GHANA COCOA BOARD

51ST ANNUAL REPORT

AND CONSOLIDATED FINANCIAL STATEMENTS

30 September 2020

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FINANCIAL HIGHLIGHTS

NO.		2019/20	2018/19	% CHANGE
1.	**Turn-Over (Gross) (GH¢)**	**10,273,628,000**	9,762,613,000	5.26
2.	**Profit (GH¢)**	**(426,315,000)**	(320,565,000)	32.99
3.	**Total Assets (GH¢)**	**18,139,353,000**	15,068,954,000	20.38
4.	**Equity Capital (GH¢)**	**2,906,738,000**	2,948,875,000	(1.43)
5.	**Current Assets (GH¢)**	**9,892,064,000**	6,857,055,000	44.26
6.	**Current Liabilities (GH¢)**	**12,053,244,000**	9,151,685,000	31.71
7.	**Producer Prices (GH¢ per tonne)**			
	Main Crop (Cocoa)	**8,240**	7,600	8.42
	Mid-Crop (Cocoa)	**8,240**	7,600	8.42
8.	**Number of Subsidiaries and Divisions**	**5**	5	-
9.	**Total Employees**	**10,255**	7,952	28.96
10.	**Cocoa Purchased**	**775,488**	811,250	(4.41)
11.	**Achieved F.O.B (US$ per tonne of Cocoa)**	**2,477**	2,182	13.52

*Note: The 51st Annual Report for the year ended September 2020 contains consolidated accounts. In line with the Board's directives, Ghana Cocoa Board stand alone accounts have been presented for 2019/20.

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

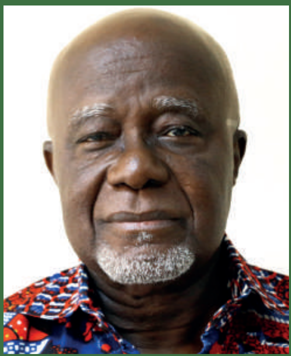
REGISTERED OFFICE
Ghana Cocoa Board
Cocoa House
41 Kwame Nkrumah Avenue
Post Office Box 933
Accra

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

AUDITOR
Ernst & Young
Chartered Accountants
60 Rangoon Lane, Cantonments City
P. O. Box KA 16009, Airport
Accra

BANKERS
Bank of Ghana
Absa Bank Ghana Limited *(formerly Barclays Bank (Ghana) Limited)*
Adonten Community Bank Limited
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
National Investment Bank 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

Dr. Ernest Kwamina Yedu Addison
Governor, Bank of Ghana, Member

Mr. Kwame Sarpong
Management Consultant, Member

Nana Johnson Mensah
Farmers' Representative, Member

Nana Obeng Akrofi
Farmers' Representative, Member

Nana Adwoa Dokua
Government Appointee, Member

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

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

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

Mr. Peter Atta-Boakye
Workers' Representative, Member

BOARD OF DIRECTORS AND COCOBOD MANAGEMENT – 2019/20

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 Akwasi Opoku	Director, Legal Services
Dr. Jerry Owusu-Ansah	Director, Health
Mrs. Agnes Owusu-Ansah	Director, Procurement
Mr. Charles Amenyaglo	Director, Special Services
Mr. Arnold Mensa-Bonsu	Director, Scholarship
Mr. John Randolph Adei	Ag. Director, Human Resource
Mr. Charles Asamoah-Frimpong	Ag. Director Audit
Mr. Ernest Opoku Duodo	Director, General Services
Mr. Richard A. Danquah-Boateng	Director, Civil Works
Mr. Charles K. Asafo Adjei	Deputy Director, Civil Works
Mr. Asiedu Kwasi Mensah	Deputy Director, Estate
Dr. Eric Fordjour	Deputy Director, Health

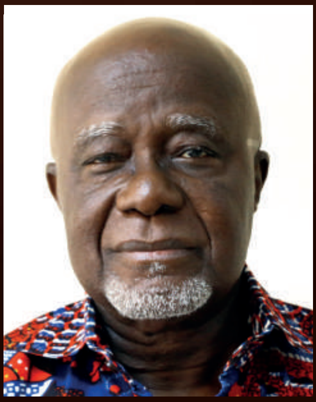
COCOBOD MANAGEMENT

Mr. Michael Koby Adjei	Deputy Director, Special Services
Mr. Emmanuel Twumasi	Deputy Director, Research
Mr. Michael Owusu-Manu	Ag. Deputy Director, M&E
Mr. Albert Yeboah	Ag. Deputy Director, Audit
Mr. Daniel Gyabaa	Ag. Deputy Director, Finance
Mr. Kwame Adiyiah	Ag. Deputy Director, Finance
Mr. Francis Gyamfi-Ocran	Ag. Deputy Director, Human Resource

HEADS OF DIVISIONS/SUBSIDIARIES

Dr. Emmanuel Nii Tackie-Otoo	Executive Director, CHED
Mr. Vincent Akomeah	Managing Director, CMC
Mr. Peter Atta-Boakye	Managing Director, QCC
Rev. Dr. E. Ahia Clottey	Executive Director, SPD
Dr. Isaac Y. Opoku	Executive Director, CRIG (Contract)
Dr. Francis Baah	Director, Social Science & Statistics Unit, CRIG
Dr. Lucius C. T. Zaukuu	Director, General Administration - CRIG
Mr. Peter Hansen Quartey	Ag. Managing Director, WAMCO
Dr. Henry Dzahini-Obiatey	Deputy Executive Director, CRIG
Mr. Thomas Kwame Osei	Rector, Bunso College
Mrs. Faustine Asamany	Deputy Executive Director, SPD
Mr. Isaac Paul Kwofie	Deputy Managing Director, CMC
Mr. Fredrick Amponsah-Doku	Deputy Managing Director, CMC
Mr. Julius Martinson	Deputy Managing Director, QCC
Dr. Gilbert Anim Kwapong	Deputy Executive Director, M&E - CHED
Mr. Samuel Saka Boateng	Deputy Director, Codapec Hi-Tech)
Mr. Kwansah Faruk Nyame	Ag. Deputy Director, PEPs - CHED
Mrs. Mercy Asamoah	Ag. Deputy Director, Ops
Rev. (Cannon) Dr. E. K. O. Oddoye	Deputy Director, Bole Sub-Station

CHAIRMAN'S STATEMENT



ECONOMIC BACKGROUND

World Cocoa Environment 2019/20 Season

World production of cocoa beans in 2019/20 was estimated at 4.7 million tonnes as reported by the International Cocoa Organisation (ICCO), representing a 1.82% decrease over the 4.8 million tonnes recorded in 2018/19 crop year. This fall was mainly driven by the lower crop in West Africa, led by Ghana and Cote D'Ivoire which was down by 88,000 tonnes. The crop in Brazil and Ecuador rose by a combined 32,000 tonnes, causing a 2.73% rise in the South American production.

The drop in West Africa's world production was largely due to adverse weather conditions across the production regions of Cameroon, Cote D'Ivoire, Ghana and Nigeria in October, 2019, prior to the opening of the 2019/20 season. The spread of diseases and associated control measures involving the removal of infested trees in the midst of adverse weather conditions contributed to the loss of production in Ghana and Cote D'Ivoire.

The demand for cocoa during the 2019/20 was affected by the pandemic. Lockdowns and restrictions due to the pandemic stalled seasonal as well as out-of-home consumption of chocolate and cocoa products. This led to a 2.4% fall in global grindings to the 2018/19 season. Notwithstanding the drop in the world production, the 2019/20 crop year recorded an estimated global surplus of 19,000 tonnes at year end because of much lower grindings across the world. The reduction in grinding was due to lower global demand. End of season stocks stood at 1.74 million tonnes, equivalent to 37.2% of the estimated annual grindings.

The 2019/20 season witnessed a tug of war between the fear of pandemic and hopes of stimulus packages and the associated economic recovery. The ICE Europe and US price indications showed that front-month futures prices averaged US$2,465.65 in New York and £1,828.55 in London for the crop year under review.

Concerns about the crop out-turn in West Africa, particular Cote D'Ivoire and Nigeria due to unfavourable weather exerted bullish pressure on cocoa prices. Temporary political tension in the run up to the Ivorian presidential election provided further impetus for the surge. Monthly average prices recorded for August 2020 showed an 8% increase in London (£1,677.90 per tonne) and 10% increase in New York to US$2,506.10 per tonne over July, 2020. September prices increased by 7.65% in London and 0.65% in New York.

Off-shore Borrowing

COCOBOD used off-shore trade finance facility to support cocoa purchases operations. At the start of the season, COCOBOD secured a syndicated loan of US$1.30 billion from a consortium of banks. The participating banks included ABN AMRO Bank N.V., Bank of China Limited, Ghana International Bank plc, Industrial and Commercial Bank of China, Standard Chartered Bank, Commerzbank Aktiengesellschaft, MUFG Bank Limited, Intesa Sanpaolo Bank, DZ Bank AG Deutsche Zentral-Genossenchaftban, Société Générale, Coöperatieve Rabobank U.A., Crédit Agricole Corporate and Investment Bank, Sumitomo-Mitsui Banking Cooperation, FirstRand Bank Limited, Nedbank Limited, Stanbic Bank Ghana Limited, Société Générale Ghana Limited, AfrAsia Bank Limited, Barclays Bank Ghana Limited, Ecobank Ghana Limited, EBI SA and Federated Project and Trade Finance Core Fund. COCOBOD successfully repaid the loan with interest before the facility's tenor.

Operating Results

The cocoa industry experienced a global economic challenge caused by the COVID-19 pandemic which affected the operational returns of COCOBOD. The result was a loss of GH¢426,315,000 as against a loss of GH¢320,565,000 recorded in 2018/19 crop year.

Future Outlook

COCOBOD embarked on a number of Productivity Enhancement Programme (PEPs) and activities for the thriving and sustainable cocoa industry.

Projects under the PEPs include Mass pruning, rehabilitation, cutting and replanting of diseased and moribund farms, irrigation programme during the dry season and hand pollination to compensate for loss of yield from the cut-out areas. A total of 4,676,088 bags of fertilizers was purchased and distributed and delivered at the doorsteps of cocoa farmers.

Government and COCOBOD will continue to subsidize distribution of high-quality fertilizers to farmers. COCOBOD has initiated processes to develop an integrated cocoa farmer database to help shape policy and synergize operations in the cocoa sector. Enumeration and data collection as required by the Cocoa Management System (CMS) started in January 2020 and will continue to completion in 2020/21 and ready to be used in the next season.

Government is vigorously promoting cocoa consumption both locally and externally to expand markets for Ghana's cocoa beans. COCOBOD in conjunction with the Ministry of Trade and Industry has also embarked on other initiatives to seek market in Asia, particularly the Chinese market.

The government's medium-term objective for the processing sector is to promote value addition and expand cocoa processing in the country. COCOBOD initiated policies to incentivize the private sector to set up processing factories to add value to the raw cocoa beans to promote domestic value addition. A revolving working capital fund has been established to provide support to qualified local processors.

The Cocoa Road Programme is a critical arrangement to facilitate and ease cocoa evacuation from the hinterlands to the ports, and especially transport farm inputs such as fertilizers to farmers. Government and COCOBOD, has allocated an amount of GH¢456.6 million to continue with the cocoa roads' improvement programme in the 2020/2021 cocoa season.

An amount of GH¢5.0 million has been allocated towards the Child Education Support Programme and support for tertiary education under the Farmers Support Schemes.

As part of COCOBOD's commitment for a sustainable development of the coffee and shea sectors, a Coffee and Shea Division has been set up, with an initial amount of GH¢64 million. The Division will: Improve production of coffee and shea, through the distribution of certified planting materials, expansion of extension delivery and other productivity enhancement support services; Deepen the supply chain by supporting local value addition and Promote savanna agroforestry and parkland conversation, to halt the desertification of the north and rejuvenate shea parklands for environmental, social and economic benefits.

COCOBOD will sustain the interest of farmers by rendering the required services within its mandate, such as deploying effective extension delivery system, effective pest and disease control, soil fertility management and improvement as well as pay remunerative producer price. COCOBOD will encourage private sector participation to expand local cocoa processing and consumption. The policy aims to promote substantial domestic demand that can sustain prices at reasonable levels. The Board of Directors will also support COCOBOD Management to monitor and consolidate gains made and find solutions to any emerging challenges.

Hon. Hackman Owusu - Agyemang
Board Chairman

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDING 30TH SEPTEMBER, 2020

REVIEW OF BUSINESS OPERATIONS

1. PRODUCER PRICE

The 2019/20 crop year commenced on 4th October 2019. The producer price per tonne of cocoa beans was set at GH¢8,240.00. Margins, rates and fees 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 settled by market forces.

2. PERFORMANCE OF LICENSED BUYING COMPANIES (LBCs)

The 2019/20 cocoa season marked 27 years of re-introduction of the competition into the internal marketing of cocoa. At the beginning of the 2019/20 season, 55 LBCs were licenced to engage in the internal marketing of cocoa. However, only 38 active LBCs purchased cocoa during the year.

Cocoa purchased for 2019/20 season was 770,694 tonnes which shows a decrease of 5.06%, compared to the 811,747 tonnes recorded in 2018/19 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)	14.	M-Ghazzalli Ghana Ltd.	(BRCL)
2.	Federated Commodities Ltd.	(FCL)	15.	NTHC Commodities Ltd.	(NTHC)
3.	Kuapa Kokoo Ltd.	(KKL)	16.	Tradeco International Co. Ltd.	(TIC)
4.	Adwumapa Buyers Ltd.	(ABL)	17.	Farmers Alliance Co. Ltd.	(FACL)
5.	Transroyal Ghana Ltd.	(TGL)	18.	Unicom Commodities Ltd.	(Unicom)
6.	Cocoa Merchant Gh. Ltd.	(CMGL)	19.	Fludor Ghana Ltd.	(FGL)
7.	Olam Cocoa Ltd.	(Olam)	20.	Kokoo Aba Buyers Ltd.	(KABL)
8.	Agroecom Ghana Ltd.	(AGL)	21.	First Sky Company	(FSL)
9.	Royal Commodities Ltd	(RCL)	22.	Sassh Alliance Ltd.	(Sassh)
10.	Sika Aba Buyers Ltd.	(SABL)	23.	Adinkafo Company Ltd.	(Adikanfo)
11.	Yayra Glover Ltd.	(YGL)	24.	Cargill Kooko Sourcing Ltd.	(Cargill)
12.	Universal Co-operative Ltd.	(UCCL)	25.	Sunshine Commodities Ltd.	(Sunshine)
13.	Nyonkopa Comm. Buyers Ltd.	(NCBL)	26.	Akuaffo Commodities Ltd	(Akuaffo Com)

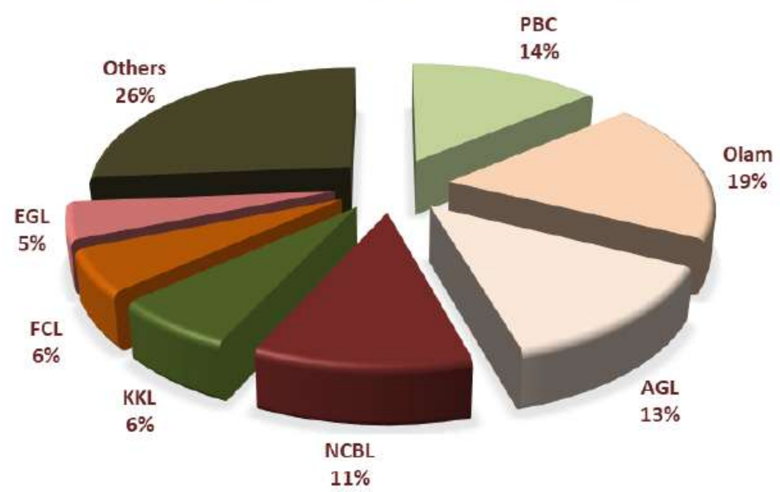
27.	Trans Afrique Ltd	(Trans Afrique)	33.	Atlas Commomdities Ltd	(Atlas)
28.	Eliho Ghana Ltd	(EGL)	34.	Adepa No. 1 Comm. Ltd	(AdepaNo.1)
29.	Bestlink Global Ghana Ltd	(BLG)	35.	Canary Jakaef Limited	(Canary Jakaef)
30.	Adehyemba Company Ltd	(Adehyemba)	36.	ADN Fields Ghana Limited	(ADN Fields)
31.	Hans Nef Cocoa Ltd	Han Nef)	37.	Joekwarbs Cocoa Marketing	(JCM)
32.	Nananom Buyers Ltd	(Nananom)	38.	Prestige Cocoa Mkt. Limited	(Prestige)

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

1.	Evadox Ltd.	(EVL)	10.	Hyperlink Company Ltd.	(HCL)
2.	CDH Commodities Ltd.	(CDH)	11.	All Africa Minerals Co. Ltd	(AAMC)
3.	Kumankuma Company Ltd.	(KCL)	12.	Equator Commodities Ltd	(Equator)
4.	Akuotech Company Ltd	(AKCL)	13.	Gomms Buyers Co. Ltd	(GBCL)
5.	Countryside Investment Ltd.	(CIL)	14.	Bizheights Ltd	(Bizheights)
6.	Nkwa Dua Ghana Ltd.	(NDGL)	15.	Kokoo Ahenfo Trading Ltd.	(KATL)
7.	Yemon Ghana Ltd.	(Yemon)	16.	Brediyie Co. Ltd	(BCL)
8.	Doxa Worldwide Movers Ltd	(Doxa)	17.	Dio Jean Ltd	(Dio Jean)
9.	Five Star Produce Buying Co.	(FSPBC)			

Olam Cocoa Ltd (Olam) led the pack of active LBCs with 19% 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 14%, 13% and 11% respectively. The remaining thirty four (34) companies together accounted for 43% of the market. The performance of the respective LBCs during the season under review is shown in Figure 1.

