GHANA COCOA BOARD

52ND ANNUAL REPORT

AND CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER, 2021

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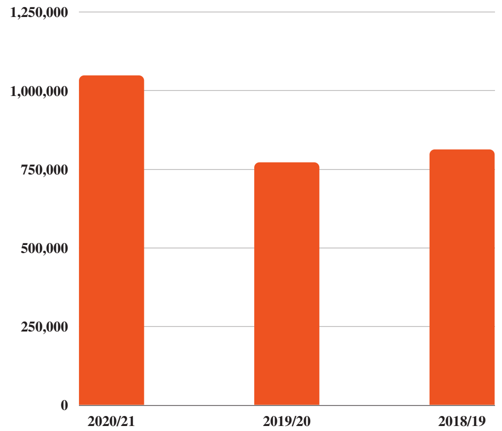
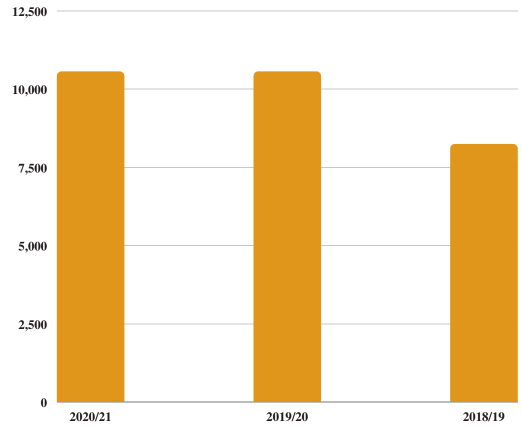
Financial Highlights

The 52nd Annual Report for the year ended September 2021 contains consolidated accounts, operational activities and the future outlook of the cocoa industry. In line with the Board's Directives, Ghana Cocoa Board stand-alone have been presented for the 2020/21 season.

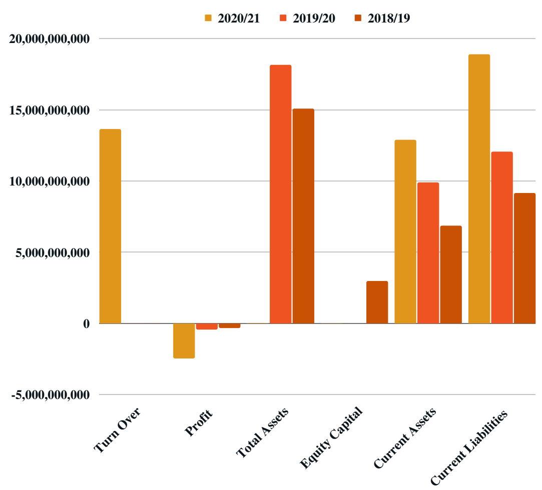
Cocoa Purchased



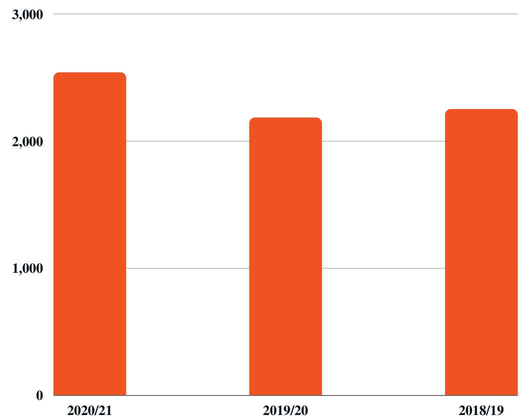
Producer Prices (GH¢)

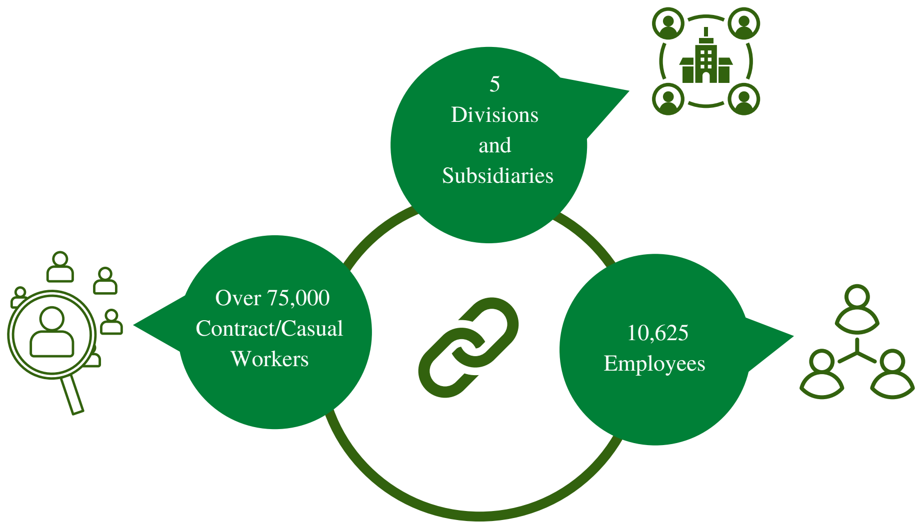


Financials (GH¢)



Achieved F.O.B (US$ per tonne of cocoa)





Corporate Information

BOARD OF DIRECTORS	Peter Mac-Manu Hon Joseph Boahen Aidoo Ernest Kwamina Yedu Addison Hon. Charles Adu Boahen Hon. Yaw Frimpong Addo Hon. Herbert Krapa Hon. Kwadjo Asante Nana Adwoa Dokua Nana Johnson Mensah Nana Obeng Akrofi Edward Okoh Ampofo
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 Adonten Community Bank Limited Agricultural Development Bank Limited Bank of Africa Ghana Limited CAL Bank Plc Consolidated Bank Ghana Limited Ecobank Ghana Limited FNB Bank Ghana Limited Fidelity Bank Ghana Limited First Atlantic Bank Limited GCB Bank Plc 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

The tenure of the previous Board ended in January 2021:

A new Board was constituted in August 2021 comprising:

Peter Mac-Manu
Board Chairman

Hon. Joseph Boahen Aidoo
Chief Executive, Member

Ernest Kwamina Yedu Addison
Governor, Bank of Ghana, Member

Hon. Kwadjo Asante
Government Appointee, Member

Hon Yaw Frimpong Addo
Deputy Minister for Food & Agric, Member.

Hon. Herbert Krapa
Rep Min. of Trade & Industry, Member.

Nana Adwoa Dokua
Government Appointee
Member.

Nana Johnson Mensah
Member.

Nana Obeng Akrofi
Farmers' Representative, Member

Edward Okoh Ampofo
Workers' Representative, Member.

Chairman's Statement

World Cocoa Environment 2020/21 Season

Global cocoa output grew by 9.3% to 5.2 million tonnes during the 2020/21 crop year. This rise was mainly driven by the higher crop in West Africa, led by Côte D'Ivoire and Ghana whose combined crop increased by 419,000 tonnes. The crop in the Americas and Asia & Oceania dropped by 1.6%, and 0.9% respectively.

The rise in West Africa's production was largely due to conducive meteorological conditions. Ghana in particular recorded its highest production of 1.047 million tonnes, partly due to the implementation of the Productivity Enhancement Programmes (PEPs), which comprised of disease and pest control, hand pollination, rehabilitation and replanting, pruning, mass spraying and fertilizer application.

Global demand did not match up with the rise in production, leading to an overall surplus in the market. World grindings were estimated at 4.6 million tonnes, down by 152,000 tonnes year-on-year. The decline in Europe, the largest cocoa market, was significant. Processing activities shrunk by 4.1% in Europe, 3.5% in Asia and 3.4% in the Americas. These declines resulted in a surplus of 212,000 tonnes.

The fall in global demand was largely due to adverse effect of the COVID-19 pandemic and associated control measures. This resulted in prolonged depression of prices during the year under review.

The average price of cocoa for the 2020/21 crop year stood at US$2,396.66 per tonne, similar to the US$2,398.37 per tonne recorded in 2019/20 crop year.

Operating Results

The adverse global market situation caused by the COVID-19 pandemic impacted negatively on the finances of COCOBOD. This resulted in a loss of GH¢2,437,889,000 for 2020/21 crop year as against a loss of GH¢426,315,000 recorded in 2019/20 crop year.

Outlook and Future Development

COCOBOD will continue with the implementation of the Productivity Enhancement Programmes (PEPs) to ensure a thriving and sustainable cocoa industry. The Board will continue the implementation of the compensation-based rehabilitation programme, promote irrigation of cocoa farms, undertake hand pollination with increased farmer participation, mass pruning of farms, improved and cost effective access to fertilizers for soil fertility improvement and management and effective control of pests and diseases through the Cocoa Disease and Pest Control (CODAPEC) programme.

The Board will continue to use the Structured Commodity Trade Finance facility to fund cocoa purchasing operations. For the 2021/2022 season, an amount of US$1.5 billion has been secured by COCOBOD for cocoa purchasing operations at a margin of LIBOR plus 110 basis points. Effective negotiations by COCOBOD's management, coupled with the easing of liquidity constraints on the international financial market, contributed to the reduction in the margin for this syndicated loan facility.

COCOBOD will continue to sustain the interest of farmers by rendering the required services within its mandate. Effective extension delivery, pest and disease control, soil fertility management and improvement, as well as remunerative producer prices are among the top priority interventions.

The digitization of cocoa sector through the Cocoa Management System (CMS) will be continued in the 2021/22 crop year. The system provides a comprehensive data on cocoa farmers and their farms, and digital payment platform for farmers and other supply chain players. This will aid the operations of COCOBOD as well as ensure effective and efficient monitoring of deforestation and child labour situations in the cocoa landscape.

