts quoted above are the foreign currency balances in the respective currencies.

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

	Average rate		Year - end rate	
GH¢	2019	2018	2019	2018
GBP 1	6.4730	6.0610	6.5412	6.2180
EUR 1	5.7160	5.3560	5.7956	5.5420
USD 1	5.0857	4.5020	5.3161	4.7800

Sensitivity analysis

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	
	2019 GH¢'000	2018 GH¢'000	2019 GH¢'000	2018 GH¢'000
Pound Sterling	(274)	(206)	(277)	(211)
Euro	137	(605)	139	(626)
US Dollar	(46,217)	(121,372)	(48,311)	(128,867)

32. Financial instruments (cont'd)

c. Financial risk management (cont'd)

Sensitivity analysis (cont'd)

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.

Interest rate risk

Exposure to interest rate risk

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

	2019 GH¢'000	2018 GH¢'000
Fixed rate instruments		
Loans receivables	227,415	131,160
Other financial assets	506,930	399,010
Cash and cash equivalents - fixed deposits	346,012	464,537
Bank overdrafts	(6,157)	(122,325)
Loans and borrowings	(8,134,949)	(7,902,509)
	(7,060,749)	(7,030,127)
Variable rate instruments		
Loans and Borrowings	(1,698,158)	(462,635)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or liabilities at FVTPL. Therefore, the change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable-rate instruments

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 exchange rates, remain constant.

	2019 GH¢'000	2018 GH¢'000
Equity		
Increase	8,491	2,313
Decrease	(8,491)	(2,313)
Profit or loss		
Increase	8,491	2,313
Decrease	(8,491)	(2,313)

Market risk - Equity price risk

The Group's exposure to equity price risk arises from its investment in equity securities at FVOCI (2018: available- for- sale) are shown on the reporting date as other investments.

Sensitivity analysis - Equity price risk

All of the Group's equity investments are listed on the Ghana Stock Exchange. For investments classified at FVOCI (2018: available-for-sale), a 2% increase in the equity prices at the reporting date would have increased equity by the amounts shown below.

	2019	**2018**
	GH¢'000	**GH¢'000**
Equity	159	173
	====	=====

A 2% 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.

33. Commitments

COCOBOD has made commitments to incur capital expenditures of GH¢2.44 billion (2018: GH¢2.68 billion). These commitments relate to contract assets and property, plant and equipment that are expected to be executed in 2020.

34. Contingencies

Contingent liabilities comprise pending lawsuits against the Group which is estimated at GH¢6.51 million (2018: GH¢45.30 million).

35. Related parties

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

A. Ultimate controlling party

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

B. Transactions with key management personnel

Key management personnel compensation

Compensation paid to key management personnel (including the non - executive directors) during the year was as follows:

	2019	**2018**
	GH¢'000	**GH¢'000**
Short term benefits	4,083	3,448
Pensions	511	443
	-------	-----------
	4,594	3,891
	=====	========

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

C. Related party transactions during the year

	2019	**2018**
	GH¢'000	**GH¢'000**
Advances made in the year:		
Payments made on behalf of the Government of Ghana	21,427	98,746
	-------	-----------
Government revenue support		
Government reimbursement of shortfall in producer price of cocoa beans	(94,914)	(1,532,132)

	2019 GH¢'000	2018 GH¢'000
Interest income on receivable from Government of Ghana		
Cocoa beans interest reimbursement from Government of Ghana	(253,121)	-
Receivables outstanding:		
Government of Ghana	3,895,271	3,331,129

None of these balances from related parties is secured. The total allowance against these balances at 30 September 2019 was GH¢68.85 million (2018: GH¢ 147.82 million).

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¢1.67 billion (2018: GH¢2 billion). The relationship between COCOBOD and BoG is a normal banking relationship between a central bank and government agencies and departments.

36. 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 (as shown in the statement of financial position), 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

	2019 GH¢'000	2018 GH¢'000
Total liabilities	12,120,079	10,250,992
Less: Cash and cash equivalents	(1,001,158)	(1,280,471)
Net debt	11,118,921	8,970,521
Total equity	2,948,875	1,556,769
Net debt to equity ratio	3.77	5.76

37. Subsequent events

a. On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of a novel coronavirus, which originated in December 2019 in Hubei province, China. The WHO declared the coronavirus outbreak to be a pandemic on 11 March 2020 in recognition of its rapid spread across the globe, with over 150 countries, including Ghana and other African countries, now affected.

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorisation of the financial statements, Ghana Cocoa Board is operating as normal. The ultimate severity of the COVID-19 outbreak on the Group is still uncertain at this time and therefore we cannot currently assess the impact it may have on the Group's future operations. The Group will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

b. During the 2019/2020 financial year and prior to the approval of the financial statements for the year ended 30 September 2019, a total amount of GH¢ 1.74 billion was received on account from the Government of Ghana in partial settlement of the GH¢3.90 billion receivable amount from the Government of Ghana.

38. Change in Presentation

The presentation and classification of comparative information have been changed to agree with current year presentation. The re-presentation and reclassification of comparative information is not considered material to the financial statements.

39. Going concern

The Group incurred a net loss for the year ended 30 September 2019 of GH¢320.57 million (2018: GH¢78.22 million) and as of that date its current liabilities exceeded its current assets by GH¢2.29 billion (2018: GH¢1.52 billion).

The loss for the year resulted from increased cost of operations relative to the level of cocoa beans production and the price of cocoa beans on the world market. While 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. 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 as outlined in the business review section of the Directors' Report together with the agreed floor price of cocoa beans on the world market.

In addition, the Directors believe they have assurance of financial support from the Government of Ghana, through the Ministry of Finance in accordance with Section 21 of the Ghana Cocoa Board Act 1984 (PNDCL 81) as amended which states under ***"Capital and funds of the Board"*** that

"The Government may provide to the Board as working capital and as moneys required for carrying out the functions of the Board, the sums of money which the Minister, after consultation with the President, agrees are the sums of money requested by the Board from the Government."

In line with the above, the Directors will consult with the Government through the Minister of Finance to provide financial support to Ghana Cocoa Board when necessary to enable it continue to carry out its functions and settle maturing financial obligations that would arise in the ordinary course of business for a period of not less than twelve months from the date of approval of the financial statements for the year ended 30 September 2019.

Accordingly, the consolidated financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations of the Board and the realisation of assets and the settlement of liabilities will occur in the normal course of business.

Ghana Cocoa Board
Tel.+233 -302-661752/661757/661872
Fax: +233-302-667104
E-mail: cocobod@cocobod.gh
www.cocobod.gh