FIGURE 1
LBCS PERFORMANCE - 2019/20 CROP YEAR



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 2019/20 crop year was eighteen (18) whilst coffee was four (4).

Sheanuts exported during the year under review was 27,613 tonnes valued at US$13,790,950 while sheabutter exports were 54,182 tonnes valued at US$92,255,779.

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/sheds/depots 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 2019/20 crop year from the previous years' are indicated below:

Bean Size Category	Bean Count Per 100 Grams	Prescribed Codes
Main Crop	Up to 100	G
Light Crop	101 – 120	H
Small Beans	121 – 130	B
Type 4 Beans	131 – 150	A
Remnant Beans	151 – 180	R

(b) Grading and Sealing

(i) Cocoa

The Company graded/sealed a total of 769,682 tonnes of cocoa during the period under review. This tonnage was lower than the 810,796 tonnes recorded in 2018/19 by 5.07%. The graded and sealed figure represented 99.87% of the total declared purchases of 770,694 tonnes.

(ii) Composition of Bean-size Categories

The percentage of each bean size category graded/sealed is shown below:

Bean Size Category	2019/2020 (%)	2018/2019 (%)
Main Crop	85.39	84.40
Light Crop	10.49	13.82
Small Beans	3.13	1.48
Type 4 Beans	0.91	0.23
Remnant Beans	0.08	0.07
Total	**100**	**100**

(iii) Other Produce Inspected

Below indicates other produce inspected and certified by the Company during the 2019/20 crop year.

Produce	2019/20	2018/19
Cocoa Waste	2,414	3,643
Sheanut	789	1,042
Coffee	20	-
Cashew	2,756	8,307

NB: Produce in tonnes

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD - cont'd

A. QUALITY CONTROL COMPANY LIMITED (QCC) - cont'd

(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.

(d) Disinfestation Activities

Disinfestation services were carried out by spraying of empty sheds/depots/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. A total of 799,823 tonnes of cocoa was fumigated at the three take-over centres.

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

CMC continued to market and ship/deliver cocoa to overseas and local buyers from the Tema, Takoradi and Kumasi take over centres.

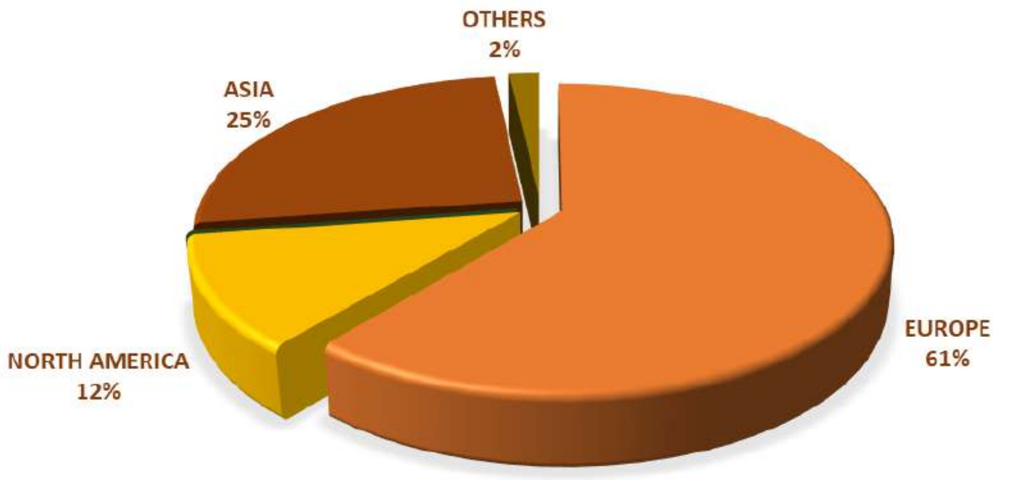
(a) Shipments and Deliveries to Local Processing Factories

(i) Shipment

Cocoa beans shipped to overseas destinations during the 2019/20 crop year totaled 501,942 tonnes. The sale value of the beans shipped amounted to US$1,273,177,250.00.

The European Union continued to be the destination receiving the largest shipment of Ghana cocoa beans. Shipment of cocoa to the Europe Union accounted for 61% of total cocoa beans exported. The direction of trade for bean shipments is shown in Figure 2.

FIGURE 2
COCOA SHIPMENT BY DESTINATION - 2019/20 CROP YEAR



Source: SHIPPING DEPT., CMC

(ii) Deliveries to Local Processing Factories

Cocoa beans delivered to local processing companies during the period totaled 227,316 tonnes with a CIF value of US$527,030,722.

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD - cont'd

B. COCOA MARKETING COMPANY (GH) LIMITED (CMC) - cont'd

(b) Cocoa Beans Processed and Products Export

(i) Beans Processed

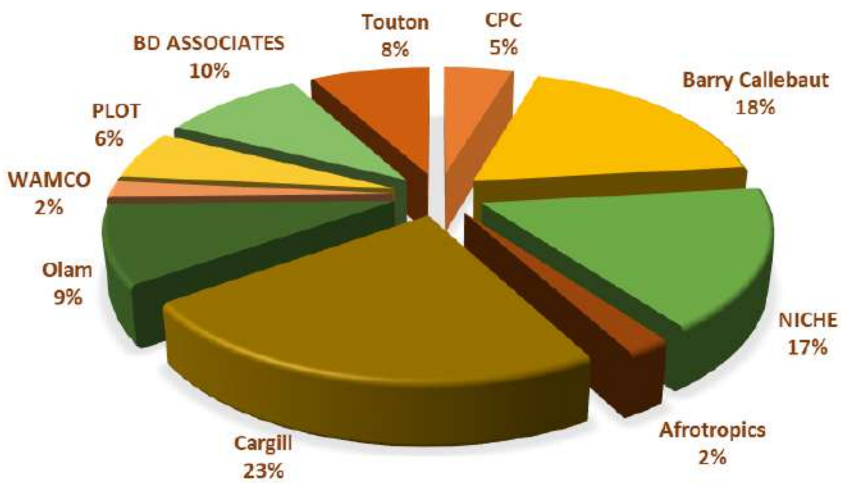
A total of 302,641 tonnes of cocoa beans were processed by ten (10) local processing companies into semi-finished and finished products. The companies include;

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

Cargill (Ghana) Limited, Olam Ghana 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 Barry Callebaut Limited had market share of about 23% and 18% respectively, and accounting for 41% of domestic cocoa processing in 2019/20.

FIGURE 3
COCOA BEANS PROCESSED BY LOCAL FACTORIES - 2019/20 CROP YEAR



Source: RM&E DEPT., COCOBOD

(ii) Cocoa Products Export

Exports of cocoa products by the ten (10) cocoa processing companies during the 2019/20 crop year comprised:

Product	Tonnage	Value (US$)
Natural cocoa butter	58,561	309,353,826.25
Cocoa Nibs	2,569	14,583,849.42
Cocoa Liquor	109,739	311,933,077.19
Cocoa Cake	41,224	73,193,781.13
Cocoa powder	32,478	62,732,790.00
Chocolate	234	748,023.12

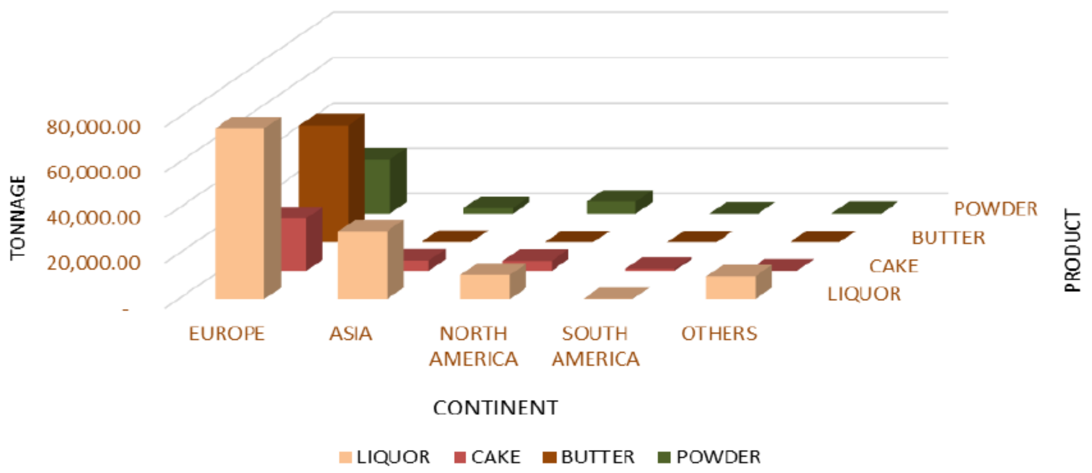
4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD - cont'd

B. COCOA MARKETING COMPANY (GH) LIMITED (CMC) - cont'd

(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.

FIGURE 4
COCOA PRODUCTS EXPORTED BY DESTINATION - 2019/20 CROP YEAR



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 5,357,828 mature hybrid cocoa seed pods were harvested in 2019/20 representing 85% of the target of 6,313,980 pods. Out of a 5,357,828 hybrid pods harvested during the year under review, 4,440,609 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 2019/20 totaled 75,443,300. This performance fell below the season's target of 80,000,000 by 4,556,700 or 6%. The seedlings raised were distributed by CHED to farmers under the Free Seedlings Programme.

D. COCOA HEALTH AND EXTENSION DIVISION (CHED)

CHED is responsible for the health of the cocoa trees and soils as well as farmer education. This includes crop protection, soil nutrition and farmer extension.

(a) Field Operations

A total of 455 sectors involving 2,020 digital blocks and covering an area of 844,606.34 hectares was surveyed during the 2019/20 crop year. In addition, the Unit discovered 16,255 Swollen Shoot disease outbreaks covering an area of 119,140.26 hectares. The Unit also removed 10,474,611 diseased and contact trees from 10,666 farms, covering an area of 8,682.48 hectares.

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD - cont'd

D. COCOA HEALTH AND EXTENSION DIVISION (CHED) - cont'd

(b) CODAPEC & Hi-Tech

Cocoa Disease and Pest Control (CODAPEC) activities as well as fertilizer application on cocoa farms continued during the period under review. A total of 145,716 cartons of fungicides was supplied to all Cocoa Districts for the Black pod control programme covering 616,667 farmers as benefiaciaries. A total of 153,013 cartons of insecticides was distributed to Community Task Forces through the District Task Forces for CODAPEC activities. Foliar fertilizers were supplied to CHED Districts for pruned and pollinated farms.

Also, 4,676,721 bags of granular inorganic fertilisers covering 623,562.80 Hectares were supplied to 7,030 Farmer Associations and Cooperatives at a subsidy under flexible payment plan.

A total of 9,000 pieces of motorized and 14,000 pieces pneumatic spraying machines were allocated to the capsid and black pod spraying teams. All the spraying teams members were supplied with 60,200 sets of Personal Protective Equipments (PPEs).

E. COCOA RESEARCH INSTITUTE OF GHANA (CRIG)

Research at CRIG is conducted through a multidisciplinary Thrust System. During the 2019/20 crop year research activities included the following:

(a) Soil and Crop Management Thrust

During the year under review, results from a trial involving eight cocoa varieties and three soils with pH levels ranging from 4.7 - 5.1 shows that growth of the varieties was not affected by this pH range.

The application of poultry manure and cow dung on coffee plots led to berry yield that was generally higher on plots with prior chemical fertilizer application compared to no fertilizer amendments. Two intercropping trials involving coffee and kola show that coffee-citrus and coffee-avocado systems are more beneficial while kola intercropped with a combination of cassava and maize reduce external funding for farm maintenance during the early stages of kola cultivation.

Final analysis of data confirmed that cashew yield is highly influenced by the effect of interaction between organic manures and their application rates. Yield was however, generally higher under poultry manure treated plots compared to cow dung.

(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 programme multiplied 34 endangered clones (clones with very few stands ≤ 3) identified in the germplasm plots, and have been established at plot N 19. For the hybrid development programmes, new hybrid varieties being tested with recommended hybrid varieties identified several new varieties with better yield and/or disease resistance than existing hybrid varieties. For drought tolerance, the program is validating potential cocoa hybrids in drought-prone areas, and observed significant differences in growth and percentage survival among several new hybrids in the field after the dry season.

Under genetic enhancement of coffee, characterizing the germplasm revealed significant variation for agronomic and yield traits in the local and introduced coffee germplasm in Ghana, with potential for increase in yield under farmers' production conditions. Several of the hybrid development trials derived from crosses of clones from the germplasm collection continue to be evaluated, and selections were made for several hybrids yields above 1.0 t ha-1 under marginal production conditions.

4. PERFORMANCE OF SUBSIDIARIES AND DIVISIONS OF COCOBOD - cont'd

E. COCOA RESEARCH INSTITUTE OF GHANA (CRIG) - cont'd

The cashew germplasm introduction and evaluation investigated the influence of cashew flower sex type on fruit set and nut yield, and recorded 77,395 male flowers, 14,144 hermaphrodite flowers, 2,799 sterile flowers and 3.660 fruits with flower sex type having on effect on fruit set and nut yield. A multi-location cashew trial of local and introduced clones observed no significant clone X location interaction effects, and most of the clones TAN971, BE059, BE203, BE109,BE169, SG014, TAN039 outperforming the standard clone (SG266) for nut yield.

Kola germplasm introduction and characterization detected significant differences in vegetative traits of 102 accessions collected from 22 provenances in the second year after planting. Compatible assessment of kola germplasm clones at Tafo, Bunso and Afosu also identified self- and cross-compatible individuals that will be tested in different locations for their yield potential. For the kola hybrid development programme, experiments composed of 35 and 16 different hybrid families' revealed significant variation in stem diameter and plant height in the second year after planting.

Efforts to develop shea varieties focussed on assessing variation in rooting success of stem cuttings. Significant variation in rooting success of cuttings collected from the northern belt of Ghana was observed, ranging from 35 to 370 days, influenced mainly by the location of the trees. Assessment of a hybrid population developed from one male crossed to seven female parents also revealed significant difference in stem diameter, plant height and jorquette height in the third year after planting.