Our drive to promote cocoa consumption and support micro, small and medium scale enterprises in the processing and manufacturing of cocoa-based products, will receive a new impetus in the 2021/22 crop year with the implementation of the new regulations and guidelines for small scale and artisanal cocoa processors. The regulations and guidelines will provide a conducive environment for micro and medium-scale Ghanaian enterprises and entrepreneurs to invest in cocoa processing and local value addition for the domestic and export markets.

The implementation of the Cocoa Farmers' Pension Scheme which was piloted in 2021 will be scaled up. The new pension scheme will guarantee income security and improved living standards of aged cocoa farmers. COCOBOD will make adequate budgetary allocation for its 1% matching contribution.

The Board will also continue to support the improvement of road infrastructure through the Cocoa Roads Improvement Programme (CRIP). This is to ease cocoa evacuation from the hinterlands to the take-over centres and open up the rural economies of cocoa farming areas.

A YEAR OF GREAT ACHIEVEMENT

The 2020/21 crop year witnessed a record production of cocoa in the history of Ghana. Total output increased by 36% from 770,694 to 1,047,385 tonnes. This feat was achieved partly due to implementation of the Productivity Enhancement Programmes (PEPs) and favourable weather during the year under review.

COCOBOD's strategy of enhancing productivity of cocoa farmers and paying remunerative producer prices continue to yield results. Efforts to obtain optimal prices on the international market led to the adoption of the Living Income Differentials (LID), in collaboration with Cote d'Ivoire. The implementation of the LID led to a 28% increase in producer price to GH¢10,560.

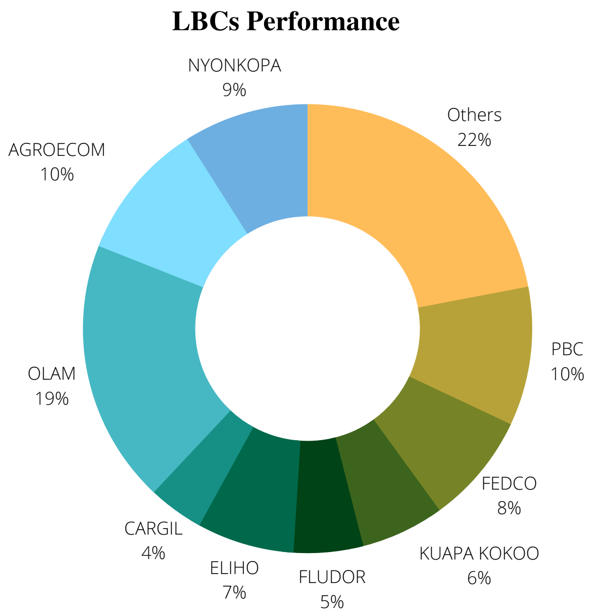
The 2020/21 crop year was not without its share of the disruptions of global trade caused by the COVID – 19 pandemic. Terminal prices remained well below their pre-pandemic levels throughout the year. The drop in terminal prices, eroded the gains made in production in terms of revenue.

Demand appreciated slightly above the pandemic levels in 2019/20 crop year. This situation reflected on the domestic processing industry, with total tonnage processed increasing by 7% from 302,641 in 2019/20 crop year to 322,989 tonnes in 2020/21 crop year.

INTERNAL MARKETING OF COCOA

The internal marketing of cocoa continues to witness active participation of private Licence Buying Companies (LBCs), with the number of participants increasing to 65. The high number of companies have created a competitive market for the sourcing of cocoa beans (Appendix).

Olam Cocoa Limited (Olam) led the pack of 48 active LBCs with a market share of 19%. Produce Buying Company, AgroEcom Ghana Limited and Nyonkopa Commodities Buyers Limited followed in second, third and fourth places with market shares of 10%, 10% and 9% respectively. The remaining thirty-nine (39) companies together accounted for 22% of the market.



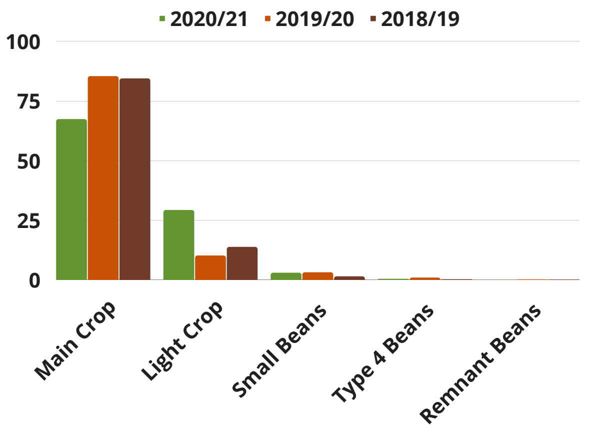
QUALITY ASSURANCE

Quality Control Company (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 cocoa beans delivered to local processing companies 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.

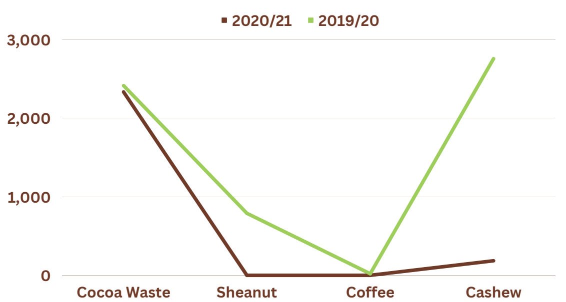
A total of 1,045,835 tonnes of premium quality cocoa was graded/sealed during the period under review. The graded/sealed figure represented 99.85% of the total declared purchases of 1,047,385 tonnes. The remainder was rejected on quality grounds.

Composition of Bean-size Categories

The proportion of main crop sized beans reduced significantly from an average of 85% to 67% in 2020/21 crop year compared to the previous two years.



In addition to cocoa, QCC undertook quality inspection on other produce. The tonnages of other produce inspected and certified by the Company during the 2020/21 crop year is provided below.

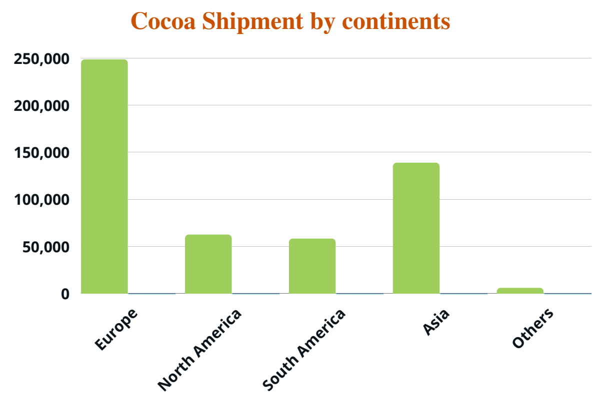


WAREHOUSING, PORT OPERATIONS AND SHIPMENTS

Cocoa Marketing Company (CMC) continued to market and deliver cocoa to overseas clients and local buyers from the Tema, Takoradi and Kumasi take over centres.

Cocoa beans shipped to overseas destinations during the 2020/21 crop year totaled 512,488 tonnes. The sale value of the beans shipped amounted to US$1,413,217,687.50.

The European Union continued to be the largest importer of Ghana cocoa beans, accounting for 49% of total cocoa beans exported.



Cocoa beans delivered to local processing companies during the period totaled 407,849 tonnes with an FOB value of US$960,930,121.85.

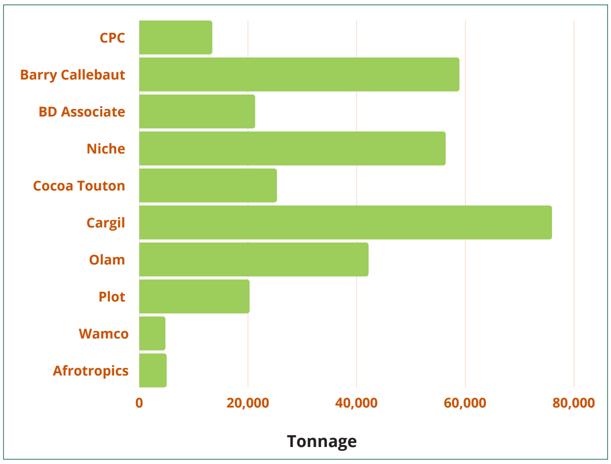
LOCAL PROCESSING OPERATIONS

A total of 322,989 tonnes of cocoa beans were processed by ten (10) active local processing companies comprising;

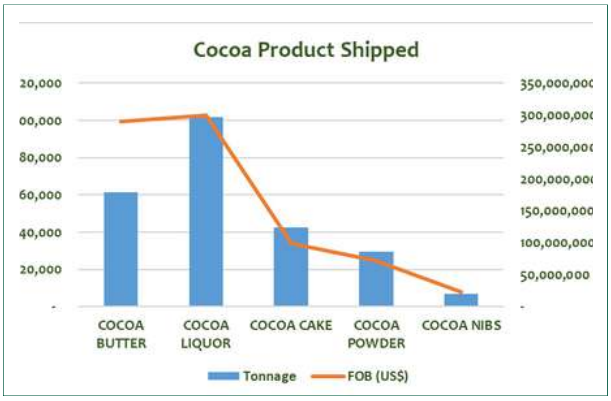
- Barry Callebaut Limited
- Cocoa Processing Company Limited (CPC)
- Niche Cocoa Industries Limited
- Cargill (Ghana) Limited
- WAMCO Limited
- Olam Ghana Limited
- BD. Associate (Chocomac)
- Cocoa Touton Ghana Limited
- Plot Enterprise
- Afrotropics Limited

Cargill and Barry Callebaut Limited had market share of about 24% and 18% respectively, accounting for 42% of domestic cocoa processing in 2020/21 crop.

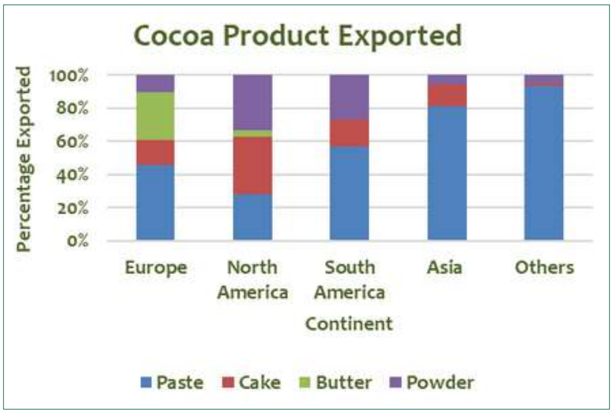
Cocoa Beans Processed



Exports of cocoa products by the ten (10) cocoa processing companies during the 2020/21 crop year is indicated in the graph below:



The trend of cocoa product shipments confirmed the EU market as Ghana's most important destination accounting for 74% of the cocoa trade.



FARMER SUPPORT SERVICE

Hybrid Seed Pods Production

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

A total of 7,206,053 mature hybrid cocoa seed pods were harvested in 2020/21 crop year representing 111% of the target of 6,500,000 pods. Out of the 7,206,053 hybrid pods harvested during the year under review, 6,282,353 pods (87%) were either used by SPD for raising of seedlings at community nurseries, or distributed to farmers, CHED, and other organizations for establishment of their own nurseries. Some were exported to Liberia and the remaining, which were unsound pods, were either fermented for dry beans, or unusable and, hence, discarded.

COCOA SEEDLINGS

The Seed Production Division contributed significantly towards the implementation of the National Cocoa Rehabilitation Programme and new farm establishments by producing hybrid cocoa seedlings for distribution to farmers through the Cocoa Health and Extension Division. A total of 90,367,452 seedlings were produced at 481 nursery sites within the cocoa growing communities and distributed.

Field Operations

Cocoa Health and Extension Division (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 total of 520 sectors involving 2,211 digital blocks, covering an area of 974,339.95 hectares was surveyed during the 2020/21 crop year. In addition, the Division discovered 30,050 Swollen Shoot disease outbreaks, covering an area of 169,678.74 hectares. A total of 15,740,119 visibly infected cocoa trees and their contacts were removed from 21,097 farms covering a treated area of 25,058.69 ha.

CODAPEC & Hi-TEC

Cocoa Disease and Pest Control (CODAPEC) activities as well as fertilizer application on cocoa farms continued during the period under review. The Unit supplied 141,011.82 cartons (1,650,000.00kg) of fungicides covering 2,239,687.95 ha of productive cocoa area for application in all Cocoa Districts under the Black Pod Control Programme.

An average of 958,962 farmers with 1,015,411 farms benefited from the Black Pod Control Programme with spraying undertaken by both spraying teams and farmer co-operatives. A total of 20,832.92 cartons (249,995.04 Lts) of insecticides covering 1,998,912.01 ha were distributed to CHED districts for on-ward delivery to the spraying teams for the first session and 71,812.08 cartons (780,000 Lts) covering 2,001,431.01 ha were supplied to farmer co-operatives for the second session.

Foliar fertilizers were supplied to 14,980 farmer cooperatives to cover 805,378.39 ha. To sustain the remarkable production of over one million tonnes achieved in 2020/21 season, the Unit supplied flowering inducer fertilizer covering 175,000 ha to all CHED districts.

SCIENTIFIC RESEARCH

Research at CRIG is conducted through a multidisciplinary Thrust System. During the 2020/21 crop year, research activities included the following:

Soil and Crop Management Thrust

Use of different compost mixtures for raising cocoa seedlings revealed that seedlings planted in media comprising mixtures of Cocoa Pod Husk, Poultry manure and Panicum maximum in the ratio 3: ½:1 were significantly taller with bigger stem diameters 6 months after sowing. Seedlings in this media also had the highest survival rate. This mixture was therefore, found to be the most suitable for raising cocoa seedlings in the nursery.

Experiments involving split application of calcium nitrate in May and September showed an improvement in dry bean yield compared to the other rates. It was therefore recommended for use in cocoa production to enhance yield.

Other experiments on different composition and fertilizer composition/combinations were carried out for kola, coffee and cocoa.

Crop Improvement Thrust

During the 2020/21 crop year, the cocoa germplasm introduction and evaluation programme successfully generated 10 grafts for each of the 240 genotypes with less than five stands in the germplasm plots. The Thrust tested and identified new varieties with better yield and disease resistance than existing hybrids.

The search for stable cashew varieties across agroecological zones continued.

Insect Pests Management Thrust

The Thrust conducted research on insect pests of economic importance and those that render ecosystem services including pollination. On cocoa, mirids, stink bugs and coreid bugs continue to cause significant crop loss if not managed effectively. On cashew, Helopeltis species and other sap-sucking bugs are of economic importance. In poorly maintained cashew farms, the cashew stem girdler causes considerable tree loss especially at the establishment phase of the crop.

Plant Diseases Management Thrust

Investigation on CSSV mild strain N1 showed that cocoa plants in the no-mild strain treatment had the poorest canopy and most severe CSSVD incidence while treatments with all cocoa trees protected had the best canopy and least CSSVD symptom severity.

Early results from progeny trials for resistance to CSSV pointed to a wide variation in the length of the latent period among the 13 progenies investigated.

Pre and Post-harvest Quality Management Thrust

Physico-chemical analysis showed that extracts with 43% cocoa alcohol had higher Specific Gravity (SG) and Total Soluble Solids (TSS) but lower pH and Brix than those with 85% cocoa alcohol. This indicates that water (aqueous phase) has polarity close to that of the solutes in the roots making it likely to extract more solutes.

COFFEE AND SHEANUT

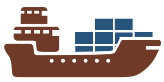
The coffee and sheanut sectors have been fully privatized. For the two commodities, the producer prices were determined by market forces.

The private sector continued with the internal and external marketing of coffee and sheanuts during the year under review.

The coffee and sheanut sectors have been fully privatized. For the two commodities, the producer prices were settled by market forces.

Sheanuts exported during the year under review was 36,142 tonnes valued at US$20,189,457 while sheabutter exports were 47,678 tonnes valued at US$97,679,683.

Sheanuts exported during the year under review was 36,142 tonnes valued at US$20,189,457

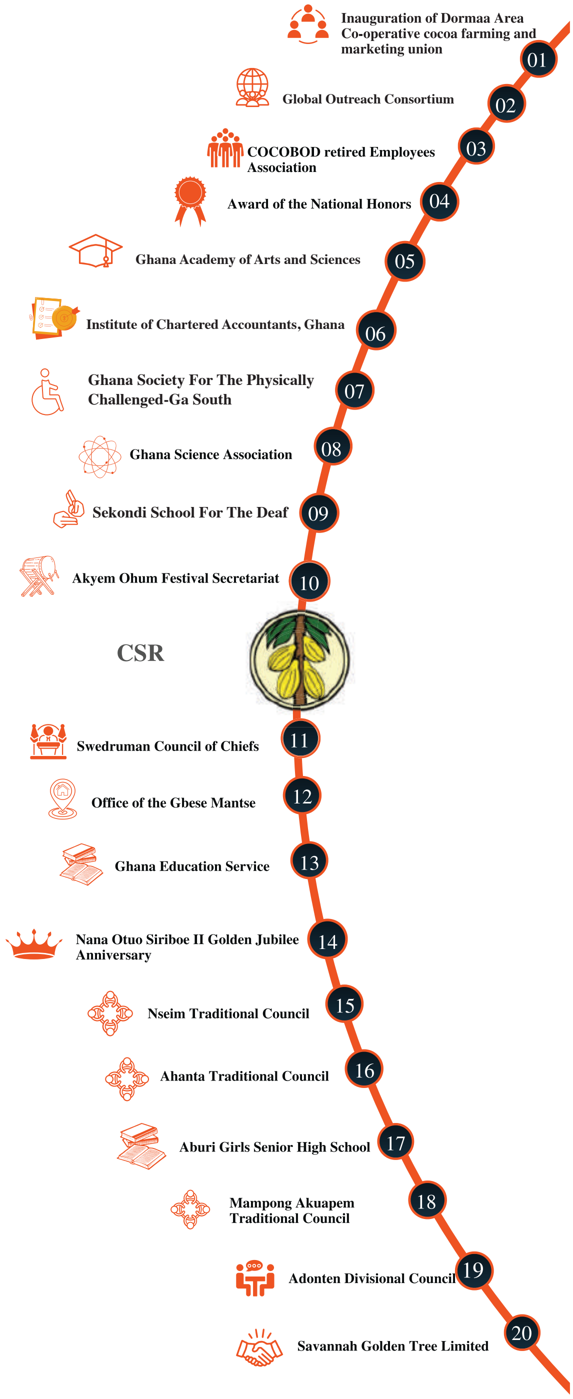


Sheabutter exports were 47,678 tonnes valued at US$97,679,683.

FINANCIAL RESULTS

This section highlights the audited accounts for the 2020/21 season. COCOBOD made a loss of GH¢2,437,889,000 in the 2020/21 season compared to a loss of GH¢426,315,000 recorded in 2019/20. The 2020/21 financial year recorded an achieved FOB price including the Living Income Differentials (LID) of US$2,538 per tonne as against US$2,182 per tonne in the 2019/20 season.