(c) Insect Pests Management Thrust

The Insect Pests Management Thrust is intensifying integrated pest management studies on the key insect pests of mandate crops with the view of reducing the over reliance on chemicals to an integrated approach. The development of a decision support tool to aid pest control activities is high on the priority list of the thrust.

(d) Plant Diseases Management Thrust

The Plant Diseases Management Thrust continued to carry out its mandate to develop scientific strategies and interventions for managing the cocoa swollen shoot virus disease (CSSVD) and fungal diseases of CRIG mandated crops. Field trials of the thrust investigating various aspects of mild strain cross protection continued. It was noted that protecting all the test cocoa plants with the mild strain N1 resulted in significant reduction in the incidence of CSSV 1A compared to the treatment in which none of the test trees had N1 protection. Also, creating N1 protective ring three or five rows deep could not reduce CSSV 1A incidence in comparison with the no-mild strain treatment. There was no evidence of adverse effects on yield of cocoa by the two CSSV mild strains N1 and SS365B.

(e) Pre and Post-harvest Quality Management Thrust

Pilot-scale production and marketing of products developed by the Unit generated a gross revenue of GH₵558,860.00. Attempts to develop bitters from cocoa alcohol distilled from sweatings and dry cocoa roots from unproductive trees in 43 and 85% (w/v) aqueous solutions of the alcohol showed that 43% (w/v) alcohol solution extracted more plant chemicals from the roots than the 85% solution. This is an indication that although water and alcohol are good extraction solvents for phytochemicals, a mixture of the two (43% w/v) seemed to be a better solvent. Addition of cocoa roots to the alcohol solutions reduced the pH of the solutions significantly but had no effect on the brix. Initial microbial analysis of extracts showed no fungal or bacterial growth, indicating the sterility of the extracts.

(f) Systems Assessment and Analysis Thrust

Systems assessment and analysis thrust ensures that efficient social, economic and statistical perspectives are well integrated into research activities of CRIG through farmer surveys and outreach utilizing modern research methodologies and technologies.

5. FINANCIAL RESULTS

Highlights of the audited accounts for the 2019/20 season included the following:-

(i) Profit/Loss

During the 2019/20 financial year, COCOBOD made a loss of GH¢426,315,000 compared to a loss of GH¢320,565,000 recorded in 2018/19. The 2019/20 financial year recorded an achieved FOB price (including the LID) of US$2,477 per tonne as against US$2,182 per tonne in the 2018/19 financial year.

6. COMMUNITY IMPROVEMENT PROJECTS

As part of COCOBOD's corporate social responsibility, cash donations were made to various institutions and persons during the 2019/20 season. The list of beneficiaries are listed below:

NO	NAME OF BENEFICIARIES
1	Launch of Bush Fire Prevention Campaign
2	Fugar Jacqueline Eye Surgery
3	Support 24 Medical Students For Exchange Programme
4	National Farmers' Day Planning Committee
5	Savanna Golden Tree Limited - Shea Exposition
6	Western North Operations
7	Those Who Inspire Ltd Book Launch
8	Cookart Competition Organised By Ghana Education Service
9	National Chocolate Day Celebration
10	Ministry Of Health-Covid 19
11	Committee Members NORC Report on Child Labour
12	Anti Bacterial Hand Wash & Soaps for Ministry of Health & Ghana Health Service to Fight Covid-19
13	Donotion by Chief Executive to Covid -19 Committee
14	Asantehene for 2020 National Chocolate
15	Cocobod Support for Laboratory Staff at Noguchi
16	Homowo Programme Activities
17	Adabraka Atukpai Stool Authority
18	Osu Annual Homowo Festival

Hon. Joseph Boahen Aidoo
Chief Executive

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") for the year ended 30 September 2020. These are the consolidated financial statements of Ghana Cocoa Board for the year ended 30 September 2020, which are included in the consolidated financial statements of Ghana Cocoa Board that are available at COCOBOD's registered office, Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana.

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.**

New directors

The Directors in office at the time of signing the financial statements are;

Full Name	Designation
Peter Mac-Manu	Chairman
Hon Joseph Boahen Aidoo	Chief Executive
Ernest Kwamina Yedu Addison	Director
Hon. Charles Adu Boahen	Director
Hon. Yaw Frimpong Addo	Director
Hon. Herbert Krapa	Director
Hon. Kwadjo Asante	Director
Nana Adwoa Dokua	Director
Nana Johnson Mensah	Director
Nana Obeng Akrofi	Director
Mr. Edward Okoh Ampofo	Director

Directors' responsibility statement

The Directors are responsible for the preparation of the consolidated financial statements of Ghana Cocoa Board (COCOBOD), comprising the statement of financial position at 30 September 2020, the 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 consolidated 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.

Directors' responsibility statement - cont'd

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

Going concern consideration

The Group incurred a net loss for the year ended 30 September 2020 of GH¢ 426,315,000 (2019: GH¢ 320,565,000) and as of that date its current liabilities exceeded its current assets by GH¢ 2,168,257,000 (2019: GH¢ 2,294,630,000).

The loss resulted mainly from low market prices of cocoa beans on the world market. The net current liability position for the year end was as a result of the capitalization of accrued interest on short term borrowing rollovers.

The Directors believe that COCOBOD would return to a sustainable level of profitability that would have a positive effect on the current ratio of COCOBOD 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 the 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 consolidated financial statements for the year ended 30 September 2020. Accordingly, the separate consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Business Review – 2019/2020 financial year

Cocoa production for the 2019/2020 year under review was 775,488 tonnes compared to the target of 850,000 tonnes. The actual achieved represents a shortfall of 8.77% below target. The 2019/2020 actual production represents a decrease of 4.41% over the 2018/2019 production of 811,250 tonnes. The decrease in production is mainly attributed to diseased and over-aged tree stock and unfavourable weather conditions during certain parts of the year under review. The over-aged and diseased tree stock are being removed as part of the rehabilitation activities to revamp production under the Productivity Enhancement Programmes (PEPs) commenced in the 2016/2017 season and scaled up in the year under review. The rehabilitation programme, which continued during the year was scaled up with the US$200 million first tranche drawdown of the African Development Bank (AfDB)/Credit Suisse (CS) seven (7) year long term loan facility contracted to hasten the rehabilitation programme. The temporary production loss associated with the tree removal under the rehabilitation programme is therefore expected to be overcome as yield benefits are achieved from the ongoing production improvement programmes. As part of the initiatives to ensure sustainable cocoa production, farmers have been encouraged to have their diseased and over-aged farms cut out and replaced with drought and disease-tolerant high yielding cocoa varieties. There are bright prospects of medium to long term production uplift as the newly cultivated farms replacing the rehabilitated areas begin to generate higher yields from the improved cocoa varieties.

Soil fertility management has been a key approach to ensuring sustainable cocoa production in view of the need to ensure that rich soils support the productivity enhancement efforts. To this end, no new forests were entered for cocoa cultivation. The emphasis has rather been on vertical productivity improvement to ensure higher yield per hectare. Therefore, COCOBOD procured enough organic and inorganic fertilizers for subsidized distribution to cocoa farmers to make enough nutrients available for enhanced cocoa yields.

Business Review – 2019/2020 financial year - cont'd

It is expected that variations in the fertilizer formulations will ensure soil protection for sustainable harvests into the future. Extension support to farmers was better in the year by way of education on efficient application of fertilizer and good agronomic practices. Enough insecticides and fungicides were procured during the year under review to ensure minimal pod loss to diseases and pests and to tackle sudden disease outbreaks.

Turnover in 2019/2020 was GH¢ 10.27 billion. This represents an increase of 5.23% from the 2018/2019 revenue of GH¢ 9.76 billion even though production decreased by 4.41% in the year under review from 811,250 tonnes in 2018/2019 to 775,488 tonnes in 2019/2020. The increase in turnover was attributable to higher achieved average export price per tonne of US$ 2,477 in 2019/2020 compared to an average export price per tonne of US$2,236 achieved in 2018/2019 representing an increase of 6.48%. Domestic sales price also increased by 16.31% from US$1,876 per tonne in 2018/2019 to US$2,182 per tonne in 2019/2020. Average exchange rate, which impacts on the turnover, increased during the period from an average of GH¢5.0418 to the US Dollar in 2018/2019 to an average of GH¢5.4781 to the US Dollar in 2019/2020.

The Group recorded a net loss of GH¢426.315 million in 2019/2020 as compared to a net loss of GH¢ 320,565 million in 2018/2019. Included in the net loss is the loss of GH¢133.034 incurred on the Productivity Enhancement Programmes (PEPs) funded by the Africa Development Bank (AfDB) and Credit Suisse (CS). Thus, the loss for the 2019/2020 exclusive of the PEP is GH¢310.49 million compared to a net loss of GH¢320.565 million in 2018/2019 is an improvement by 3%. The decrease in net loss (exclusive of PEPs) was due mainly to the 6.48% increase in revenue compared to a relatively lower increase in direct costs of 1.72%. Effective cost management measures moderated the increase in direct costs despite the 8.42% increase in the producer price from GH¢ 7,600 per tonne in 2018/2019 to GH¢ 8,240 per tonne in 2019/2020. The turnaround and improvement in profitability is expected to continue as the implementation of the Living Income Differential (LID) framework takes hold and COCOBOD's investments in the Productivity Enhancement Programmes begin to yield the expected results. Market demand which impacts on the price is also expected to improve as cocoa processing and consumption steps up with the easing of economic-crippling COVID-19 restrictions imposed by countries around the world.

The Government repaid COCOBOD GH¢1.73 billion out of its outstanding indebtedness of GH¢ 3.89 billion in the 2019/2020 financial year arising out of receivables from Genertec cocoa deliveries and excess export duties accrued over the years.

Management continued with its efficiency measures in the period under review as part of the turnaround strategies. These measures included the following:

Expenditure prioritisation on core budgeted items

Management improved on its cost management measures by effectively coordinating the procurement activities of all Divisions and aligning them with corporate head office towards achieving its cost management and efficiency objectives. Thus, all procurement activities are strictly matched against budget before approvals are granted. Input requirement are rightly gauged against stock balances and their prices subject to rigorous market research and value for money considerations before approvals are granted for their procurement.

Improvement in the capacity of internal audit and internal controls

Management ensured improvement in the capacity of the Internal Audit function to strengthen internal controls. This extended the ambit of internal audit in certifying that budgetary limits and controls are strictly adhered to. Internal audit reporting followed all activities closely and therefore gave timely feedback for corrective actions to be taken by Management. These efficiency measures will improve going forward.

Business Review – 2019/2020 financial year - cont'd

Debt restructuring to reduce interest expense

Short term debt in the books of COCOBOD contributed significantly to the financial expenses recorded in the year under review. These arose from cocoa bills raised in the 2016/2017 and 2017/2018 financial years to support cocoa purchasing operations when the international price of cocoa plummeted. Producer prices were not reduced in line with the international price drop. This led to the issuance of cocoa bills to support COCOBOD's cocoa purchasing operations. The cocoa bills have since been rolling over with consequent high reissue costs contributing to the high financial expenses recorded during the period. Management has explored various ways to turn the short term debts into long term debts to create financial space and reduce interest burden thereby contributing to the turnaround objective. This will cap the growth of the liabilities which roll over every 182 days with associated interest burden and negative gearing implications on COCOBOD.

Optimisation of inputs acquisition and utilisation

An improved coordination strategy was put in place in the year under review where input requirements and acquisition for all activities were subject to firm need assessment and process flow optimisation considerations. The intelligence department of COCOBOD was tasked to follow through the flow of inputs from the point of acquisition to the point of effective utilisation, ensuring that wastage and financial slippage were reduced to the barest minimum.

Remodelling of inputs distribution to farmers

In the year under review, farmer co-operatives and associations were the main focus for distribution of inputs to cocoa farmers. Farmer education was expanded and intensified to get as many farmers as possible to register with a farmer co-operative group or association. In this way, farmers now receive fertilizer allocations directly from COCOBOD for application on their farms once the consignment is delivered to a farmer co-operative or association. This was to ensure that the fertilizers reach the farms for effective application to contribute to the expected yield.

Cocoa production and supply

The estimates of the International Cocoa Organisation (ICCO), in its fourth Quarter Bulletin of Cocoa Statistics for the 2019/2020 year dated 30th November 2020, puts the global cocoa production for the 2019/2020 season at 4.697 million tonnes, 1.82% lower than the previous season. This fall was largely driven by lower crop in West Africa, led by Ghana and La Cote D'voire of about 88,000 tonnes. The crop in Brazil and Ecuador rose by a combined 32,000 tonnes, causing a 2.73% rise in the South American production. However, this was not large enough to offset the 88,000 tonnes reduction in West Africa's production.

The drop in West Africa's production was largely due to adverse weather conditions across the production regions of Cameroon, La Cote D'voire, Ghana and Nigeria in October 2019, prior to the opening of the 2019/2020 season. The spread of diseases and associated control measures involving the removal of infected trees in the midst of adverse weather conditions contributed to the loss of production in Ghana and La Cote D'voire.

Notwithstanding the drop in world production, the 2019/2020 crop year recorded an estimated global surplus of 19,000 tonnes at year end because of much lower grindings across the world. The reduction in grindings was due to lower global demand. End of season stocks stood at 1.741 million tonnes, equivalent to 37.2% of the estimated annual grindings.

Ghana's production outlook for 2020/2021 is positive on the basis of expected favourable weather conditions and productivity enhancement programmes. This is reinforced by analysts and the ICCO projecting that Ghana and La Cote D'voire are likely to account for more than 85% of the 117,000 tonnes additional world cocoa production projected for next season.

COCOBOD distributed motorized slashers to cocoa farmers in the country during the 2019/2020 season. This was to assist prune cocoa farms. Pruning is considered one of the critical farm husbandry and agronomic practices required for proper flowering and pod formation. This was in furtherance of the objectives of the productivity enhancement programmes which was scaled up in the period under review. The collaboration between the research wing of COCOBOD - Cocoa Research Institute of Ghana (CRIG) with the Volcani Centre of Israel to find a remedy to the CSSVD continued during the year.

Business Review – 2019/2020 financial year - cont'd

Productivity Interventions

COCOBOD has been undertaking interventions aimed at improving farmers' livelihoods through income-boosting and sustainability-focused productivity initiatives intended at enhancing efficiencies to achieve increased tonnage per hectare.

Hand pollination of cocoa farms

The implementation of the hand pollination initiative which was piloted in the 2016/2017 season continued during the year. Under the programme, flower production is improved to the extent that same land size is able to yield more than twice the tonnage it produces without the assisted flower production of hand pollination. The objective of COCOBOD is to empower rural enterprise formation for the pollination of farmers' farms. The technique which will be imparted to farmers after the withdrawal of COCOBOD under the AfDB/CS facility is expected to sustain improved productivity into the future. The potential loss of production from the diseased and over-aged farms which have been cut out under the rehabilitation programme will be filled at least in part, by the additional production generated by the hand pollination programme.

Irrigation of cocoa farms

The Pilot Irrigation Programme was started in the 2016/2017 season with the objective of achieving optimal cocoa production by providing continuous supply of moisture to cocoa trees to ensure high productivity all year round. The agricultural sector in the country is largely dependent on rainfall. The cocoa industry is no exception. 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, in the year under review, continued with the irrigation programmes on cocoa farms initiated on pilot basis in the 2016/2017 season. The cocoa plantations of the Cocoa Research Institute of Ghana (CRIG) and the seed gardens of the Seed Production Division (SPD), (both Divisions of COCOBOD), were used as pilot farms for the irrigation programme.

Climate change is a major threat to the cocoa production capacity of the country. In years that the country has experienced relatively long dry seasons, this has negatively impacted on production levels. Under the AfDB/CS loan facility, a budget of US$40.68 million has been earmarked for the establishment of irrigation systems in some cocoa farming communities. The budget of US$40.68 million is inadequate taking into account the 1.9 million hectares of productive cocoa area. The expectation of Management however is that, this intervention will encourage individual farmers to establish additional irrigation systems to boost their production capacity.

Cocoa as a biological crop thrives well in favourable weather conditions with optimal amount of rainfall. Flowering coincides with the two seasons which alternate in the period of cocoa cultivation. 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. The period and intensity of dry weather conditions are important variables for optimal cocoa production.