CORPORATE SOCIAL RESPONSIBILITIES



APPENDIX

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

- PBC Limited
- Federated Commodities Limited
- Kuapa Kokoo Limited
- Adwumapa Buyers Limited
- Transroyal Ghana Limited

- Cocoa Merchant Ghana Limited
- Olam Cocoa Limited
- AgroEcom Ghana Limited
- Royal Commodities Limited
- Sika Aba Buyers Limited
- Yayra Glover Limited
- Universal Co-operative Limited
- Nyonkopa Commodities Buyers Limited
- M-Ghazzalli Ghana Limited
- NTHC Commodities Limited
- Tradeco International Co-operative Limited
- Farmers Alliance Company Limited
- Unicom Commodities Limited
- Fludor Ghana Limited
- Kokoo Aba Buyers Limited
- Steed Limited
- Prestige Cocoa Marketing Limited
- Niche Cocoa Limited
- Afcocoa Cocoa Limited
- First Sky Company Limited
- Cargill Kooko Sourcing Limited
- Akuaffo Commodities Limited
- Eliho Ghana Limited
- Bestlink Global Ghana Limited
- Adehyemba Company Limited
- Hans Nef Cocoa Limited
- Nananom Buyers Limited
- Atlas Commomdities Limited
- Equator Commodities Limited
- Canary Jakaef Limited
- Gomms Buyers Company Limited
- Bizheights Limited
- ADN Fields Ghana Limited
- Joekwarbs Cocoa Marketing Limited
- Sassh Alliance Limited
- Kokoo Ahenfo Trading Limited
- Brediyie Company Limited
- Omni Cocoa Limited
- Worldwide Commodities Limited
- Cocoa General Limited
- Ghana Cooperative Marketing Limited
- Countryside Investment Limited
- Adikanfo Commodities Limited

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

- Hyperlink Company Limited
- Kumankuma Company Limited
- Akuotech Company Limited
- Nkwa Dua Ghana Limited
- Splendid Business Service Limited
- Sunshine Commodities Limited
- Cocoa Express Limited
- Five Star Produce Buying Company Limited
- Yemon Ghana Limited
- Dio Jean Limited
- CDH Commodities Limited
- All Africa Minerals Company Limited
- Commodities Buying Company Limited
- Evadox Company Limited
- Trans Afrique Limited
- Da Cocoa & Trading Company Limited

Hon Joseph Boahen Aidoo
Chief Executive

Serving in the interest of the cocoa farmer to build a better Ghana

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 2021. These are the consolidated financial statements of Ghana Cocoa Board for the year ended 30 September 2021, 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.

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 2021, 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.

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 2021 of GH¢2,428,807,000 (2020: GH¢426,315,000) and as of that date its current liabilities exceeded its current assets by GH¢6,003,189,000 (2020 GH¢2,161,180,000).

The loss resulted from fixed costs that are incurred 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 financial statements for the year ended 30 September 2021. Accordingly, the separate financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Business Review – 2020/2021 Financial year

Cocoa production for the 2020/2021 year under review was 1,047,385 tonnes compared to the target of 830,000 tonnes. The actual achieved production was 26.19% in excess of the target production for the year. The 2020/2021 actual production represents an increase of 35.06% over the 2019/2020 production of 775,488 tonnes. The increase was as a result of the positive impact of the mass implementation of the Productivity Enhancement Programmes (PEPs) and the favourable weather conditions during the 2020/2021 season.

In 2017, COCOBOD resumed the treatment, rehabilitation and replanting of diseased cocoa farms on a limited scale. This exercise reduced the spread of the Cocoa Swollen Shoot Virus (CSSV) in the affected cocoa growing areas, resulting in a 24.38% increase in production in the 2016/2017 crop year. In addition to the treatment of the diseased farms, COCOBOD also initiated a pilot implementation of the Productivity Enhancement Programmes involving mass farm pruning and artificial/hand pollination. Without entering new forests, the pilot programmes contributed to an increase in cocoa production. In the 2018/2019 and 2019/2020 seasons, COCOBOD faced the harsh effects of the CSSV, unproductive over-aged farms and long dry spells leading to a fall in production.

The rehabilitation programme was scaled up in the 2019/2020 season with a 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 programmes. The second drawdown of US$150 million was accessed in 2021 to complete the funding for the Productivity Enhancement Programmes under the facility. The implementation of the programme continued in the 2020/2021 season. 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.

Productivity interventions under implementation by COCOBOD are meant to improve farm productivity per hectare, boost farmers' incomes and ensure sustainable cocoa production.

These are outlined below:

a. Rehabilitation of Cocoa Swollen Shoot Virus Diseased and Moribund Farms

COCOBOD has embarked on two rehabilitation programmes, namely a CSSVD control programme and replanting of moribund cocoa farms.

The programme details are outlined below:

CSSVD control:

- Resurvey farms to map out and update CSSVD outbreak areas.
- Cut out infected areas and destroy the tree stumps.
- Plant plantain suckers and economic trees to provide temporary shade for the cocoa seedlings.
- Replant the cut-out areas with disease tolerant, high-yielding hybrid cocoa seedlings.
- Pay compensation to both the farmers and landowners to sustain cocoa farming.
- Expand extension services to support the programme implementation, monitoring, and evaluation.

Moribund farms rehabilitation:

- Cut out and replant over-aged farms.
- Replant high yielding, disease-resistant and drought tolerant hybrid cocoa varieties.
- Prune the non-cut areas and remove mistletoes.
- Ensure operational efficiency by employing motorised weeding and pruning equipment.

Benefits of the rehabilitation programmes include:

- Increased farm yields to economic levels
- Better livelihoods for farmers
- Cocoa Swollen Shoot Virus Disease (CSSVD) is controlled and curtailed
- Disease control is made effective and efficient
- Effectively maintain productive cocoa.
- Increased yield per hectare from 450kg/ha to 1,200kg/ha.
- Rejuvenation of about 23% of the national cocoa tree stock for increased and sustainable cocoa production.

b. Hand pollination of cocoa farms

Hand pollination is the process of manually cross-fertilizing gametes of male and female flowers of the cocoa plant. The objective is to complement the natural fertilisation carried out by insects and wind. This procedure ensures that a greater percentage of the flowers which fall off the plant get fertilised leading to the production of pods. Thus, the same land size can produce more than twice the tonnage it currently produces. COCOBOD has trained cooperatives and some farmers who have witnessed the benefits of the pollination programme in the expectation that they will take over and own the project. The loss of production from the cut out farms under rehabilitation is expected to be compensated for by the additional production from the hand pollination and pruning programmes.

c. Mass pruning programme

Cocoa exhibits a seasonal, phenological pattern of flowering and fruiting involving overlapping cycles. There are many fluctuations in the floral abundance with peaks and declines in flower production. Flowering generally reduces in the minor rainy season from September to November and is restricted to the canopies and branches leaving the trunks with little or no flowers. COCOBOD has adopted a mass pruning regime as part of its extension programmes to promote good agronomic practices. The pruning is best undertaken in February-March after which fertiliser application is undertaken in April-May to coincide with the rainy season for effective nutrient absorption. The assessment of the benefits of these activities undertaken by COCOBOD is based on the yield of cocoa. The mass pruning programme is therefore expected to continue realising the production boost obtainable. An allocation was made from the first drawdown of the long-term facility to prune all productive areas. This was done during the 2020 light crop season, impacting the 2020/2021 main crop season positively.

d. Irrigation of cocoa farms

There are two seasons in the cultivation of cocoa, the rainy and the dry seasons. Flowering also coincides with the two (2) seasons. The May-July flowering occurs during the rainy season whilst the October-December flowering is adversely affected by the dry weather as a result of the harmattan season.

Extreme dry weather has been a challenging factor to productivity in the cocoa sector in Ghana. To assist cocoa farmers to minimize the damaging effect of the dry weather on cocoa production, COCOBOD has initiated different irrigation programmes on cocoa farms as one of the productivity enhancement programmes. The cocoa plantations of Cocoa Research Institute of Ghana (CRIG) and the seed gardens of the Seed Production Division (SPD) were used as pilot farms for irrigation. Mass implementation of this programme has been rolled out with the proceeds of the long-term facility after a successful pilot.

The irrigation programme is being expanded to give farmers the opportunity to witness and implement the programme to help enhance cocoa farm productivity.

e. Cocoa Diseases and Pest Control (CODAPEC) Programme

This programme has been implemented by COCOBOD over many years for the control of capsid and black pod diseases. Black pod disease is the most destructive of the various diseases which attack the developing or ripening cocoa pod. In Ghana, the disease is caused by two Phytophthora species: P. palmivora and P. megakarya. P. palmivora and P. megakarya cause significant pod rot and losses due to canker. Generally, losses due to P. megakarya range from 60 to 80% in newly affected farms to about 100% in old affected farms in the black pod season (May to mid-June). P. palmivora causes 20 to 30% pod loss through Black pod rot. The genus Phytophthora kills up to 10% of trees annually through stem canker (Quest, 2007).

Capsids, also known as Mirids, are the most economically significant insect pest of cocoa in West Africa. The most common mirid species in Ghana are Distantiella theobromae and Sahlbergella singularis. These are sucking insects that cause damage to the cocoa crop through feeding. In the face of the devastating effect of the CSSVD, the CODAPEC programme has helped to sustain the productivity of the existing farms, and COCOBOD intends to continue with this programme for sustainable cocoa production in Ghana.

f. The fertilizer application programme and soil fertility management

Historically, the development and expansion of the cocoa industry in Ghana was based on the exploitation of the fertility accumulated by virgin forests in what is termed the 'forest rent' approach to cocoa production. In the forest rent approach, when virgin forest land is first cultivated, the farmer enjoys the benefit or rent of undiminished soil fertility and low disease levels. When the forest is cleared nutrients are rapidly released and thus provide the soil with high levels of available nutrients for some years. The removal of the forest vegetation leads to a decline in soil fertility and productivity within 2 to 3 years to below 50% of its initial value. Currently, cocoa production in Ghana does not involve entering into new forests, hence the emphasis on vertical productivity underpinned by the soil fertility management through rotational fertilizer application.

Most soils under cocoa cultivation in Ghana are exhausted of their nutrient reserves and COCOBOD has over the years made conscious investments aimed at replenishing and maintaining fertility of soils in cocoa farms through targeted nutrient application in different fertilizer formulations. This programme will continue to be implemented to ensure effective soil fertility management whilst at the same time ensuring environmentally friendly and sustainable cocoa production. Therefore, COCOBOD will continue to procure enough organic and inorganic fertilizers for subsidized distribution to cocoa farmers to make enough nutrients available for enhanced cocoa yields. Coupled with adequate extension support, it is expected that variations in the fertilizer formulations will ensure the maintenance and protection of soil fertility into the future.

Turnover in 2020/2021 was GHS 13.624 billion. This represents an increase of 32.48% from the 2019/2020 revenue of GHS 10.28 billion. The increase in turnover was attributable to the 21.17% increase in sales volume in 2020/2021 and a higher achieved weighted average FOB price per tonne of US$ 2,538 in 2020/2021 compared to a weighted average FOB price per tonne of US$2,432 achieved in 2019/2020 representing an increase of 4.34%. Average exchange rate, which impacts on the turnover, increased during the period from an average of GHS5.4781 to the US Dollar in 2019/2020 to an average of GHS5.7484 to the US Dollar in 2020/2021.

COCOBOD recorded a net loss of GHS 2,425.839 million in 2020/2021 as compared to a net loss of GHS 283.177 million in 2019/2020 a significant dip of 756.65%. The increase in net loss was due mainly to;

- The increase in producer price by 28.16% in the year under review from GHS8,240 to GHS10,560 and 5% increase in related margins as against the low cocoa sales revenue caused by the adverse effect of the COVID-19 pandemic
- Increased direct cost resulting from the reduction in gross profit margin from 20.92% in 2019/2020 to 7.42% in 2020/2021.
- Increased finance cost due to the compounding effect on the interest on cocoa bills

The Government repaid COCOBOD GHS 1.47 billion in 2020/2021 in addition to the GHS1.73 billion paid in 2019/2020 out of its outstanding indebtedness of GHS 3.89 billion which stood in the books of COCOBOD in the 2019/2020 financial year. This indebtedness arose 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:

Change in the financial and spending culture

A change in the expenditure culture of COCOBOD was instituted and followed through to ensure prudence in spending. This measure will continue in the 2021/2022 financial year. All procurement activities were referred to budget to ensure that only budgeted items approved by the Board were procured. Prices of all major operational inputs were negotiated to ensure value for money purchases, and all stock balances were taken into consideration in arriving at the next input requirements. This applied to Head Office, Divisions and Subsidiaries.

Strengthening of internal audit and controls

Internal controls within the Board have been strengthened with the direction of the Board's sub-committee on internal audit. Recommendations made by Internal Audit Department is implemented to ensure that control weaknesses are addressed for compliance and efficiency. These measures were implemented in the 2020/2021 financial year and will continue in the 2021/2022 financial year.

Long term financing to reduce interest cost on debts

One of the uncontrollable costs affecting the operations of COCOBOD has been high interest expense on debts which arose from cocoa bills raised in the 2016/2017 and 2017/2018 financial years to support cocoa purchasing operations. Management has put forward a proposal to refinance the cocoa bills by converting to a long term loan in the form of a Bond issuance.

Monitoring and evaluation of inputs utilisation

An initiative to track the distribution of fertilizers to the cocoa farmers was adopted by the Special Services Department of COCOBOD. This ensured that losses in transit were minimised and farmers received the fertilizers meant for application on farms. A committee made up of the Procurement, Special Services and Research Departments now oversee and monitor the movement of fertilizer from warehouses/suppliers loading points to their various destinations.

New regime for fertilizer distribution

Farmer co-operatives and associations and credible Licensed Buying Companies (LBCs) are supplied with fertilizers for distribution to farmers. These groups interface directly with cocoa farmers, and it is expected that distribution of fertilizers to farmers through them will contribute to achieving greater efficiency of fertilizer utilisation thereby contributing to the anticipated increase in cocoa production.

Global Cocoa production, demand and supply

On the supply side, International Cocoa Organisation (ICCO), in its fourth Quarter Bulletin of Cocoa Statistics for the 2020/2021 year, put the global cocoa production for the 2020/2021 season at 5.175 million tonnes. Indeed, conducive weather conditions globally played a major role, although complementary sectors such as shipping due to container shortages caused hitches to the supply of beans from origins.

At the end of the 2020/2021 season, global cocoa production reached a historically high record. While the COVID-19 pandemic had minor impact on the harvest and the evacuation of beans from upcountry, strains on the maritime supply chains had adverse impact on shipments as a result of delays and port congestions. This fuelled a surge not only in freight charges, but also in the price of farm inputs such as fertilizers or energy amongst others.

At the regional level, compared to the 2019/2020 season, production is estimated to have surged in Africa by 456,000 tonnes (or almost 13%) to 4.005 million tonnes and in the Americas by 2,000 tonnes (or 0.2%) to 905,000 tonnes. Cocoa output in the Asia and Oceania region was scaled down by 18,000 tonnes (or 6%) to 265,000 tonnes. In terms of total world production, Africa accounts for 77% of world output, whilst the shares of the Americas and Asia/Oceania are likely to be 18% and 5% respectively.

On the demand side, grindings stood at 4.911 million tonnes based on an increased use of beans as reflected in the trade of cocoa products. The net effect of the above is a global production surplus of 212,000 tonnes. The total statistical stocks of cocoa beans for the considered period are therefore estimated to have increased to 1.924 million tonnes, equivalent to 39.2% of the estimated 2020/21 grindings.

Based on official statistics, Côte d'Ivoire recorded exceptionally large crops for both the main and light crops of the 2020/2021 season with the main crop estimated at approximately 1.761 million tonnes and the mid-crop at 487,000 tonnes. This raised the country's total production to 2.248 million tonnes, up by almost 7% compared to the previous season.

Cameroon's 2020/2021 season is estimated at 290,000 tonnes. New areas of cocoa farming combined with conducive weather contributed to the increase in production. The Central region is reported to have contributed to about 43% of the total output and overtook the South-West region, affected by a socio-political crisis, as leader in cocoa production. An increase in Cameroon's exports is the result of the efforts being made to improve the quality of cocoa beans produced in the country.

In Nigeria the introduction of improved seedlings and hybrid varieties in combination with good weather conditions supported cocoa production in Nigeria, which is estimated to have increased from 250,000 tonnes to 270,000 tonnes for the 2020/2021 season.

Suitable weather and no significant adverse factors to cocoa production were reported in Ecuador during the season under review for the Americas. Ecuador's production momentum continued throughout the season with an increase above 2% to 350,000 tonnes as compared to the preceding crop year. Based on exports data which are similar to the previous season, production in the Dominican Republic remains flat at 75,000 tonnes. Based on data available from the Commercial Association of Bahia, production in Brazil is estimated at a level of 200,000 tonnes for the 2020/2021 season. In Peru, assistance including good crop management initiatives from the National Commission for Development and Life without Drug (DEVIDA) and local governments have played a role in the improvement of the output. Production is pegged at 150,000 tonnes for the season.

Despite revitalization initiatives from the government and international agencies, dry weather and farmers switching to other crops were detrimental to Indonesia's production which is estimated to be down to 180,000 tonnes. In Papua New Guinea, replanting and rehabilitation programmes undertaken by districts, the Cocoa Board of Papua New Guinea in combination with development partners and private entities boosted production which increased to almost 42,000 tonnes. With not much change, cocoa production in Malaysia is estimated at around 1,000 tonnes.

As stated earlier, Ghana also logged a record production of 1.047 million tonnes for the 2020/2021 season. This reflects an increase of 36% year-on-year. The substantial growth in output was due to conducive weather conditions and various productivity enhancement programmes adopted and implemented by the Ghana Cocoa Board which ranged from mass pruning, hand pollination, to the rehabilitation of farms affected by the Cocoa Swollen Shoot Virus (CSSV) among others. For the 2021/2022 season, the cocoa producer price was maintained from the past season at GHC10, 560 (US$1,769) per tonne. This partly boosted interest in cocoa farming in Ghana.

Ghana's production outlook for 2021/2022 is positive based on the following:

There have been wetter-than-average weather conditions in the last 90 days due to improved rainfall from August 2021. Total precipitation recorded was in the range of 100-200mm (NOAA 2021).

The rains experienced within the period have increased the hydric resilience of the cocoa trees up to six weeks.

The confirmation of La Niña weather pattern is expected to support favourable weather conditions for crop development in December 2021 and January 2022.

Favourable weather conditions (increased rainfall interspersed with sunshine) and an effective mass spraying exercise have reduced the incidence of blackpod disease and capsid attack.

The application of flower inducers (vitazyme and cocoasett) across the cocoa landscape in September 2021 have induced flower setting and facilitated cherelle and pod development.

On this basis, Ghana is in-line to achieving the estimated total crop size of 918,000 tonnes for the 2021/22 crop year.

Policy initiatives to be continued

The following policies which have been implemented over the years including the 2020/2021 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 by farmers.