The irrigation programme will be scaled-up under the AfDB/CS loan facility 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.

Achievement of the irrigation programme to date

Under the pilot irrigation programme, installation of irrigation facilities have been completed on forty four (44) Farmers' Farms covering an area of forty seven (47) hectares. Five (5) irrigation systems have been installed on Seed Production Division's (SPD) cocoa stations covering an area of 33 hectares. Installation works have been completed in six (6) SPD cocoa station farms covering thirty nine (39) hectares.

Business Review – 2019/2020 financial year - cont'd

Way forward

For the scaling up of the irrigation project to cover 3,972.49 hectares of cocoa farms, selection of farms have been done along nine (9) major river bodies in three cocoa regions covering Brong Ahafo, Ashanti and Central regions. The main source of water will therefore be river bodies to draw surface water for irrigation. Nine (9) companies which have expressed interest in the irrigation project have submitted their proposals for evaluation. The companies have visited the sites of the selected farms and have conducted water quality tests and measurement of water volumes to determine suitability for the irrigation project.

Stakeholder engagement will be carried out for the project areas and after that the tendering process will continue to ensure value for money implementation.

Rehabilitation of cocoa swollen shoot virus disease (CSSVD) and moribund farms

COCOBOD's initiative to take on all-embracing rehabilitation programme continued to be reinforced by the Government in the period under review. COCOBOD deems it necessary to improve the incomes and livelihoods of farmers in the medium to long term through sustainable income from cocoa production as a business venture rather than the traditionally peasant method of cocoa farming. The rehabilitation programme was scaled up in the year under review with compensation payments to land owners and farmers whose diseased and over-aged farms were cut and replaced with new planting materials of disease-tolerant and early-bearing characteristics. COCOBOD, through the Cocoa Health and Extension Division (CHED) worked with farmers in the intensification of all good agronomic practices (GAP) by way of improved extension support.

This involved planting of economic trees, plantain suckers and farm management assistance in the period between the replanting stage and the commencement of harvesting of the new farms. The Government continued to incentivise farmers with lucrative producer prices to ensure that farmlands are not converted from cocoa cultivation into other competing uses with undesirable environmental effects.

The devastation of farms by the cocoa swollen shoot virus disease (CSSVD) was the main factor which led to the drop in production from 811,250 tonnes to 775,488 tonnes in the 2019/2020 season. COCOBOD's continued implementation of a well-defined productivity enhancement programmes (PEPs) is expected to reverse the downward production trend as the programmes are scaled up. The first drawn down of US$200 million under the AfDB/Credit Suisse funding and the focused implementation of the two rehabilitation programmes in the form of cutting out CSSVD infected and over-aged/moribund farms and replanting them with improved cocoa varieties bears hope for the reversal of the production trend upwards.

CSSVD control

The objective of the rehabilitation programme is to control the incidence and spread of cocoa swollen shoot virus disease (CSSVD) and increase cultivation of early bearing and high yielding hybrid cocoa varieties. This commenced in 2016/2017 on pilot basis and scaled up with the drawdown of US$200 million of the AfDB/Credit Suisse seven-year facility in May 2020. The major threat to Ghana's position as the world's second largest producer of cocoa is the devastating impact of the CSSVD. The CSSVD strain found in the Western Region has been the most aggressive, devastating about 315,000 hectares (17%) of cocoa farms in the Western North and South regions.

The Western region in its entirety had been contributing the bulk of the country's annual production but the CSSVD currently threatens Ghana's cocoa production in significant ways.

The resumption and expansion of the CSSVD treatment in the rehabilitation and replanting programme progressed smoothly with extension support in the year under review. A total area of 22,311.34 hectares were treated from October 2020. The rehabilitation exercise is still ongoing in all the cocoa growing regions. The target is to rehabilitate 156,400 hectares of CSSVD-infected farms for four (4) years. Planting of plantain suckers as temporary shade and economic tree seedlings as permanent shade is ongoing. Furthermore, transplanting of the cocoa seedlings is also ongoing in all the regions.

Direct employment created from the rehabilitation programme summed up to thirty eight thousand seven hundred and eighty (38,780). Females constituted fourteen thousand five hundred and fifty six 14,556 (38%) and males constituted 62% (24,044). The age bracket of 18-35 years constitute 61% (23,823) of those employed.

Business Review – 2019/2020 financial year - cont'd

Way forward

Treated farms measuring 22,311.34 hectares have so far been planted with temporary and permanent shade trees made of plantain suckers and economic trees. The treated areas will be planted with cocoa seedlings produced by the Seed Production Division (SPD) of COCOBOD. This exercise is currently ongoing and it is expected to be completed by the end of July 2021 in the 2020/2021 season. Treatment of the diseased farms will continue subsequently until the end of the next operational year. The programme involves the resurvey of farms to map out and update CSSVD outbreaks with the aim of cutting out infected areas and replanting with improved cocoa varieties.

The ratio of extension officer to farmer has been increased to provide technical and extension support to farmers in the implementation of the rehabilitation programme. Compensation payment to both farmers and landowners will continue to sustain interest in cocoa farming whilst the implementation, monitoring, and evaluation measures track the activities carried out.

Moribund farms

Over-aged cocoa farms contribute insignificantly to total cocoa production in a year irrespective of the amount of investments made into the farm by way of fertilizer application, disease control and husbandry practices. Such farms are included in the rehabilitation programme in which they are cut out and replanted with high yielding, disease-resistant, drought tolerant and early-bearing varieties.

Several benefits are expected from the rehabilitation programme including the following: increased farm yields to economic levels, enhanced livelihood of farmers, better control and eventual curtailment of CSSVD and consequential effective control of other diseases and pests. Other benefits include the inculcation of farm maintenance and good agronomic practices in farmers through the training and extension services offered by the extension support staff of COCOBOD, increased yield per hectare from the traditional average yield of 450 kilogrammes per hectare to a possible 1,200 kilograms per hectare. The anticipated rejuvenation of about 23% of the national cocoa tree stock for increased and sustainable production from the replanting of moribund farms bears hope in the drive to achieve higher production levels in the medium to long term.

Cocoa Diseases and Pests Control (CODAPEC) Programme

Black pod disease is a destructive cocoa disease, which damages the growing or ripening cocoa pod. The infection is caused by two Phytophthora species: P. palmivora and P. megakarya which cause considerable pod decay and yield loss. They attack all parts of the cocoa tree at all phases of the growing cycle. Generally, losses due to P. megakarya range from 60 to 80% in newly infected farms to about 100% in old, affected farms in the black pod season (May to mid-June). P. palmivora causes 20 to 30% pod loss through blackpod rot. The genus Phytophthora kills up to 10% of trees annually through stem canker.

Capsids, also known as Mirids, are the most economically significant insect pests 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 harm the soft, young tissues of cocoa trees by puncturing 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 dies off. In young cocoa the whole plant may be killed. On mature cocoa, capsid attack occurs year after year in small, scattered areas called 'capsid pockets'. Crop losses in cocoa due to Capsids and Mealybugs have been estimated at 25 to 30% per annum.

The cocoa diseases and pests control programme (CODAPEC) otherwise known as the cocoa mass spraying programme has been implemented by COCOBOD over the years for the control of capsid and black pod disease. Management has over the years embarked on integrated management practices which include pruning and shade management, farmer education on improved farm sanitation, infected pods removal, complete harvesting at appropriate intervals, appropriate fertilizer 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. In the period under review, COCOBOD embarked on the CODAPEC programme for pods preservation and for prevention of sudden disease outbreaks. This programme will continue to ensure sustainable cocoa production.

Business Review – 2019/2020 financial year - cont'd

The Fertilizer Application Programme and Soil Fertility Management

Soils across many areas of the cocoa landscape in Ghana are depleted of their nutrient resources and are out of the fertile phase after many years under cocoa cultivation. Consequently, the productivity of these soils has waned. Each type of plant is unique and has a minimum level of nutrient requirement. Below this minimum concentration, plants start to show signs of nutrient deprivation. Excessive nutrient uptake can also cause poor growth because of toxicity to the cocoa plant.

The growth of cocoa production in Ghana was based on the utilisation of the fertility accrued over the years by virgin forests. When virgin forest land is first cultivated, the farmer enjoys the benefit of undiminished soil fertility and low disease incidence. When the forest is cultivated, nutrients are made available to the soil for a certain number of years when the nutrients available to the soil are rich. The removal of the forest vegetation leads to a drop in soil fertility and productivity within 2 to 3 years to below 50% of its original nutrient worth.

Management has targeted nutrient replenishment of cocoa soils over the years through the application of various fertilizer types and formulations. This programme, which continued in the period under review will be maintained to ensure effective soil fertility management whilst at the same time ensuring environmentally friendly and sustainable cocoa production.

Mass Pruning Programme

COCOBOD has embraced the mass pruning programme as part of its productivity enhancement programme to encourage good agronomic practices. The pruning is carried out in February-March for optimal results after which fertiliser application is launched in April-May to coincide with the rainy season for active nutrient assimilation. Cocoa exhibits phenological form of flowering and fruiting involving overlapping phases. There are many fluctuations in the floral profusion 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 the peak periods, 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. Farm pruning provides adequate amount of aeration to stem the incidence of pests and diseases whilst at the same time boosting flowering and pod formation. The mass pruning programme undertaken in the 2019/2020 season will continue in order to realise the boost in production obtainable from its effective implementation.

Policy initiatives to be continued

The following policies which have been implemented over the years including the 2019/2020 season and found to be effective in ensuring sustainable cocoa production will continue in order to safeguard the gains achieved from their successful execution:

- Compensation payments to tenant farmers and landowners for the cutting of diseased and over-aged trees will continue under the rehabilitation programme. Management believes that this will stem the conversion of cocoa farmlands to other competing uses.
- The farmer database development project will proceed at a faster rate to reap the anticipated benefits of accurate data for farm mapping, streamlined inputs planning and distribution, soil fertility management and effective cocoa industry policy planning and implementation.
- Training of farmers on hand pollination to enhance yield per hectare and to improve farmer incomes and livelihoods will continue to be implemented in the years ahead.
- Different power and water sources will be explored for use in the irrigation programme to improve moisture availability of soils to enhance cocoa bean sizes and yield per hectare.
- Collaboration with other producer countries in marketing strategy and sales execution on the international market will be intensified to open up unexplored markets to spur up demand and price.
- Promotion of consumption of cocoa and cocoa products by emphasising on its health benefits will continue with greater intensity both locally and internationally to increase demand for cocoa and cocoa products.

Contribution to accessibility in cocoa growing areas

Roads in cocoa growing communities, otherwise known as cocoa roads which were in bad and unmotorable state attracted additional haulage cost by including a bad road factor in the build-up of the cocoa haulage rates determined by COCOBOD in collaboration with other industry stakeholders. Where the roads are improved, cost savings accrue to COCOBOD by way of reduced haulage costs. Therefore, COCOBOD has been contributing to the rehabilitation of roads in cocoa growing areas to enhance cocoa evacuation to takeover centres. Aside from the cost savings achieved through reduction in haulage rates, this serves as part of COCOBOD's corporate social responsibility to cocoa farmers. In this direction, COCOBOD, in collaboration with the Ministry of Finance established an Infrastructural Development Trust Fund, otherwise known as the Cocoa Trust in the 2015/2016 financial year. The objective of the Trust was to improve the road network in the cocoa growing areas. This was also meant to enhance the efficient haulage operations of COCOBOD, reduce post-harvest losses faced by the farmers and ease the movement of people, goods and services in the cocoa growing areas. The Trust helped in developing a consistent criteria for selection, rehabilitation, and maintenance of cocoa roads and to ensure efficient, economical and effective financing and rehabilitation of cocoa roads in cocoa growing communities.

Following from the Cocoa Trust, COCOBOD entered into a ten-year Concession Agreement with the Government of Ghana acting through the Ministry of Roads in August 2019. Upon coming into force of the Concession Agreement, expenditure incurred on cocoa roads were capitalised effective 2017/2018 financial year. The Concession Agreement also allowed retrospective capitalisation of prior year expenditure on cocoa roads, to be amortised over the concession period to match expenses with benefits expected to be derived from the rehabilitated roads. The future benefits to be derived by way of cost savings served as the compelling factor to capitalise the road expenditures. COCOBOD continues to make annual commitments to the road improvements project in fulfilment of its social responsibility obligations towards the cocoa farming communities.

Grindings and demand

The demand for cocoa during the 2019/2020 season was affected by the coronavirus pandemic. Lockdowns and restrictions due to the pandemic stalled seasonal as well as out-of-home consumption of chocolate and cocoa products. This led to a 2.4% fall in global grindings compared to the 2018/2019 season.

According to estimates of the European Cocoa Association (ECA: eurococoa.com), the second quarter of 2020 witnessed a drastic fall in grindings in Europe, Asia, and North America. European grindings fell by 8.93% year-on-year, 16% below its first quarter level. The fall continued in the third and fourth quarters, with reductions of 4.3% and 4.4% year-on-year respectively. Cumulatively, European grindings fell by 55,776 tonnes in 2020.

As per the grindings data of the North American National Confectioners Association (candyusa.com), North American grindings saw similar declines in the second quarter of 2020, with a 10.47% fall year-on-year. However, subsequent quarters saw improved grindings with fourth quarter grindings increasing by 7% year-on-year. Cumulatively, North American grindings saw a 2.48% decline in 2020 compared to 2019. Brazil, the top grinder in South America is expected to decline by 10% to 200,000 tonnes in 2020/2021.

According to data from the Cocoa Association of Asia (CAA, cocoaasia.org), Asian grindings declined by 5.98% in the first quarter and further down by 10.07% in the third quarter of 2019/2020. Total Asian grindings for 2020 stood at 830,241 tonnes, 5.98% below its 2019 level. Malaysia and Indonesia continue to be the leading grinders in Asia, with an anticipated processing of 475,000 and 315,000 tonnes, respectively in the 2020/2021 year.

La Cote D'voire and Ghana continue to lead African grindings. During the 2019/2020 season, the two countries accounted for 90% of total African grindings. Compared to the other continents, African grindings in the 2020/2021 is expected remain flat around its previous year's level of 1,005 million tonnes. Ghana is expected to grind 300,000 tonnes while La Cote D'voire grindings is expected to decrease by 5,000 tonnes to 605,000 tonnes.

The Government of Ghana remains committed to implementing measures aimed at increasing local processing and consumption with the policy objective of attaining value addition of up to 50% of the annual cocoa production. Fiscal and financial incentives have been designed towards realizing the objective of increased local processing and consumption. To this end, Ghana Cocoa Board signed a Memorandum of Understanding (MoU) in 2018 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. Modalities are being fine-tuned to bring the idea into fruition.

Contribution to accessibility in cocoa growing areas - cont'd

Grindings and demand - cont'd

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 outperforms supply.

Market developments and price movements

The 2019/2020 season witnessed a tug of war between the fear of pandemic and hopes of stimulus packages and the associated economic recovery. The ICE Europe and US price indications showed that front-month futures prices averaged US$2,465.65 in New York and £1,828.55 in London for the crop year under review.

The first wave of the pandemic across Europe in the second quarter of 2020 caused disruption to commodity markets, with front month futures on the New York terminal dropping from an average of US$2,713 per tonne in February 2020 to US$2,323 per tonne in April 2020. Price on the London terminal also declined from £1,976 per tonne to £1,805 per tonne within the same period. The closure of major processing and manufacturing plants and fall in retail sales of confectioneries in Europe and US triggered bearish trends in the market.

Easing of restrictions, EU recovery package and political tension in La Cote D'voire

The bearish trend continued through May to July 2020. The gradual re-opening of major economies, the landmark US$2.01 trillion EU recovery stimulus, the cut in interest rates by the Bank of England, political tension in La Cote D'voire arising from President Ouattara's bid for a third term, as well as the less than expected economic decline in China, provided hope for a quicker recovery from the COVID-19 pandemic. However, these could not support an upward movement in cocoa prices, as fears of a spike in new infections of the virus across Europe and America dampened expectations of a rebound in demand. Additional bearish factors included continuous fall in grindings, with second quarter grindings lower in Europe, America and Asia. Thus, the average July 2020 prices were lower than June prices in both London and New York. London recorded £1,541 per tonne, a drop of 16 % month-on month, whilst New York dropped by 6.3% to an average of US$2,252 per tonne.

Weakening US Dollar, concerns of West African supply and positive economic recovery signals in EU

Cocoa markets were generally bullish and less volatile from July through August to September 2020. The fall in oil inventories in US and Europe, better than expected second quarter economic performance in China, anticipation of another recovery package in UK (including tax cuts), as well as reducing unemployment in the EU all signalled a rekindling of economic activity, albeit slowly. This reflected positively on prices of soft commodities including beverages (i.e., cocoa, coffee and tea).

In addition, concerns about the crop out-turn in West Africa, particularly La Cote D'voire and Nigeria due to unfavourable weather exerted bullish pressures on cocoa prices. Temporary political tension in the run up to the Ivorian presidential election provided further impetus for the surge. Monthly average prices recorded for August 2020 showed an 8% increase in London (£1,677.90 per tonne) and 10% increase in New York to US$2,506.10 per tonne over July 2020. September prices increased by 7.65% in London and 0.65% in New York.

This period also witnessed decreased daily price volatility as well as a reduced daily arbitrage between London and New York, with the average daily difference between the two terminals at US$293 per tonne, down from $482 per tonne in July 2020. This trend was largely driven by cable (Pound-US Dollar rate) movements and speculative activities. The US Dollar continued its decline, although the rate of decline slowed in August 2020. This is partly because gold prices began to decline from the earlier surge in July 2020, coupled with positive headlines on US-China trade talks, reducing number of daily COVID-19 infections in the US at the time, and the rising likelihood of a 'no-deal' Brexit.

Nearby cocoa prices closed the 2019/2020 season at a monthly average of US$2,510 per tonne in New York and £1,806 per tonne in London in September 2020.

The 2020/2021 season began in October 2021 on a bearish note with nearby ICE futures declining slowly from the September 2020 levels. Average London (£1,675 per tonne) and New York ($2,423 per tonne) price of nearby futures decreased by 7.2% and 3.8% respectively compared to September 2020 levels. ***(ICE Futures, US and London).***

Contribution to accessibility in cocoa growing areas - cont'd

Weakening US Dollar, concerns of West African supply and positive economic recovery signals in EU - cont'd

The decline was due in part, to anticipation of good crop out-turn in Ghana and La Cote D'voire, coupled with prospects of a continuing weaker demand. Projections of a win for Democrats for both the Presidency and Congress strengthened the US Dollar against the Euro and the Pound. In addition, inconclusive Brexit negotiations led to higher odds of a 'hard Brexit' which could cause trade disruptions between the EU and UK. This led to both the Euro and Pound Sterling weakening against the US Dollar in the middle of October 2020. Furthermore, the resurgence of the COVID-19 cases in Europe and USA at the time, leading to widespread lockdown and restrictions supported the price decline.

Decline in certified stocks and hyper-activity on exchange and depreciation of the US Dollar

Cocoa futures markets were bullish during November 2020. Prices rallied by 20% from US$2,038 to US$2,454 per tonne in London, and by 35% from US$2,248 to US$3,035 per tonne in New York by the end of November 2020. Several factors led to this price rally. First was the reported drop in certified stocks compared to a year earlier. Certified stocks in the Exchange's licensed warehouses plunged by 11% from 110,399 tonnes to 97,846 tonnes in London and by 45% from 21,027 tonnes to 11,505 tonnes in New York. ***(ICCO Monthly Market Review, November 2020).***

Another reason for the rally was the attempt by Hershey to avoid payment of the Living Income Differential (LID) of $400 (the surcharge on cocoa purchased from Ghana and La Cote D'voire to support peasant cocoa farmers) by purchasing cocoa from the exchange only. The massive buying in November 2020 sent the price to the highest level in over four years. Cocoa spiked higher on the back of Hershey's buying, but the price failed on the first attempt in over four years to move above the $3,000 per tonne level. It also widened the price differential between the London and New York markets, which increased from US$210 at the beginning of the month to US$581 per tonne by the end of the month. Some of the bullish pressures came from news of disruptions in the haulage of cocoa beans that were reported in Côte d'Ivoire in November 2020. In addition, the combination of the announcements of COVID-19 vaccines which signalled optimism for demand and a 2% depreciation of the U.S. Dollar during November 2020 further contributed to supporting price hikes.

Futures prices however reversed the upward movement in December 2020, owing to persistent concerns of demand in Europe. Nearby contract prices weakened on both terminals, declining by 6% from £1,839 to £1,737 per tonne in London and by 12% from US$2,960 to US$2,603 per tonne in New York by end of December 2020. Cocoa prices are expected to range between a low of US$2,300 per tonne to a high of US$2,600 per tonne, averaging around US$2,400 per tonne for the rest of the 2020/2021 season. ***(Commodity Market Outlook, October 2020). (Credit: ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XLVI, No. 4, Cocoa year 2019/20 Published: 30-11-2020).***

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.

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

Subsidiaries - cont'd

The consolidated 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 were approved by the Board of Directors and were signed on their behalf by:

Hon. Hackman Owusu-Agyemang	***Hon Joseph Boahen Aidoo***
Director	Director

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 (COCOBOD) set out on pages 35 to 87 which comprise the statement of financial position as at 30 September 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ghana Cocoa Board (COCOBOD) as at 30 September 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the requirements of 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 Financial Statements section of our report. We are independent of Ghana Cocoa Board in accordance with the 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.

Other matter

The consolidated financial statements of the Ghana Cocoa Board for the year ended 30 September 2019 were audited by other Independent Auditor who expressed an unqualified opinion on those statements on 31 August 2020.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

<table>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed</th></tr>
<tr><td>
The operations of COCOBOD is mainly financed through borrowings on the international market. These borrowings are collaterised by the sale of Cocoa beans.
Sale contracts are established with foreign customers and local factories and deliveries are collaterised by the sale of cocoa beans.
Advance payments are also made periodically by local factories against future deliveries.
There is the risk of material misstatements in the revenue due to the large volumes of transactions and the fact that sales schedules are maintained manually.
We considered revenue recognition a key audit matter based on the above.
</td><td>
Procedures performed include the following;
Local sales

Obtained external confirmation of sales quantities made to local factories during the year to assess the quantities of deliveries received by them;
Re-computed revenue generated from local sales by multiplying the confirmed quantities by the signed contract prices;
Obtained the schedule of advance payments received from customers and checked that deferred income was appropriately recognised for outstanding deliveries.

Foreign sales

Evaluated the design and implementation of key controls over the revenue recognition process.
Tested the reconciliation of foreign sales to collections in the year and foreign sale receivables at the year end
Tested the entire population of the sales transactions by tracing them to the source documents to ensure that the transactions actually occurred and the amount recorded are accurate
Assessed whether the sales transactions have been recorded in the appropriate accounting period.
Evaluated the adequacy of the disclosures on revenue recognition in the consolidated financial statements in accordance with the applicable financial reporting framework.

</td></tr>
</table>

<table>
<tr><th colspan="2">Intangible assets and contact assets</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed</th></tr>
<tr><td>
COCOBOD has a Service Concession Agreement with the Ministry of Roads and Highways to construct/rehabilitate and operate roads in the cocoa growing areas in Ghana.
There is the 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 the accounting for Service concessions including the impairment assessment of the intangible assets and related contract assets.

We considered recognition of intangible assets and contract assets as a key audit matter.
</td><td>
Procedures performed include the following;

Reviewed management's classification of cocoa roads to exclude roads in non-cocoa growing areas;
Reviewed management's assessment of indicators of impairment of the intangible assets and related contract assets;
Test checked management's authorisation of the intangible assets to confirm accuracy;
Reviewed management's assessment of the fair value on initial recognition of additions to the intangible assets relative to the construction costs incurred;
Reviewed new contracts entered into, taking into account contracts completed, work in progress and retentions withheld to determine the accuracy of amounts recorded;
Assessed the adequacy of disclosures in respect of service concessions.

</td></tr>
</table>

Other information

The Directors are responsible for the other information. The other information is included in the 78 page documents titled "Annual Report and consolidated financial statements, 30 September 2020" of Ghana Cocoa Board, other than the consolidated financial statements and our Auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act, 2019 (Act 992) and the requirements of 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing financial reporting processes of Ghana Cocoa Board.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ghana Cocoa Board'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 Ghana Cocoa Board'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 Ghana Cocoa Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within date of our auditor's report. However, future events or conditions may cause Ghana Cocoa Board to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Ghana Cocoa Board's audit. We remain solely responsible for our Audit opinion.

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

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

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

Report on other legal and regulatory requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account have been kept by the Group, so far as appears from our examination of those books;

iii. The statement of financial position and the statement of comprehensive income (statement of profit or loss and other comprehensive income) of the Group are in agreement with the underlying books of account;

iv. In our opinion, to the best of our information and according to the explanations given to us, the accounts give the information required under the Act, in the manner so required and give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit or loss for the financial year then ended;

v. We are independent of the Group pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The Engagement Partner on the audit resulting in this independent auditor's report is Victor Gborglah (ICAG/P/1151).

Ernst & Young (ICAG/F/2021/126)
Chartered Accountants
Accra, Ghana

Date:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020	2019
	Note	GH₵'000	GH₵'000
Revenue	8	**10,273,628**	9,762,613
Direct costs	9	**(8,139,089)**	(8,134,239)
Gross profit		**2,134,539**	1,628,374
Other operating income	10	**212,320**	106,373
Distribution expenses	11	**(19,563)**	(9,046)
Administrative expenses	12	**(1,754,192)**	(1,313,828)
Impairment reversal/(loss) on trade accounts receivable and contract assets	32	**78,072**	193,598
Operating profit		**651,175**	605,471
Finance costs	13	**(1,336,395)**	(1,202,690)
Finance income	14	**255,489**	320,155
Net finance costs		**(1,080,906)**	(882,535)
Share of gain/(loss) of equity-accounted investees, net of tax	20	**710**	(212)
Loss before tax		**(429,021)**	(277,276)
Income tax expense	15	**2,705**	(43,289)
Loss for the year		**(426,315)**	(320,565)
Other comprehensive income			
Items that will not be classified to profit or loss			
Revaluation of property, plant and equipment	18	**176**	1,807,436
Re-measurement of defined benefit liability	29	**(14,749)**	(1,709)
Related tax	15	**(44)**	5,049
Equity investments at FVOCI-net change in fair value	21	**-**	(684)
		(14,617)	1,810,092
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		**395,985**	(10,989)
Fair value through OCI - net change in fair value		**2,810**	-
Total other comprehensive income for the year		**384,178**	1,799,103
Total comprehensive income for the year		**(42,137)**	1,478,538
Loss attributable to:			
Owners of the Company		**(383,900)**	(290,558)
Non-controlling interests		**(42,415)**	(30,007)
		(426,315)	(320,565)
Total comprehensive income attributable to:			
Owners of the company		**(164,083)**	1,524,095
Non-controlling interests		**121,946**	(45,557)
		(42,137)	1,478,538

The accompanying notes 1 to 42 are integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	2020	2019
		GH₵'000	GH₵'000
Intangible assets	16	**873,638**	937,974
Contract assets	17	**1,812,716**	1,550,649
Property, plant and equipment	18	**4,804,418**	4,458,818
Investment properties	19	**75,904**	-
Right of use assets	29	**151,749**	-
Trade and other accounts receivable	24	**514,054**	1,253,158
Investment in subsidiaries	20	**-**	10
Investment in associate	21	**4,028**	3,318
Other investments	22	**10,782**	7,972
Non-current assets		**8,247,289**	8,211,899
Inventories	23	**1,077,337**	1,036,945
Other financial assets	24	**376,182**	506,930
Trade and other accounts receivable	25	**6,727,900**	4,312,022
Cash and cash equivalents	26	**1,710,645**	1,001,158
Current assets		**9,892,064**	6,857,055
Total assets		**18,139,353**	15,068,954
Equity			
Capital contribution		**393**	393
Fair value reserve	33	**10,394**	7,584
Translation reserve	33	**181,007**	(50,615)
Revaluation reserve	33	**3,487,673**	3,487,541
Retained earnings	33	**(747,018)**	(348,369)
Equity attributable to owners of the entity		**2,932,451**	3,096,534
Non-controlling interests		**(25,713)**	(147,659)
Total equity		**2,906,738**	2,948,875
Liabilities			
Bank overdraft	26	**7,065**	6,157
Current tax liabilities	15	**19,135**	19,135
Loans and borrowings	27	**9,779,907**	7,148,757
Trade and other payables	28	**2,169,113**	1,562,737
Lease liabilities	29	**17,692**	-
Contract liabilities	30	**159**	354,726
Provisions	31	**60,173**	60,173
Current liabilities		**12,053,244**	9,151,685

The accompanying notes 1 to 42 are integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (CONT'D)

	Note	2020	2019
		GH₵'000	GH₵'000
Loans and borrowings	27	**2,696,356**	2,684,350
Lease liabilities	29	**100,267**	-
Employee benefit obligations	32	**232,420**	197,903
Deferred tax liabilities	15	**150,328**	86,141
Non-current liabilities		**3,179,371**	2,968,394
Total liabilities		**15,232,615**	12,120,079
Total equity and liabilities		**18,139,353**	15,068,954

These consolidated financial statements were approved by the Board of Directors and were signed on

Director
Date: 23rd September, 2021

Director
Date: 23rd September, 2021

The accompanying notes 1 to 42 are integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2020	Notes	Capital contribution	Fair Value reserve	Translation reserve	Revaluation reserve	Retained earnings	Total	Non controlling interest	Total equity
		GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 October 2019, as previously reported		393	7,584	(50,615)	3,487,541	(348,369)	3,096,534	(147,659)	2,948,875
Loss for the year						(383,900)	(383,900)	(42,415)	(426,315)
Other comprehensive income		-	2,810	231,624	132	(14,749)	219,817	164,361	384,178
Total comprehensive income		-	2,810	231,624	132	(398,649)	(164,083)	121,946	(42,137)
Balance at 30 September 2020		**393**	**10,394**	**181,009**	**3,487,673**	**(747,018)**	**2,932,449**	**(25,713)**	**2,906,738**

2019	Notes	Capital contribution	Fair Value reserve	Translation reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
		GH¢'000	GH¢'000	GH¢'0s00	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
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		-	(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

The accompanying notes 1 to 42 are integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020	2019
		GH₵'000	GH₵'000
Cash flow from operating activities			
Loss for the year		**(429,021)**	(277,276)
Depreciation of property, plant and equipment	18	**178,115**	99,051
Amortisation of intangible assets	16	**133,160**	213,233
Write off of property, plant and equipment	18	**-**	26,942
Foreign exchange gain/(loss)		**395,514**	360,297
Share of loss of equity - accounted investees	20	**710**	212
Gain on disposal of property, plant and equipment	18	**(1,301)**	(76)
Finance income	14	**(255,489)**	(320,155)
Finance costs	13	**1,336,395**	1,234,600
Impairment (reversal)/ loss on trade and other accounts receivable	32	**(78,072)**	(193,598)
Impairment (reversal)/loss on other financial assets	32	**-**	(31,910)
		1,280,011	1,111,320
Changes in:			
Inventories	23	**(40,392)**	(294,644)
Other financial assets	22	**252,882**	(63,039)
Trade and other accounts receivable	24	**(1,578,022)**	(533,044)
Trade and other accounts payable	27	**606,376**	168,921
Contract liabilities	28	**(355,419)**	151,797
Provisions	30	**-**	-
Employee benefit obligations	29	**(8,806)**	(6,620)
Net cash generated from/(used in) operating activities		**156,630**	534,691
Income tax paid		**(36)**	-
Net cash generated from/(used in) operating activities		**156,594**	534,691
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	18	**2,338**	131
Interest received	14	**68,510**	311,295
Dividend received	14	**294**	444
Acquisition of property, plant and equipment	18	**(274,442)**	(103,965)
Expenditure on contract assets	17	**(330,897)**	(350,963)
Net cash (used in)/from investing activities		**(534,197)**	(143,058)
Cash flows from financing activities			
Proceeds from loans and borrowings	26	**22,745,525**	18,844,829
Interest paid	26	**(1,060,407)**	(1,388,623)
Repayment of borrowings	26	**(20,598,936)**	(18,006,433)
Net cash (used in)/from financing activities		**1,086,182**	(550,227)
Net increase in cash and cash equivalents		**708,579**	(158,594)
Cash and cash equivalents at 1 October	25	**995,001**	1,158,146
Effect of movements in exchange rate on cash held		**-**	(4,551)
Cash and cash equivalents at 30 September	25	**1,703,580**	995,001

The accompanying notes 1 to 42 are integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Reporting entity

Ghana Cocoa Board (COCOBOD) is a corporate body domiciled in Ghana, which was established by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended. These consolidated financial statements are the consolidated financial statements of Ghana Cocoa Board for the year ended 30 September 2020, which are included in the consolidated financial statements of Ghana Cocoa Board that are available at COCOBOD's registered office, Cocoa House, 41 Kwame Nkrumah Avenue, Accra, Ghana.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended as well as other relevant Laws in Ghana. This is the first set of COCOBOD's consolidated financial statements in which IFRS 16 Leases has been adopted.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), and equity financial assets that have been measured at fair value.