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 included additional haulage cost by incorporating a bad road factor in the computation of the cocoa haulage rates arrived at by COCOBOD in collaboration with other industry stakeholders. Where the roads are improved, cost savings accrue to COCOBOD by way of reduced haulage costs. In this vein, COCOBOD has been supporting the rehabilitation of roads in cocoa growing communities to enhance cocoa evacuation to takeover centres. Apart from the cost savings achieved through reduction in haulage rates, this serves as part of COCOBOD's corporate social responsibility to cocoa farmers. COCOBOD therefore, in collaboration with the Ministry of Finance set up 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 contributed 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. In accordance with relevant accounting standards, cocoa roads expenditure are 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 contributions to the road improvements project in fulfilment of its social responsibility obligations towards the cocoa farming communities.

Grindings and demand

According to the ICCO Bulletin for the 4th quarter of 2020/2021, notwithstanding the challenges brought on by COVID-19, the opening of economies worldwide in 2021 stimulated the overall recovery observed in the 2020/21 season's grindings. Cocoa grindings in 2020/21 began to head towards pre-pandemic levels – from an estimate of 4.707 million tonnes in 2019/20 to 4.911 million tonnes in 2020/21 reflecting a 4% year-on-year increase.

In importing countries, grindings are estimated to have increased by 4% (up 105,000 tonnes to 2.662 million tonnes) with significant increases in Germany, the Netherlands and the United States of America. For the third quarter of 2021, the German Confectionery Industry Association (BDSI) showed that grindings rose by 16.35% year-on-year to 108,615 tonnes in the country. A recovery in cocoa processing in Europe was confirmed by data published by the European Cocoa Association (ECA); grindings by its members rose by 8.7% to 375,811 tonnes for the period. The National Confectioners Association (NCA) reported that grindings in North America rose by 4.3% to 123,399 tonnes. The Secretariat's 2020/2021 grindings estimate for the Netherlands are estimated at 610,000 tonnes, followed by Germany and France at 450,000 tonnes and 135,000 tonnes respectively. The grindings for the United States have been increased by 5,000 tonnes to 385,000 tonnes and for Canada by 20,000 tonnes to 100,000 tonnes. For Asia, estimated grindings in Singapore rose by 5,000 tonnes to 95,000 tonnes.

The latest statistics reflect that there is an improvement in efforts by producing countries to move towards downstream products instead of just the sale of cocoa beans. Origin grindings are estimated to have increased by 3% to 2.217 million tonnes, accounting for almost 45% of global grindings in 2020/21. This is not surprising, as with rising freight costs and the need for processors to be near to the source of cocoa beans, processing in producing countries is gaining traction. In Côte d'Ivoire, Cargill completed a US$100 million expansion of the capacity of its processing plant in the country from 110,000 tonnes to 160,000 tonnes. Guan Chong is also reported to have commissioned a plant in the country to boost cocoa processing. For the 2020/21 season, grindings in Côte d'Ivoire are estimated at 620,000 tonnes.

Grindings in Ghana reached a record high and are estimated at 322,000 tonnes (up by 10%). Efforts by the government to promote cocoa processing and consumption are bearing fruits. In addition to large scale processors, a rise in local artisan chocolate manufacturers has been observed in Ghana.

A substantial increase in grindings is estimated for Brazil – up by over 8% to 240,000 tonnes. Asian cocoa beans grindings also followed an upward trend. For the July – September 2021 quarter, data from the Cocoa Association of Asia (CAA) stood at 210,970 tonnes compared with 202,665 tonnes year-on-year. Thus, grindings in the main processing countries in the region – Indonesia and Malaysia – are estimated to be 490,000 tonnes and 338,000 tonnes respectively.

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 yield. 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 and 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.

There is also an allocation of US$ 7.5 million of the US$ 600 million AfDB/Credit Suisse long-term facility for promotion of domestic cocoa consumption and a further US$ 200 million allocation as funding for domestic cocoa processing.

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

In the course of the 2020/2021 cocoa year, prices of the front-month cocoa futures contract, as expressed in U.S. dollar terms, averaged US$2,322 per tonne and ranged between US$2,038 and US$2,755 per tonne in London while in New York, they averaged US$2,508 per tonne and fluctuated between US$2,242 and US$3,054 per tonne. Compared to the average prices of US$2,358 per tonne in London and US$2,510 per tonne in New York during 2019/2020, the nearby cocoa contract prices went down by 2% in London whilst on the other side of the Atlantic, they remained virtually flat. In terms of price configuration, both the London and New York markets were generally in backwardation during the 2020/2021 cocoa season, indicating that the market found it more profitable to instantly trade in beans than to store cocoa.

The prices of the first position cocoa contract were on average US$7 per tonne more expensive compared to the second position. In New York, the first position priced above the second position on average by US$21 per tonne.

Two isolated price spikes were recorded in both the London and New York futures markets from mid-November to mid-December 2020, and from mid-February to mid-March 2021. As the DEC-20 and MAR- 21 contracts approached their expiry, futures prices rallied in response to the low levels of exchange-certified stocks. It is worth noting that the volumes of the said stocks were low, not because of market fundamentals but rather due to the presence of potential profit opportunities offered by the country differentials at the time.

Expectations of abundant crop and the announcement of new lockdowns in some European countries weakened prices

Prices of the first position cocoa futures contract declined on both the London and New York markets during the first month of the 2020/2021 cocoa season. Indeed, compared to their settlement values recorded on the first trading day of October 2020, prices of the front-month cocoa futures contract tumbled by 9% on both markets moving from US$2,283 to US$2,079 per tonne and from US$2,509 to US$2,291 per tonne in London and New York respectively. At the time, adequate meteorological conditions prevailed in West Africa's cocoa growing regions and expectations pointed to an abundant crop. In addition, new lockdowns were announced in Europe to curb the rapid spread of COVID-19 in the region.

Announcement of COVID-19 vaccines and low level of certified stocks boosted prices

Moving on to November 2020, the global cocoa market turned bullish. Several factors led to the rallies recorded in prices. On the one hand, compared to levels seen a year earlier, the average certified stocks in Exchange-licensed warehouses plunged by 11% from 110,399 tonnes to 97,846 tonnes in London while in New York, certified stocks significantly collapsed by 45% from 21,027 tonnes to 11,505 tonnes. Additionally, some disruptions in the haulage of cocoa beans were reported in Côte d'Ivoire and positive news on vaccines against COVID-19 underlined the bullish stance. As a result, prices of the first position of cocoa futures contracts skyrocketed on both sides of the Atlantic. In London, prices climbed by 20% from US$2,038 to US$2,454 per tonne, while in New York, they gained 35% to reach US$3,035 per tonne by the end of the month. Furthermore, the strong market pressure seen on the first position futures contract in New York was fuelled by an Exchange of Futures for Physical (EFP). In November 2020, a long position of 4,000 DEC-20 contracts was exchanged for 40,000 tonnes of physical cocoa.

The U.S. Commodity Futures Trade Commission made an exemption to the limit of 1,000 contracts since the trader was able to show that this transaction was a bona fide hedge.

Nervousness in the futures markets faded off during the last month of 2020, as market tensions reduced at the expiry of the DEC-20 contract. Prices of the nearby contract plummeted by 3% from US$2,441 to US$2,374 per tonne in London and by 12% from US$2,960 to US$2,597 per tonne in New York. This downward trend was triggered by persisting worries on the demand for cocoa in Europe and North America in the midst of the COVID-19 pandemic. Focusing on the first half of December 2020 (DEC-20), the nearby contract priced with an average discount of US$76 per tonne over the March 2021 (MAR-21) contract. On the contrary in New York, the DEC-20 contract was more expensive on average by US$184 compared to MAR-21 as the market tension over the DEC-20 contract stemming from the Exchange of Futures for Physical (EFP) which had occurred in the previous month had not yet been totally absorbed by the U.S. market.

Worldwide rollout of the vaccines against COVID-19 fuelled price rallies

Over January – 04 March 2021, cocoa prices followed an upward trend on both sides of the Atlantic, thanks to the extension of the global rollout of vaccines, improved prospects of containment of the pandemic, opening of economies and international travel which raised the optimism in the demand for most commodities including cocoa. As a direct market reaction, cocoa prices increased by 18% and 4% in London and New York respectively. In London, compared to their settlement values recorded at the beginning of the time frame under consideration, prices went up from US$2,333 to US$2,753 per tonne while in New York, they rose from US$2,545 to US$2,637 per tonne.

Mixed grindings plus massive arrivals drove down prices

While approaching its maturity date, the nearby contract (MAR-21) priced higher compared to MAY-21 and remained in backwardation on both the London and New York markets. In London, the MAR-21 contract set an average premium of US$196 per tonne over the MAY-21 contract whereas in New York, the premium stood at US$110 per tonne. As previously mentioned, similar to the phenomenon recorded for the DEC-20 contract, the incentive to replenish certified stocks supported the nearby contract's high prices. Moving on to the three-month period 05 March – 04 May 2021, prices of the first position of cocoa futures dropped on both the London and New York markets. This descending trend was an after-effect of reports that production in Côte d'Ivoire and Ghana were seen at higher levels compared to the preceding season. Indeed, as at 11 April 2021, cumulative cocoa arrivals at Ivorian ports for the 2020/21 cocoa year were estimated at 1.718 million tonnes, up by 2.8% from the level recorded over the same period last season. Meanwhile in Ghana, purchases of graded and sealed cocoa beans were reported at 748,162 tonnes, representing a 12.6% increase from 664,328 tonnes recorded a year earlier. Furthermore, data for the first quarter of 2021 published by the main regional cocoa associations indicated that grindings fell in Europe while a slight increase was recorded in South-East Asia and North America. Subsequently, prices of the first position cocoa contract went down by 20% from US$2,664 to US$2,143 per tonne and by 14% from US$2,706 to US$2,328 per tonne in London and New York respectively.