3. Functional and presentation currency

These consolidated financial statements are presented in Ghana Cedis, which is COCOBOD's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of COCOBOD's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 consolidated financial statements is included in Notes 7.14 - 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 2020 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 19 – determining of fair values of land and buildings; key assumptions;
- Note 31 – recognition and measurement of provisions
- Note 32 – measurement of employee benefit obligations: key actuarial assumptions;
- Note 34 – Financial instruments; Financial risk management; Credit risk measurement of ECL allowance for trade and other accounts receivable.

5. Basis of measurement

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

- Financial assets classified as 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

COCOBOD has initially applied IFRS 16 (see A) from 1 October 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. COCOBOD 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 COCOBOD 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 16, leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. COCOBOD adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. COCOBOD elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 October 2019. Instead, COCOBOD applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. COCOBOD has lease contracts for various branches. Before the adoption of IFRS 16, COCOBOD classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, COCOBOD applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to 7.13 for the accounting policy beginning 1 October 2019. The standard provides specific transition requirements and practical expedients, which have been applied by COCOBOD.

Leases previously accounted for as operating leases

COCOBOD recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

COCOBOD also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

6. Changes in significant accounting policies - cont'd

Leases previously accounted for as operating leases - cont'd

- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 October 2019:

- Right-of-use assets of GH₵181.9 million was recognised and presented separately on the statement of financial position.
- Lease liabilities of GH₵160.3 million was recognised.

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

Assets	GH₵'000
Operating lease commitments as at 30 September 2019	289,726
Weighted average incremental borrowing rate as at 1 October 2019	8%
Discounted operating lease commitments as at 1 October 2019	174,774
Add:	
Prepaid operating lease as at 1 October 2019	7,133
Right-of-use assets as at 1 October 2019	**181,907**

7. Significant accounting policies

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

7. Significant accounting policies - cont'd

7.1 Basis of consolidation - cont'd

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

Transactions denominated in foreign currencies are translated to COCOBOD'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.

7.3. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which COCOBOD expects to be entitled in exchange for those goods or services. COCOBOD has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

7. Significant accounting policies - cont'd

7.4. Employee benefit obligations

a. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which COCOBOD 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. COCOBOD has the following defined contribution schemes: (i) Social Security and National Insurance Trust Under the national pension scheme, COCOBOD contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. COCOBOD'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.

b. Long-service awards

This defined benefit scheme entitles employees to a benefit package at the end of their service with COCOBOD. 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.

c. 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) COCOBOD operates a group wide post-retirement medical benefit pension plan.

Ghana Cocoa Board (COCOBOD) is the sponsoring employer of a group wide post-retirement medical benefit scheme. 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.

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

e. 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 COCOBOD 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

COCOBOD's finance income and finance costs include:

- interest receivable on funds invested;
- interest payable;
- dividend income; and
- 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 COCOBOD'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:

7. Significant accounting policies - cont'd

7.5. Finance income and expenses - cont'd

- 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 first in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the selling price less costs to sell.

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.

A property may be used partly to derive rental income and partly as owner-occupied property. If a property has both investment property and non-investment property uses, providing the parts of the property could be sold or leased out under a finance lease separately, they should be accounted for separately. However, to meet these requirements a property must actually be in a state and condition to enable it to be disposed of or leased out separately at the end of the reporting period. The fact that a property could be divided in future periods is insufficient to conclude that the portions can be accounted for separately. Consequently, if a property requires sub-division before the portions could be disposed of separately, then those parts should not be accounted for as separate portions and the entire property should be accounted for as either an investment property or as a non-investment property (e.g. as an owner-occupied property or as an inventory) until such sub-division occurs or unless sub-division is a non-substantive legal requirement.

'Separately' needs to be assessed both in terms of the physical separation of the property and legal separation such as legally defined boundaries. Accordingly, judgement is required to determine whether legal separation is a substantive requirement that will restrict the property being considered currently separable or whether it is a non-substantive requirement where the property is currently separable.

7. Significant accounting policies - cont'd

7.6. Property, plant and equipment - cont'd

(i) Recognition and measurement - cont'd

Therefore, if the portion of the property concerned otherwise meets the definition of investment property at the end of the reporting period, judgement is required to assess the legal position of the property in determining whether it is appropriate to account for a portion separately as investment property or not.

In the event that no separation is possible, the property is an investment property only if an insignificant proportion is used for non-investment property purposes. The setting of a threshold to evaluate whether or not something is significant or insignificant depends on judgement and circumstances. As a policy therefore for Cocoa Marketing Board, in the case of partial own-use of a property, an area share of more than 65% occupied by tenants is considered significant , with the result that the entire property is reported as an investment property at fair value.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if is probable that the future economic benefits associated with the expenditure will flow to COCOBOD. 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 in progress 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 COCOBOD from either use or disposal.

7.8. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

7. Significant accounting policies - cont'd

7.8. Investment properties - cont'd

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property, COCOBOD considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, COCOBOD accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

7.9. Intangible assets

(i) Recognition and measurement

COCOBOD recognises an intangible asset arising from a concession arrangement when it has right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or rehabilitation of cocoa roads in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value 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 of the estimated useful life of an intangible asset in a service concession arrangement is the period from when COCOBOD is able to charge the public for the use of the infrastructure to the end of the concession period. In the case of COCOBOD, this is assessed as being a ten-year period from the date of completion of construction or rehabilitation of the cocoa roads.

7.10. Contract assets

Contract assets represents cocoa roads under construction and or rehabilitation. COCOBOD 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 7.14). Income from construction services for cocoa roads is recognised net of cost incurred since the contract does not allow for margins to be applied.

7.11. Financial instruments

(i) Recognition and initial measurement

Trade accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when COCOBOD 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 accounts receivable without a significant financing component is initially measured at the transaction price.

7. Significant accounting policies - cont'd

7.11. Financial instruments - cont'd

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

amortised 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 COCOBOD 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, COCOBOD 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 recognition, COCOBOD 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.

Business model assessment

COCOBOD assesses 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 COCOBOD'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 COCOBOD'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.

7. Significant accounting policies - cont'd

7.11. Financial instruments - cont'd

(ii) Classification and subsequent measurement - cont'd

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

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, COCOBOD 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, COCOBOD considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit COCOBOD'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.

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, 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:

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 liabilities

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.

(iii) Derecognition Financial assets

COCOBOD 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 COCOBOD neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. COCOBOD 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.

7. Significant accounting policies - cont'd

7.11. Financial instruments - cont'd

(iii) Derecognition Financial assets - cont'd

COCOBOD derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. COCOBOD 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, COCOBOD 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

Financial instruments and contract assets

COCOBOD recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost and contract assets. COCOBOD 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 accounts receivable 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, COCOBOD 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 COCOBOD's historical experience and informed credit assessment and including forward-looking information.

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

COCOBOD considers a financial asset to be in default when:

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

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 COCOBOD 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 COCOBOD expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, COCOBOD assesses whether financial assets carried at amortised cost are credit impaired. 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.

7. Significant accounting policies - cont'd

7.12. Impairment - cont'd

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (continued)

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 COCOBOD has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

COCOBOD individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. COCOBOD 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 COCOBOD's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, COCOBOD 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. 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 COCOBOD 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, COCOBOD 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.

7. Significant accounting policies - cont'd

7.13. Provisions - cont'd

Farmers' Welfare Fund

Ghana Cocoa Board is required under section 27 of the Ghana Cocoa Board Act 1984 (PNDL Law 81), as amended to establish a farmers' welfare fund into which a sum of not more than 10 percent of the net profit of 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.

7.14. Leases

Policy applicable from 1 October 2018

COCOBOD assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

COCOBOD as a lessee

COCOBOD applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. COCOBOD recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

COCOBOD recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, COCOBOD recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by COCOBOD and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

COCOBOD has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. COCOBOD recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 October 2018

i. Determining whether an arrangement contains a lease

At inception of an arrangement, COCOBOD determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, COCOBOD 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 COCOBOD 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 COCOBOD's incremental borrowing rate.

7. Significant accounting policies - cont'd

7.14. Leases - cont'd

ii. Leased assets

Leases of property, plant and equipment that transfer to COCOBOD 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 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. 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 COCOBOD'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 COCOBOD. 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 COCOBOD 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.

7.16. 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 COCOBOD has access at that date. The fair value of a liability reflects its non-performance risk.

A number of COCOBOD's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 35).

When one is available, COCOBOD 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 COCOBOD 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 COCOBOD 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.

7.16. Fair value measurement - cont'd

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.

7.17. Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to COCOBOD.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. COCOBOD is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on COCOBOD.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. COCOBOD will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. COCOBOD will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on COCOBOD.

8. Revenue

A. Revenue stream

COCOBOD generates revenue primarily from the sale of cocoa beans, which is disaggregated into local and foreign sales as follows:

	2020	2019
	GH¢'000	GH¢'000
Sale of cocoa beans	**10,199,363**	9,611,246
Sale of processed cocoa products	**74,265**	151,367
	10,273,628	9,762,613

B. Revenue disaggregation

Revenue from contracts with customers are disaggregated into foreign sales of GH¢8.75 billion (2019:GH¢8.04 billion) and local sales of GH¢1.53 billion (2019: GH¢1.73 billion).

C. Contract balances

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

	Note	2020	2019
		GH¢'000	GH¢'000
Receivables, which are included in 'trade and other accounts receivable	25	**469,196**	463,168
Contract liabilities	26	**159**	(354,726)

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.

8. Revenue - cont'd

C. Contract balances - cont'd

The amount of GH¢ (354,726,000) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 30 September 2020.

No information is provided about remaining performance obligations at 30 September 2020 that have an original expected a of one year or less, as required 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. COCOBOD 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
Sale of Cocoa beans	Customers obtain control of cocoa beans when the cocoa beans are dispatched 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. The contract does not permit the customer to return an item	Revenue is recognised when control over the goods is transferred the customers.

9. Direct costs

	2020	2019
	GH¢'000	GH¢'000
Costs of inventory	**6,617,219**	6,737,951
Buyers' margin and haulers' costs	**758,435**	770,442
Pest and disease control	**491,320**	10,868
Cocoa Hi -Tech expenses	**90,786**	581,804
Depreciation	**31,583**	24,527
Other direct costs	**149,746**	103,561
Government revenue support*	**-**	(94,914)
	8,139,089	8,134,239

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 2020/2019 crop year.

10. Other operating income

	2020	2019
	GH¢'000	GH¢'000
Rental income	**8,939**	6,845
Sundry Income	**202,080**	99,452
Profit on disposal of property & equipment	**1,301**	76
	212,320	106,373

11. Distribution expenses

	2020	2019
	GH¢'000	GH¢'000
Bank of Ghana commission	7,537	9,046
Other distribution expenses	12,026	-
	19,563	9,046

12. Administrative expenses

	2020	2019
	GH¢'000	GH¢'000
Auditor's remuneration	2,830	1,647
Amortisation of intangible assets	133,160	213,233
Depreciation of property, plant and equipment	146,532	74,524
Directors' remuneration	1,827	2,269
Exchange (gain)/loss	97,301	-80,540
Legal and professional expenses	-736	5,618
Other administrative expenses**	232,808	176,636
Repairs and maintenance	49,167	55,098
Rents, rates and insurance	5,246	54,985
Staff costs	1,086,058	783,416
Write-off of property, plant and equipment	-	26,942
	1,754,192	1,313,828

Included in the administrative expenses is an amount of GH¢98,578,000 incurred on the productivity Enhancement Programmes (PEPs) funded by the Africa Development Bank (AfDB) and Credit Suisse (CS). Refer to Note 42 for details.

13. Finance costs

	2020	2019
	GH¢'000	GH¢'000
Interest on Loan and borrowings	1,296,767	1,203,912
Interest on overdrafts	969	-
Interest on Finance lease	10,129	-
Finance cost - ECL	-	(31,910)
Interest on defined benefit pension obligations	28,530	30,688
	1,336,395	1,202,690

Included in the finance costs is an amount of GH¢67,991,000 incurred on the Productivity Enhancement Programme (PEPs) funded by the Africa Development Bank (AfDB) and Credit Suisse (CS). Refer to Note 42 for details.

14. Finance income

	2020	2019
	GH₵'000	GH₵'000
Interest on fixed deposits	**122,134**	198,482
Interest on loans and advances	**64,551**	44,388
Bank interest earned	**68,510**	76,841
Dividends	**294**	444
	255,489	320,155

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

Current tax expense	2020	2019
Current year	-	1,143
Deferred tax expense		
Originating and reversal of temporary differences	**(2,705)**	16,346
Derecognition of previously recognised temporary difference	-	25,800
	(2,705)	42,146
Total tax expense	**(2,705)**	43,289

B. Amounts recognised in OCI

	2020			2019		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Revaluation of property, plant and equipment	**176**		**176**	1,807,436	3,916	1,811,352
Remeasurement of defined benefit liability	**(14,749)**	**(44)**	**(14,793)**	(1,709)	1,133	(576)
Equity investments at FVOCI-net change in fair value	**2,810**	**-**	**2,810**	(684)	-	(684)
	(11,763)	**(44)**	**(11,807)**	1,805,043	5,049	1,810,092

15. Taxation - cont'd

C. Reconciliation of effective tax rate

	2020	2019
	GH¢'000	GH¢'000
Loss before tax	**(429,021)**	(277,276)
Corporate tax rate at 25% (2018: 25%)	**(107,255)**	(69,319)
Non-deductible expenses	**16,080**	2,278
Tax exempt income	**(27)**	-
Income tax at different rate	**-**	2,568
Derecognition of previously recognised temporary difference	**1,371**	26,767
Utilisation of tax losses for the year not recognised as deferred tax assets	**-**	514
Other timing differences	**7,809**	9,812
Effect of tax-exempt status of group entities	**79,317**	70,669
Total tax expense	**(2,705)**	43,289
Effective tax rate	**1%**	(16)%

D. Current tax liabilities

The movement on the current tax account was as follows:

	Balance at October 1	Payment for the period	Charge to profit or loss	Balance at September 30
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Up to 2019	19,133	-	-	19,133
2020	-	-	-	-
National Reconstruction Levy				
Up to 2016	2			2
Total	19,135			19,135

15. Taxation - cont'd

E. Movement in deferred tax balances

2020	Net balance at 1 Oct	Adjustment	Net balance after adjustment	Recognised profit or loss	In OCI	Translation difference	Net assets/ Liabilities	Deferred tax asset	Deferred tax liabilities
	GH¢'000	GH¢'000	GH¢'000	GH¢'000					
Property, plant and equipment	94,872		94,872	(3,194)		66,992	158,671		158,671
Employee benefit obligations	(4,802)		(4,802)	(239)	44	301	(4,697)	(4,697)	
Inventories	(43)		(43)	(78)	-	39	(82)	(82)	
Trade accounts receivable	(1,027)		(1,027)	(406)	-	484	(1,917)	(1,917)	
Other financial assets	(2,859)		(2,859)	1,373	-	-	(1,486)	(1,486)	
Tax losses	-	-	-	(161)	-	-	(161)	(161)	-
Total	**86,141**	**-**	**86,141**	**(2,705)**	**44**	**67,816**	**150,328**	**(8,343)**	**158,671**

2019	Net balance at 1 Oct	Adjustment - IFRS 9	Net balance after adjustment	Profit or loss	Recognised in OCI	Translation differences	Net assets/ Liabilities	Deferred tax asset	Deferred tax liabilities
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	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 accounts receivable	(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

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.

	2020		2019	
	Gross amount	Tax effect	Gross amount	Tax effect
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Tax losses	**174,564**	**43,641**	156,279	27,530

G. Tax losses carried forward

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

	2020		2019	
	GH¢'000	Expire date	GH¢'000	Expire date
Tax losses - 2016	**108,844**	**2021**	108,844	2021
Tax losses- 2017	**31,318**	**2022**	31,318	2022
Tax losses - 2018	**16,117**	**2023**	16,117	2023
Tax losses - 2020	**18,285**	**2025**	-	
	174,564		156,279	

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 2020. Under the terms of the agreement, Ghana Cocoa Board will operate and make the cocoa roads available to the public and industry stakeholders for a period of 10 years, starting from the date of completion of construction of each cocoa road. Ghana Cocoa Board will be responsible for any maintenance services required during the concession period. Ghana Cocoa Board does not expect major repairs to be necessary during the concession period. The grantor will not provide Ghana Cocoa Board a guaranteed minimum annual payment for each year that the cocoa road is in operation.

Additionally, Ghana Cocoa Board has received the right to charge users a fee for using the road, which COCOBOD 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 COCOBOD'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.

16. Intangible assets - cont'd

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.

COCOBOD has recognised a service concession intangible asset up to 30 September 2020, initially measured at the total cost of construction of roads completed amounting to GH¢1,339 million (2019:GH¢1,270 million), of which GH¢465 million (2019:GH¢332 million) has been amortised from commencement to date. The intangible asset represents the right to charge users a fee for use of the roads.

The table below shows the intangible assets that COCOBOD 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 2020 and the related amortisation for the year ended 30 September 2020.

	2020	2019
	GH¢'000	GH¢'000
Cost		
At 1 October	1,270,179	548,591
Transfers from Contract assets	68,814	721,588
At 30 September	**1,338,993**	1,270,179
Amortisation		
At 1 October	332,205	118,972
Charge for the year	133,150	213,233
At 30 September	**465,355**	332,205
Carrying amount		
At 30 September	**873,638**	937,974

17. Contracts assets

	2020	2019
	GH¢'000	GH¢'000
Cost		
At 1 October	1,550,649	1,921,274
Additions	323,384	350,963
Transfers from Contract assets	(61,317)	(721,588)
At 30 September	**1,812,716**	1,550,649

18. Property, plant and equipment

2020	Land and buildings	Furniture and equipment	Motor vehicles	Plant and machinery	Work in progress	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost/Valuation						
At 1 October 2019	3,977,263	93,806	6,173	477,400	243,461	4,868,103
Additions	1,342	16,250	59,315	10,460	187,074	274,442
Disposals/Write off	(842)	(1,187)	(4,485)	(545)	-	(7,060)
Transfer between categories	(75,904)	-		10,811	(10,811)	(75,904)
Effect of movement in exchange rate	(1,784)	2,134	(1,578)	84,198	(940)	80,937
At 30 September 2020	**3,900,075**	**111,003**	**129,425**	**582,324**	**418,784**	**5,141,611**
Accumulated depreciation						
At 1 October 2019	22,790	73,943	66,380	246,172	-	409,285
Charge for the year	81,320	13,358	20,683	35,195	-	150,555
Released on disposal	(181)	(1,152)	(4,177)	(513)	-	(6,023)
Effect of movement in exchange rate	(21,909)	766	(5,110)	(190,370)	-	(216,623)
At 30 September 2020	**82,020**	**86,914**	**77,776**	**90,484**	**-**	**337,193**
Carrying amounts						
At 30 September 2020	**3,818,055**	**24,088**	**51,649**	**491,841**	**418,784**	**4,804,418**

	GH¢'000
Comprising	
Carrying amount under cost model	334,424
Revaluation surplus recognised	3,484,331
At 30 September 2019	**3,818,755**

18. Property, plant and equipment - cont'd

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**					

There are no restrictions to title on any of COCOBOD's property, plant and equipment and there are no charges on any of these assets. There was no indication of impairment of property, plant and equipment held by COCOBOD at 30 September 2020 (2019: GH¢ Nil).

COCOBOD'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 on 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.

18. Property, plant and equipment - cont'd

Gain on disposal of property, plant and equipment

	2020	2019
	GH¢'000	GH¢'000
Proceeds from disposal of property, plant and equipment	2,338	131
Net book value	(1037)	(55)
	1,301	76

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

	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Land and buildings	-	**3,818,755**	-	**3,818,755**

19. Investment properties

	2020
	GH¢'000
Opening balance as at 1 October	75,904
Additions	-
Fair value remeasurements	-
Balance as at 30 September	**75,904**

As at 1 October 2019, buildings which were previously classified as property, plant and equipment's has been reclassified as Investment property. This was the date at which these building met the definition of an Investment property as detailed in the summarised accounting policy above.

COCOBOD's investment properties consist of two commercial properties. Management determined that the investment properties consist of one class of asset based on the nature, characteristics and risks of each property.

As at 30 September 2020 the fair values of the properties are based on valuations performed by a Certified Chartered Surveyors an accredited independent valuer. They in valuing these types of investment properties used a valuation model in accordance with that recommended by the International Valuation Standards Committee.

	2020
	GH¢'000
Rental income derived from investment properties	**8,938**

COCOBOD has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

20. Investment in subsidiaries

	Country of Incorporation	Interest	Principal place of business
Investment in listed entity			
Cocoa Processing Company Limited	Ghana	57.73%	Ghana
Investment in unlisted entity			
Cocoa Marketing Company (Ghana) Limited	Ghana	100%	Ghana
Cocoa Marketing Company (UK) Limited*	Ghana	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.

21. Investment in associate

Tema Chemicals Limited

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

	2020	2019
	GH₵'000	GH₵'000
Percentage ownership interest	49%	49%
Non-current assets	9,776	9,880
Current assets	2,056	2,254
Current liabilities	(1,388)	(1,395)
Non-current liabilities	(2,223)	(3,968)
Net assets (100%)	8,221	6,771
Group's share of net assets (49%)	4,028	3,318
Revenue	336	348
Loss from continuing operations (100%)	(289)	(432)
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	(289)	(432)
Group's share (49%) of total comprehensive income	(142)	(212)
Carrying amount of interest in associate	3,318	3,530
Share of OCI	(142)	(212)
Cumulative catch up adjustment	852	-
	4,028	3,318

22. Other investments

Equity securities designated as at FVOCI

The Group has 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.

	2020	2019
	GH₵'000	GH₵'000
Non-current investments		
Equity securities - at FVOCI		
GOIL Company Limited	120	100
GCB Bank Ghana Limited	10,662	7872
	10,782	7,972

22. Other investments - cont'd

Net changes in fair values of these securities is shown below:

	2020	2019
	GH₵'000	GH₵'000
At 1 October	**7,972**	8,656
Net change in fair value	**2,810**	(684)
30 September	**10,782**	7,972

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

23. Inventories

	2020	2019
	GH₵'000	GH₵'000
Cocoa beans	**30,591**	33,323
Other consumables and inputs	**954,968**	986,685
Processed cocoa products	**91,778**	16,937
	1,077,337	1,036,945

24. Other financial assets

	2020	2019
	GH₵'000	GH₵'000
Financial assets measured at amortised cost		
Fixed deposits	**382,126**	506,930
Impairment of doubtful debts	**(5,944)**	-
	376,182	506,930

Other financial assets classified as amortised cost have interest rates of 1% to 19% (2019: 1% to 19 %) and mature in a year.

25. Trade and other accounts receivable

	2020	2019
	GH₵'000	GH₵'000
Current		
Trade accounts receivable	**469,196**	422,646
Amounts due from related parties	**1,627,491**	2,611,319
Other accounts receivable	**3,861,640**	1,074,580
Prepayments	**75,520**	14,115
Loans accounts receivable	**694,053**	189,362
	6,727,900	4,312,022
Non-current		
Loans receivable	**95,625**	38,053
Amounts due from related parties	**418,429**	1,215,105
	514,054	1,253,158

25. Trade and other accounts receivable - cont'd

Credit and market risks, and impairment losses

Information about COCOBOD's exposure to credit and market risks, and impairment losses for trade accounts receivable is included in Note 34.

Included in trade and other accounts receivable is deferred cost amounting to GH¢1,752,138,521 (2019:GH¢576,376,000). This relates to cost of fertilizers and chemicals incurred by COCOBOD on behalf of cocoa farmers during the year to support sustained and improved yield of cocoa beans. The cost of fertilizers and chemicals is considered in determining the net FOB sharing. The amount capitalised relates to future benefits of the cost of fertilizers and chemicals that will be allocated on future FOB sharing.

26. Cash and cash equivalents

	2020	2019
	GH¢'000	GH¢'000
Cash at bank	1,171,312	652,515
Cash in hand	16,192	2,631
Fixed deposits	523,141	346,012
Cash and cash equivalents in the statement of financial position	1,710,645	1,001,158
Bank overdraft	(7,065)	(6,157)
Cash and cash equivalents in the statement of cash flows	**1,703,580**	995,001

27. Loans and borrowings

	2020	2019
	GH¢'000	GH¢'000
Current	GH¢'000	GH¢'000
Secured bank loans	1,291,910	681,483
Unsecured bills and notes payable	8,487,997	6,467,274
	9,779,907	7,148,757
Non-current		
Secured bank loans	2,696,356	2,684,350
Total	**12,476,263**	9,833,107

Information about COCOBOD's exposure to interest rate, foreign currency and liquidity risks is included in Note 34.

27. Loans and borrowings - cont'd

Terms and debt repayment schedule	Nominal Interest	Year of Maturity	2020 Face Value	2020 Carrying amount	2019 Face value	2019 Carrying Amount
			GH¢'000	GH¢'000	GH¢'000	GH¢'000
Secured bank loan (A) - BoG	6%	Nov-22	1,389,393	1,389,393	1,667,675	1,667,675
Unsecured bill - 6090	17%	Nov-19	-	-	844,503	826,243
Unsecured bill - 6091	17%	Nov-19	-	-	707,317	690,320
Unsecured bill - 6092	17%	Nov-19	-	-	200,000	194,332
Unsecured bill - 6093	17%	Jan-20	-	-	1,778,550	1,698,245
Unsecured bill - 6094	17%	Jan-20	-	-	828,374	782,597
Unsecured bill - 6095	17%	Jan-20	-	-	109,343	103,250
Unsecured bill - 6096	17%	Jan-20	-	-	281,404	265,174
Unsecured bill - 6097	17%	Jan-20	-	-	396,536	373,288
Unsecured bill - 6098	18%	Feb-20	-	-	110,000	103,284
Unsecured bill - 6099	17%	Feb-20	-	-	700,000	649,548
Unsecured bill - 6100	17%	Mar-20	-	-	850,000	780,993
Unsecured bill - 6115	16%	Nov-20	1,007,651	988,780	-	-
Unsecured bill - 6116	16%	Nov-20	611,851	598,708	-	-
Unsecured bill - 6117	16%	Nov-20	732,838	713,956	-	-
Unsecured bill - 6118	16%	Dec-20	1,689,694	1,619,233	-	-
Unsecured bill - 6119	16%	Jan-21	861,931	823,252	-	-
Unsecured bill - 6120	16%	Jan-21	1,300,000	1,233,415	-	-
Unsecured bill - 6121	16%	Feb-21	1,100,000	1,034,325	-	-
Unsecured bill - 6122	16%	Mar-21	1,596,490	1,476,328	-	-
Secured bank loan (B) - MTL	2.5%+Libor	Mar-22	1,284,127	1,284,127	1,573,603	1,573,603
Secured bank loan (C) - ADFB	4.5%+Libor	May-26	1,161,900	1,161,900	-	-
Barclays secured bank loan	Libor+9.19%	March-20	128,893	128,893	124,555	124,555
Prudential Bank loan A	22%	Oct.2020	5,497	5,497		
Prudential bank Loan B	20%	0ct.2024	18,455	18,455	-	-
			12,476,263	**12,888,721**	10,171,860	9,833,107

27. Loans and borrowings - cont'd

	Opening balance GH₵'000	Additions GH₵'000	Capital repayments GH₵'000	Finance costs GH₵'000	Interest paid GH₵'000	Exchange difference GH₵'000	Closing balance GH₵'000
Secured bank loan (Syndicated loan)	-	6,984,535	(7,239,143)	77,510	(77,510)	254,608	-
Secured bank loan (A) - BoG	1,667,675	-	(269,150)	98,913	(108,045)	-	1,389,393
Unsecured bills and notes payable	6,467,274	14,625,049	(12,664,725)	935,075	(874,678)	-	8,487,995
Secured bank loans (B) - MTL	1,573,603	-	(425,918)	151,321	(70,344)	55,466	1,284,128
Secured bank loan (C) - ADFB	-	1,122,580	-	21,360	-	17,960	1,161,900
Barclays loans	115,923	-	-	9,670	(6,499)	9,799	128,893
Prudential loans	8,632	13,361	-	2,918	(841)	(117)	23,953
	9,833,107	**22,745,525**	**(20,598,936)**	**1,296,767**	**(1,060,407)**	**337,715**	**12,476,263**

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
Scoured 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	(189,454)	552,583	1,573,604
	8,365,144	18,844,829	(18,006,433)	1,457,033	(1,388,623)	561,157	9,833,108

28. Trade and other accounts payable

	2020	2019
	GH₵'000	GH₵'000
Trade accounts payable	**176,947**	201,593
Other taxes and social security	**162,673**	131,644
Other accounts payable	**639,560**	144,702
Accruals	**596,679**	569,550
Retention payable	**180,188**	187,719
Amounts payable to road contractors	**413,066**	327,529
	2,169,113	1,562,737

Information about COCOBOD's exposure to currency and liquidity risks is included in Note 34 (d)

29. Leases

Company as a lessee

COCOBOD has lease contracts for various warehouses used in its operations. Leases warehouse have lease terms between 3 and 5 years with renewal options for 3 to 5years. COCOBOD's obligations under its leases are secured by the lessor's title to the leased assets. Generally, COCOBOD is restricted from assigning and subleasing the leased assets.

COCOBOD did not have any lease with terms of 12 months or with low value. COCOBOD applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Warehouses and buildings	Total
	GH₵'000	GH₵'000
As at 1 October 2019	181,907	181,907
Amortisation charge for the year	(30,158)	(30,158)
Carrying amount as at 30 September 2020	**151,749**	**151,749**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020
	GH₵'000
As at 1 September 2019	160,304
Additions	-
Accretion of Interest	10,129
Payment	24,053
Exchange difference	(28,421)
	117,959

Current	2020
	GH₵'000
Current	17,692
Non-current	100,267
Total	**117,959**

29. Leases - cont'd

The following are the amounts recognised in profit or loss:

	2020
	GH¢'000
Depreciation expense of right-of-use assets	30,158
Interest expense on lease liabilities	10,129
Total amount recognised in profit or loss	**40,287**

Company as a lessor

COCOBOD leases out investment properties under operating leases (see Note 19).