Less conducive meteorological conditions bolstered cocoa prices

Over the two-week period of 05-17 May 2021, the rallies in prices of the first position cocoa contract were fuelled by weather concerns as below-average precipitations were recorded in Côte d'Ivoire's main cocoa producing regions. Indeed, unusually low rainfall in most cocoa growing regions of the country was reported, and this could have been detrimental to the crop as it could reduce the bean size and further threaten to shorten the April to September mid-crop. On both markets, prices increased by 11% moving from US$2,174 per tonne to US$2,418 per tonne in London and from US$2,283 per tonne to US$2,526 per tonne in New York.

Rapid spread of the delta variant of the COVID-19 curbed futures prices

However, the aforementioned improvement was offset during 18 May – 19 July 2021, when prices witnessed a 11% decline on both markets, moving from US$2,394 to US$2,132 per tonne and from US$2,510 to US$2,242 per tonne in London and New York respectively in response to information in favour of a bearish global cocoa market. The reduction in prices of the front-month cocoa futures contract was triggered by various fundamental factors. Indeed, massive supplies of cocoa beans were reported in Côte d'Ivoire and Ghana, amidst demand uncertainties. In addition, the announcement of the postponement of the re-opening of some economies in the Eurozone because of the spread of new and deadly variants of the COVID-19 contributed to further pressure down futures prices.

Robust increase in grindings in main cocoa consuming regions supported price hikes

At the latter stage of the 2020/2021 cocoa season, the nearby cocoa futures contract priced higher on both the London and New York markets. Indeed, from the third week of July to the end of the 2020/2021 season, several bullish factors boosted cocoa prices. On the one hand, the main cocoa growing areas of Côte d'Ivoire and Ghana were reported to have witnessed less conducive meteorological conditions (i.e., below normal rainfall which is detrimental to soil moisture and thereby harmful to cocoa yields). On the other hand, data published by the main regional cocoa associations for the second quarter of 2021 indicated that grindings substantially increased in Europe, South-East

Asia and North America. Indeed, the European Cocoa Association (ECA) published data indicating a year-on-year rise of 13.61% from 314,108 tonnes to 356,854 tonnes in grindings. In a similar vein, the Cocoa Association of Asia (CAA) announced a year-on-year increase of 8.98% from 202,674 tonnes to 220,865 tonnes. Processing activities also improved in North America during the second quarter of 2021 with the National Confectioners' Association (NCA) reporting a 11.68% increase from 110,776 tonnes to 123,719 tonnes of cocoa beans ground. Thus, cocoa futures markets positively reacted on both sides of the Atlantic as prices of the front-month contract rallied by 19% from US$2,122 to US$2,524 per tonne in London and by 18% from US$2,256 to US$2,654 per tonne in New York.

(Credit: ICCO Quarterly Bulletin of Cocoa Statistics, Vol. XLVII, No. 4, Cocoa year 2020/21).

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.

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

Associate

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

Approval of the separate financial statements

The separate financial statements of Ghana Cocoa Board were approved by the Board of Directors and were signed on their behalf by:

Hon. Joseph Boahen Aidoo

Director

Date: 29/09/2022

Peter Mac-Manu

Director

Date: 29/09/2022

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 29 to 75 which comprise the statement of financial position as at 30 September 2021, 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 2021, 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.

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.

Revenue recognition	
Key audit matter	How the matter was addressed
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.	Procedures performed include the following; **Local sales** 1. Obtained external confirmation of sales quantities made to local factories during the year to assess the quantities of deliveries received by them; 2. Re-computed revenue generated from local sales by multiplying the confirmed quantities by the signed contract prices; 3. Obtained the schedule of advance payments received from customers and checked that contract liabilities were appropriately recognised for outstanding deliveries.

Revenue recognition	
Key audit matter	**How the matter was addressed**
	Foreign sales 1. Evaluated the design and implementation of key controls over the revenue recognition process. 2. Tested the reconciliation of foreign sales to collections in the year and foreign sale receivables at the year end 3. 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 4. Assessed whether the sales transactions have been recorded in the appropriate accounting period. 5. Evaluated the adequacy of the disclosures on revenue recognition in the consolidated financial statements in accordance with the applicable financial reporting framework.

Intangible assets and contact assets	
Key audit matter	**How the matter was addressed**
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; 1. Possible errors in the classification of work certificates relating to non-cocoa growing areas; and 2. 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.	Procedures performed include the following; 1. Reviewed management's classification of cocoa roads to exclude roads in non-cocoa growing areas; 2. Reviewed management's assessment of indicators of impairment of the intangible assets and related contract assets; 3. Test checked management's authorisation of the intangible assets to confirm accuracy; 4. Reviewed management's assessment of the fair value on initial recognition of additions to the intangible assets relative to the construction costs incurred; 5. Reviewed new contracts entered into, taking into account contracts completed, work in progress and retentions withheld to determine the accuracy of amounts recorded; 6. Assessed the adequacy of disclosures in respect of service concessions.

Other information

The Directors are responsible for the other information. The other information is included in the 79-page documents titled "Annual Report and consolidated financial statements, 30 September 2021" 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 Ferdinand Gunn (ICAG/P/1149).

Ernst & Young

Ernst & Young (ICAG/F/2022/126)

Chartered Accountants

Accra, Ghana

Date: 29-09-2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 September 2021

	Note	2021 GH¢'000	2020 GH¢'000
Revenue	8	13,686,000	10,273,628
Direct cost	9	(12,706,261)	(8,139,089)
Gross profit		979,739	2,134,539
Other operating income	10	396,212	281,124
Distribution expenses	11	(13,774)	(19,563)
Administrative expenses	12	(2,527,346)	(1,783,691)
Impairment reversal/(loss) on trade accounts receivable and contract assets	34	279,659	78,072
Operating (loss)/profit		**(885,510)**	690,481
Finance costs	13	(1,739,618)	(1,306,896)
Finance income	14	190,197	186,685
Net finance costs		**(1,549,421)**	(1,120,211)
share of gain/(loss) of equity-accounted investees, net of tax	21	197	710
Fair value gain on investment property	19	5,927	-
Loss before tax		(2,428,807)	(429,020)
Income tax expense/gain	15	(9,082)	2,705
Loss for the year		**(2,437,889)**	(426,315)
Other comprehensive income			
Items that will not be classified to profit or loss			
Revaluation of property, plant and equipment	18	(1,474)	176
Re-measurement of defined benefit liability	32	7,870	(14,749)
Related tax	15	(89)	(44)
Items that are or may be reclassified subsequently to profit or loss		6,307	(14,617)
Foreign operations - foreign currency translation differences		(357,421)	395,985
Fair value through OCI - net change in fair value	22	(2,089)	2,810
Total other comprehensive income for the year		(353,203)	384,178
Total comprehensive income for the year		**(2,791,092)**	(42,137)
Loss attributable to:			
Owners of the Company		(2,405,460)	(383,900)
Non-controlling interests		(32,429)	(42,415)
		(2,437,889)	(426,315)
Total comprehensive income attributable to:			
Owners of the company		(284,281)	(164,083)
Non-controlling interests		(68,922)	121,946
		(353,203)	(42,137)

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

Consolidated Statement of Financial Position

AS at 30 September 2021

	Note	2021 GH¢'000	2020 GH¢'000
Intangible assets	16	1,142,872	874,535
Contract assets	17	3,305,504	1,812,716
Property, plant and equipment	18	4,813,551	4,803,527
Investment properties	19	81,831	75,904
Right of use assets	29	132,276	151,749
Trade and other accounts receivable	25	126,085	514,054
Investment in subsidiaries	20	-	-
Investment in associate	21	4,225	4,028
Other investments	22	8,693	10,782
Non-current assets		**9,615,037**	8,247,289
Inventories	23	2,532,803	1,077,337
Other financial assets	24	364,347	376,182
Trade and other accounts receivable	25	7,463,883	6,727,900
Cash and cash equivalents	26	2,516,905	1,710,645
Current assets		12,877,938	9,892,064
Total assets		**22,492,975**	18,139,353
Equity			
Capital contribution	33	393	393
Fair value reserve	33	8,305	10,394
Translation reserve	33	(176,414)	181,007
Revaluation reserve	33	3,486,199	3,487,673
Accumulated losses	33	(3,177,126)	(747,018)
Equity attributable to owners of the entity		141,357	3,096,534
Non-controlling interests		(127,064)	(25,713)
Total equity		**14,293**	2,906,738
Liabilities			
Bank overdraft	26	7,209	7,065
Current tax liabilities	15	29,285	19,135
Loans and borrowings	27	14,160,174	9,779,906
Trade and other payables	28	3,739,666	2,169,116
Lease liabilities	29	17,692	17,692
Contract liabilities	30	927,101	157
Provisions	31	-	60,173
Current liabilities		**18,881,127**	12,053,244
Loans and borrowings	27	3,095,947	2,696,356
Lease liabilities	29	96,726	100,267
Employee benefit obligations	32	254,695	232,420
Deferred tax liabilities	15	150,187	150,328
Non-current liabilities		**3,597,555**	3,179,371
Total liabilities		**22,478,682**	15,232,615
Total equity and liabilities		**22,492,975**	18,139,353

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

Hon. Joseph Boahen Aidoo, Director
Date: 29/09/2022

Peter Mac-Manu, Director
Date: 29/09/2022

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 September 2021

2021	Capital contribution	Fair Value reserve	Translation reserve	Revaluation reserve	Accumulated losses	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 2021, as previously reported	393	10,394	181,007	3,487,673	(747,018)	2,932,449	(25,713)	2,906,738
Loss for the year					(2,437,889)	(2,437,889)	(32,429)	(2,405,460)
Revaluation of property, plant and equipment		-	-	(1,474)		(1,474)		
Re-measurement of defined benefit liability					7,781	7,781		
Equity investments at FVOCI - net change in fair value	-	(2,089)	-	-	-	(2,089)	-	
Foreign currency translation differences		-	(357,421)	-	-	(357,421)	(68,922)	
Total comprehensive income	-	(2,089)	(357,421)	(1,474)	(2,430,374)	(2,791,092)	(101,351)	(486,983)
Balance at 30 September 2021	393	8,305	(176,414)	3,486,199	(3,177,392)	141,357	(127,064)	14,293