30. Contract liabilities

	2020	2019
	GH¢'000	GH¢'000
Customer advances	**159**	354,726

31. Provisions

	Stabilisation fund	Farmers' Social Security fund	Farmers' Welfare fund	Other provisions	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
At October 2019	-	28,899	27,578	3,696	60,173
Provisions made during the year	-	-	-	-	-
At 30 September 2020	**-**	**28,899**	**27,578**	**3,696**	**60,173**

32. Employee benefit obligation

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.

	2020	2019
	GH¢'000	GH¢'000
At 1 October	197,903	171,414
Included in profit or loss		
Current service costs	6,188	8,776
Interest costs	28,530	30,688
	34,718	39,464
Included in other comprehensive income		
Re-measurements: Actuarial loss/(gain)	14,749	1,709
Other		
Benefits paid	(16,299)	(15,396)
Exchange adjustments	1,349	712
At 30 September	**232,420**	197,903
Represented by:		
Net defined benefit liability-Plan A	36,573	34,457
Net defined benefit liability-Plan B	36,405	35,375
Net defined benefit liability-Plan C	141,324	112,566
Net defined benefit liability-Plan D	18,117	15,505
	232,419	197,903

32. Employee benefit obligation - cont'd

The expense has been recognised in the following line items in profit or loss

	2020	2019
	GH¢'000	GH¢'000
Administrative expenses	**6,188**	8,776
Finance costs	**28,530**	30,688
	34,718	39,464

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

	2020	2019
	%	%
Discount rate	16.5	16
Future salary increases	12.5	12
Rate of medical inflation	9.9	12
Rate of inflation	10.4	10
Withdrawal rates (see table below):		

	2020		2019	
Age	Males	Females	Males	Females
Less than 30	**5%**	**5%**	5%	5%
Age 30 to 39	**4%**	**4%**	4%	4%
Age 40 to 49	**3%**	**3%**	3%	3%
Age 50 to 60	**2%**	**2%**	2%	2%
Greater than 60	**-**	**-**	-	-

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

32. Employee benefit obligation - cont'd

Sensitivity analysis

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

2020	Superannuation		Long service awards	medical benefit	Post-retirement		Repatriation		Combined	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Discount rate (1% movement)	17,324	19,441	34,469	38,719	156,544	191,279	21,891	19,518	230,228	268,957
Withdrawal rate (10% movement)	18,325	-	37,706	-	144,605	-	10,622	-	211,258	-
Inflation rate (1% movement)	19,555	-	39,553	-	192,348	-	18,223	-	269,679	-
Mortality (1% movement)	17,077	-	36,344	-	171,675	-	16,680	-	241,776	-
2019										
Discount rate (1% movement)	16,567	18,663	49,523	55,475	101,943	125,339	14,802	14,802	182,835	215,826
Withdrawal rate (10% movement)	17,557	-	53,276	-	99,018	-	9,103	-	178,954	-
Inflation rate (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	-

Defined contribution plan

The total expenses relating to these plans in the current year are as follows:

	2020	2019
	GH₵'000	GH₵'000
Defined contribution expense recognised on the year	**147,624**	104,344

33. Capital and reserves

Capital contribution

The capital contribution comprises of Government of Ghana'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 (2019: 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 it carrying amount is included in the revaluation reserve.

Retained earnings

The retained earnings comprise accumulated profit and/or loss from subsequent years, the profit/(loss) for the current period and (gain)/loss from the re-measurement of defined benefit obligations.

34. Financial instruments

Accounting classifications and fair values

A number of COCOBOD's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. COCOBOD regularly reviews significant unobservable inputs and valuation adjustments. When measuring fair value of an asset or a liability, COCOBOD 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. COCOBOD 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.

2020	FVOCI-equity instruments	Financial assets at amortised cost	Total
	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value			
Other investments	10,782	-	10,782
Financial assets not measured at fair value			
Trade and other accounts receivable		7,476,590	7,476,590
Cash and cash equivalents		1,663,532	1,663,532
Other financial assets		249,212	249,212
		9,389,334	**9,389,334**

34. Financial instruments - cont'd

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

Fair value hierarchy	Level 1 GH₵'000	Level 2 GH₵'000	Level 3 GH₵'000	Total GH₵'000
30 September 2020				
FVOCI - equity instruments				
Other investments	**10,782**	**-**	**-**	**10,782**
30 September 2019				
FVOCI - equity instruments				
Other investments	7,972	-	-	7,972

b. Measurement of fair values

	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 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.

2020	Other financial liabilities GH₵'000	Total GH₵'000
Financial liabilities not measured at fair value		
Loans and borrowings	12,323,417	12,323,417
Trade and other accounts payable	1,980,129	1,980,129
Lease liabilities	117,958	117,958
	14,421,504	**14,421,504**
2019		
Financial liabilities not measured at fair value		
Bank overdraft	7,065	7,065
Loans and borrowings	12,476,262	12,476,262
Trade and other accounts payables	1,689,667	1,689,667
	14,172,994	14,172,994

34. Financial instruments - cont'd

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 risk management framework.

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 is as follows:

	2020	2019
	GH¢'000	GH¢'000
Other financial assets	376,182	506,930
Cash and cash equivalents	1,694,453	998,527
Trade accounts receivable	469,196	422,646
Amounts due from related parties	1,627,491	3,826,424
Other accounts receivable	3,861,640	498,204
Loan account receivable	694,053	227,415
	8,723,015	6,480,146

34. Financial instruments - cont'd

c. Financial risk management - cont'd

ii. Credit risk - cont'd

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

	2020	2019
	GH₵'000	GH₵'000
Other financial assets	**(12,525)**	(37,280)
Cash and cash equivalents	**-**	5,370
Trade and other accounts receivables and contract assets arising from contracts with customers	**(210,570)**	(193,598)
	(223,095)	(225,508)

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 2020, the exposure to credit risk for trade and other receivables by type of customer was as follows:

	2020	2019
	GH₵'000	GH₵'000
Local trade accounts receivable	**454,521**	413,507
Foreign trade accounts receivable	**14,675**	9,139
Other receivables	**6,183,184**	4,552,042
	6,652,380	4,974,688

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

	2020		2019	
	GH₵'000		GH₵'000	
	Not credit-impaired	Credit impaired	Not credit-impaired	Credit impaired
Local trade accounts receivable	**478,362**	**46,696**	550,706	374,997
Foreign trade accounts receivable	**14,675**	**-**	9,139	-
Other accounts receivable	**5,171,707**	**1,151,510**	4,431,966	86,923
Total gross carrying amount	**5,664,744**	**1,198,206**	4,991,811	461,920
Loss allowance	**(141,248)**	**(69,322)**	(256,101)	(222,942)
	5,523,496	**1,128,884**	4,735,710	238,978

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).

34. Financial instruments - cont'd

c. Financial risk management - cont'd

ii. Credit risk - cont'd

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 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 fair values and in the latter case whether they were credit impaired.

September 2020	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Neither past due nor impaired	5,664,744			5,664,744
Impaired	-	-	1,198,206	1,198,206
Gross carrying amount	5,664,743	-	1,198,206	6,652,389
Loss allowance	(141,248)	-	(69,322)	210,570
Carrying amount	**5,523,496**	-	**1,128,884**	-

September 2019	Stage 1	Stage 2	Stage 3	Total
	GH₵'000	GH₵'000	GH₵'000	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 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.

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

The Group held cash and cash equivalents of GH₵1,663,532,000 (2019: GH₵942,227,000) at the reporting date. 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 accounts receivables.

34. Financial instruments - cont'd

c. Financial risk management (continued)

iv. 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.

30 September 2020	Contractual cash flows					
	Carrying amount	Total	1 Year or less	1 to 2 year	2 to 5 years	Over 5 years
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000	GH₵'000
Non-derivative financial liabilities						
Secured bank loans (GH₵)	1,389,393	1,389,394	5,191	1,038,152	346,051	-
Secured bank loans (US$)	1,294,127	1,294,127	1,294,127		-	-
Unsecured bills (GH₵)	8,487,997	8,900,455	8,900,455	-	-	-
Barclays loans	128,893	128,893	128,893	-	-	-
Prudential loans	23,953	27,644	5,497	5,537	16,610	-
Trade and other accounts payable	2,169,114	2,169,114	1,426,436	95,269	638,155	9,254
Bank overdrafts	7,065	7,065	7,065	-	-	-
	13,500,542	**13,916,692**	**11,767,664**	**1,138,958**	**1,000,816**	**9,254**

30 September 2019	Contractual cash flows				
	Carrying amount	Total	1 Year or less	1 to 2 year	2 to 5 years
	GH₵'000	GH₵'000	GH₵'000	GH₵'000	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$)	1,573,604	1,699,308	444,330	847,898	407,080
Unsecured bills (GH₵)	6,467,274	6,806,028	6,806,028	-	-
Trade and other accounts payable	1,431,093	1,431,093	1,431,093	-	-
Bank overdrafts	6,157	6,157	6,157	-	-
	11,093,370	11,725,952	9,272,293	1,405,232	1,048,427

v. Market risk

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

Market risk 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.

vi. 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 COCOBOD's exposure to currency risk was as follows based on the carrying amount of monetary financial instruments.

30 September 2020			
	Pound sterling	Euro	US Dollar
	GH₵'000	GH₵'000	GH₵'000
Cash and cash equivalents	2,119	3,720	165,000
Trade accounts receivable	-	-	465,955
Amounts due from related parties	-	-	972,210
Other accounts receivable	-	-	-
Loan account receivable	-	-	-
Other financial assets	-	-	86,835
Secured bank loans	-		(2,446,027)
Trade and other accounts payable	-	-	(519,038)
	2,119	**3,720**	**(1,275,065)**

30 September 2019			
	Pound sterling	Euro	US Dollar
	GH₵'000	GH₵'000	GH₵'000
Cash and cash equivalents	423	394	8,303
Trade accounts receivable		230	88,569
Amounts due from related parties			166,009
Other accounts receivable			
Loan accounts receivable			240,039
Other financial assets		5	50,793
Secured bank loans			(317,852)
Trade and other accounts payable	-	(868)	(144,984)
	423	(239)	90,877

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.

GHC	Mid-year rates		Year end rate	
	2020	2019	2020	2019
GBP 1	**6.7583**	6.4730	**7.3585**	6.5412
EUR 1	**5.9752**	5.7160	**6.6786**	5.7956
USD 1	**5.4423**	5.0857	**5.7027**	5.3161

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.

34. Financial instruments - cont'd

c. Financial risk management

GHC	Equity		Profit	
	2020	2019	**2020**	2019
GBP	**198**	(274)	**212**	(277)
EUR	**316**	(137)	**372**	(139)
USD	**127,281**	(102,641)	**127,507**	(107,291)

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 COCOBOD's interest-bearing financial instruments was as follows:

	2020	**2019**
	GH₵'000	GH₵'000
Fixed rate instruments		
Loans receivables	**694,053**	227,415
Other financial assets	**376,182**	506,930
Cash and cash equivalents - fixed deposits	**523,141**	346,012
Bank overdrafts	**(7,065)**	(6,157)
Loans and borrowings	**(9,901,342)**	(8,134,949)
	(8,315,031)	(7,060,749)
Variable rate instruments		
Loans and borrowings	**(2,574,920)**	(1,698,158)

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.

	2020	**2019**
	GH₵'000	GH₵'000
Equity		
Increase	**12,875**	8,491
Decrease	**(12,875)**	(8,491)
Profit		
Increase	**12,875**	8,491
Decrease	**(12,875)**	(8,491)

Market risk - Equity price risk

COCOBOD's exposure to equity price risk arises from its investment in equity securities at FVOCI are shown on the reporting date as other investments.

34. Financial instruments - cont'd

c. Financial risk management

Sensitivity analysis - Equity price risk

All of the Group's equity investments are listed on the Ghana Stock Exchange. For investments classified at FVOCI a 2% increase in the equity prices at the reporting date would have increased equity by the amounts shown below.

	2020	2019
	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.

35. Commitments

Ghana Cocoa Board has made commitments to incur capital expenditures of GH¢2,436,760,706 (2018: GH¢2,679,047,000). These commitments relate to contract assets and property, plant and equipment that are expected to be executed in 2020.

36. Contingencies

Contingent liabilities comprise pending lawsuits and claims brought against COCOBOD which is estimated at GH¢4,122,848 (2018: GH¢18,824,000). In the opinion of the Directors, no material loss is expected to arise from these claims.

37. 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:

	2020	2019
	GH¢'000	GH¢'000
Short term benefits	**3,314**	4,083
Pensions	**533**	511
	3,847	4,594

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

37. Related parties - cont'd

A. Related party transactions during the year

	2020	2019
	GH₵'000	GH₵'000
Advances made in the year:		
Payments made on behalf of the Government of Ghana	**63,192**	21,427
Government revenue support		
Government reimbursement of shortfall in producer price of cocoa beans	**-**	(94,914)
Interest income on receivable from Government of Ghana		
Cocoa beans interest reimbursement from Government of Ghana	**(371,198)**	(253,121)
Receivables outstanding:		
Government of Ghana	**2,669,794**	3,895,271

None of these balances from related parties is secured. The total allowance against these balances at 30 September 2020 was GH₵ nil (2019: GH₵68.85 million).

D. Other related party transactions during the year

At the year end COCOBOD had outstanding loan payable to Bank of Ghana (BoG) of GH₵1,389,393,000 (2019: GH₵1,667,676,000). The relationship between COCOBOD and Bank of Ghana (BoG) is a normal banking relationship between a central bank and government agencies and departments..

38. 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

	2020	2019
	GH₵'000	GH₵'000
Total liabilities	**15,232,615**	12,120,079
Less: Cash and cash equivalents	**(1,703,580)**	(1,001,158)
Net debt	**13,529,035**	11,118,921
Total equity	**2,899,677**	2,948,875
Net debt to equity ratio	**4.67**	3.77

39. Subsequent events

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 int Hubei province, China. The WHO declared the coronavirus outbreak to be 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 activities 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 is uncertain at this time and therefore we cannot currently assess the impact it may have on the Company's future operations. The Company will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

39. Subsequent events - cont'd

During the 2020/2021 financial year and prior to the signing of the 2019/2020 audited financial statements, a total amount of GH₵1,470,294,836 was received on account of the Government of Ghana receivable amount. There are no adjusting subsequent events.

40. Going concern

The Group incurred a net loss for the year ended 30 September 2020 of GH₵426,315,000 (2019: GH₵ 320,565,000) and as of that date its current liabilities exceeded its current assets by GH₵2,168,257 (2019: GH₵2,294,630,000).

The loss resulted from fixed costs that are irrespective of cocoa production levels coupled with low prices of cocoa beans on the world market. The net current liability position for the year end was as a result of the capitalization of accrued interest on short term borrowings rollovers. The Directors believe that COCOBOD would return to a sustainable level of profitability that would have a positive effect on the current ratio of COCOBOD 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 consolidated financial statements for the year ended 30 September 2019.

Accordingly, the consolidated financial statements have been 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.

41. Loss for the year

The loss for the year of GH₵426,315,000 includes the loss of GH₵133,039,000 incurred on the Productivity Enhancement Programmes (PEPs) funded by the Africa Development Bank (AfDB) and Credit Suisse (CS). Refer to Note 42 for the details on the Productivity Enhancement Programmes (PEPs).

42. SUPPLEMENTARY FINANCIAL INFORMATION

PRODUCTIVITY ENHANCEMENT PROGRAMME (PEPS) - AfDB / CS FUNDED

INCOME AND EXPENDITURE ACCOUNT

	2020
	GH₵'000
Revenue	-
Administrative expenses	(98,578)
Operating profit/(loss)	**(98,578)**
Financial costs	(67,991)
Financial income	33,531
Excess of expenditure over income	**(133,039)**
STATEMENT OF AFFAIRS	
Non-current assets	
Property, plant and equipment	7,498
Other investments	-
	7,498
Current assets	
Trade and other receivables	(735,509)
Cash and cash equivalents	595,448
	(140,061)
Total assets	**(132,563)**
Current liabilities	
Trade and other payables	476
ACCUMULATED FUND	
Excess of expenditure over income	(133,039)
Total equity and liabilities	**(132,563)**

NOTES

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NOTES

GHANA COCOA BOARD

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