2020	Capital contribution	Fair Value reserve	Translation reserve	Revaluation reserve	Accumulated losses	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)
Revaluation of property, plant and equipment	-			132		132		384,178
Re-measurement of defined benefit liability					(14,749)	(14,749)		
Equity investments at FVOCI - net change in fair value		2,810				2,810		
Foreign currency translation differences		-	231,622	-	-	231,622	164,361	-
Total comprehensive income	-	2,810	231,622	132	(398,649)	(164,083)	121,946	(42,137)
Balance at 30 September 2020	393	10,394	181,007	3,487,673	(747,018)	2,932,449	(25,713)	2,906,738

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

Consolidated Statement of Cash Flows

For the Year Ended 30 September 2021

	Note	2021	2020
		GH¢'000	GH¢'000
Cash flow from operating activities			
Loss for the year		(2,428,807)	(429,021)
Depreciation of property, plant and equipment	18	171,452	150,555
Amortization of intangible assets	16	177,843	133,160
Amortization of right of use assets	29	30,158	30,158
Provisions	31	(60,173)	-
Unrealized exchange foreign exchange loss		24,552	29,538
Fair Value Gain on Investment Property	19	(5,927)	-
Foreign exchange gain/(loss) on loans	27	71,185	337,715
Share of loss of equity - accounted investees	21	(197)	710
Gain on disposal of property, plant and equipment	18	(443)	(1,301)
Finance income	14	(190,197)	(186,685)
Dividend income	10	(372)	(294)
Finance costs	13	1,739,618	1,306,896
Impairment (reversal)/ loss on trade, other accounts receivable and other financial assets	34	(279,659)	(78,072)
		(750,967)	1,293,360
Changes in:			
Inventories		(1,455,466)	(40,392)
Other financial assets		6,754	252,882
Trade and other accounts receivable		(542,404)	(1,578,022)
Trade and other accounts payable		1,570,553	529,075
Contract liabilities		926,942	(355,419)
Employee benefit obligations		22,275	(8,806)
Net cash generated from/(used in) operating activities		(222,313)	92,678
Income tax paid		(478)	(36)
Net cash generated from/(used in) operating activities		**(222,791)**	92,642
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	18	443	2,338
Interest received	14	190,197	68,510
Dividend received	10	372	294
Acquisition of property, plant and equipment	18	(190,197)	(186,685)
Acquisition of Intangible Assets	17	(1,018)	-
Acquisition of right of use assets	29	(10,685)	-
Acquisition of contract assets	17	(1,939,690)	(330,881)
Net cash (used in)/from investing activities		**(1,950,578)**	(446,424)
Cash flows from financing activities			
Proceeds from loans and borrowings	27	33,809,483	22,745,525
Payment of lease liability	29	(10,708)	(24,054)
Interest paid	27	(1,536,857)	(1,060,407)
Repayment of borrowings	27	(29,294,279)	(20,598,936)
Net cash (used in)/from financing activities		**2,967,639**	1,062,128
Net increase in cash and cash equivalents		794,270	708,346
Cash and cash equivalents at 1 October	26	1,703,580	995,001
Effect of movements in exchange rate on cash held		11,846	233
Cash and cash equivalents at 30 September	26	**2,509,696**	1,703,580

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 September 2021

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 2021, 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.

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 6.10 - 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 2021 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. 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 5).

6. Significant accounting policies (continued)

6.1 Basis of consolidation

Business combinations

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

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

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

Subsidiaries

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

Non-controlling interests (NCI)

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

Loss of control

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

Interests in equity-accounted investees

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

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

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

Transactions eliminated on consolidation

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

6.2. 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.

6. Significant accounting policies (continued)

6.3. 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.

6.4. Employee benefit obligations

(i) 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.

(ii) 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.

(iii) Post-retirement medical benefit

This defined benefit scheme entitles:

- retired employees, who have served a minimum of twelve (12) years to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school).
- retrenched employees, who have continuously served a minimum of fifteen (15) years and have attained the compulsory retiring age, to free medical care for themselves, one registered spouse and two children up to 18 years (or 22 years, if still in school). 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.

(iv) Repatriation benefits: 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.

(v). 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.

(vi) Superannuation Benefit. The superannuation benefit is provided as a monthly pension to a small number of former employees. The membership data provided included the benefit in payment for the pensioners in receipt of a benefit. There are no longer any active members who are eligible to receive this benefit.

6.5. 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:

- the gross carrying amount of the financial assets; or

6. Significant accounting policies (continued)

6.5. Finance income and expenses (continued)

- 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.

6.6. 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.

6.7. 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 include 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. 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.

6. Significant accounting policies (continued)

6.7. Property, plant and equipment (continued)

As a policy therefore for Ghana Cocoa 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 it 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.

6.8. 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.

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.

6.9. 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.

6. Significant accounting policies (continued)

6.9. Intangible assets (continued)

(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.

6.10. Contract assets

Contract assets represent 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 17). Income from construction services for cocoa roads is recognised net of cost incurred since the contract does not allow for margins to be applied.

6.11. Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when 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.

(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;

6. Significant accounting policies (continued)

6.11. Financial instruments (continued)

- 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.

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.

(ii) Classification and subsequent measurement (continued)

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.

6. Significant accounting policies (continued)

6.11. Financial instruments (continued)

(iii) Derecognition Financial assets (continued)

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.

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.

6.12. 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.

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.

6.12. Impairment (continued)

(i) Non-derivative financial assets (continued)

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.

6.13. 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.

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.

6.14. Leases

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.

6. Significant accounting policies (continued)

6.14. Leases (continued)

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.

6.15. 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.

6.16. 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 34).

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.

6. Significant accounting policies (continued)

6.16. Fair value measurement (continued)

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. New and amended standards adopted by COCOBOD

COCOBOD applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. COCOBOD has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

7.1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of COCOBOD but may impact future periods should COCOBOD enter into any business combinations.

Amendments to IFRS 4, IFRS 16, IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of COCOBOD. COCOBOD intends to use the practical expedients in future periods if they become applicable.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. COCOBOD is currently assessing the impact of the amendments to determine the impact they will have on COCOBOD's accounting policy disclosures.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of COCOBOD.

Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

7. New and amended standards adopted by COCOBOD (continued)

7.1 Amendments to IFRS 3: Definition of a Business (continued)

Amendments to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16 (continued)

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, COCOBOD has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application

7.2 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 October 2020 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.

7. New and amended standards adopted by COCOBOD (continued)

7.2 Standards issued but not yet effective (continued)

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

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.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on COCOBOD.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. COCOBOD is currently assessing the impact of the amendments to determine the impact they will have on COCOBOD's accounting policy disclosures.

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.

7. New and amended standards adopted by COCOBOD (continued)

7.2 Standards issued but not yet effective (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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:

	2021	2020
	GH¢'000	GH¢'000
Sale of cocoa beans	**13,446,986**	10,199,363
Sale of processed cocoa products	**239,014**	74,265
	13,686,000	10,273,628

B. Revenue disaggregation

Revenue from contracts with customers are disaggregated into foreign sales of GH¢11.15 billion (2020: GH¢8.75 billion) and local sales of GH¢2.54 billion (2020: of GH¢1.53 billion).

C. Contract balances

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

	Note	**2021**	2020
		GH¢'000	GH¢'000
Receivables, which are included in trade and other accounts receivable	25	**993,495**	469,196
Contract liabilities	30	**(927,101)**	157

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

The amount of GH¢157,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 30 September 2021.

No information is provided about remaining performance obligations at 30 September 2021, 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.

8. Revenue (continued)

D. Performance obligations and revenue recognition policies (continued)

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 to customers.

9. Direct costs

	2021	2020
	GH¢'000	GH¢'000
Costs of inventory	10,294,640	6,617,219
Buyers' margin and haulers' costs	1,058,771	758,435
Pest and disease control	789,124	491,320
Cocoa Hi -Tech expenses	381,242	90,786
Depreciation	33,838	31,583
Other direct costs	148,646	149,746
	12,706,261	8,139,089

10. Other operating income

	2021	2020
	GH¢'000	GH¢'000
Rental income	8,978	8,939
Sundry Income	326,090	202,080
Bank interest earned	60,339	68,510
Dividends	372	294
Profit on disposal of property & equipment	433	1,301
	396,212	281,124

11. Distribution expenses

	2021	2020
	GH¢'000	GH¢'000
Bank of Ghana commission	11,496	7,537
Other distribution expenses	2,278	12,026
	13,774	19,563

12. Administrative expenses

	2021	2020
	GH¢'000	GH¢'000
Auditor's remuneration	2,388	2,830
Amortisation of intangible assets	177,843	133,160
Depreciation of property, plant and equipment	164,728	146,532
Directors' remuneration	1,369	1,827
Other administrative expenses**	455,675	216,463
Repairs and maintenance	92,518	49,167
Exchange (gain)/loss	24,552	97,301
Legal and professional expenses	1,834	-736
Interest on overdrafts	910	969
Rents, rates and insurance	81,051	5,818
Staff costs	1,524,478	1,130,360
	2,527,346	1,783,691

Included in the administrative expenses is an amount of GH¢434,187,000 incurred on the Productivity Enhancement Programmes (PEPs) funded by the Africa Development Bank (AfDB) and Credit Suisse (CS) as lead arrangers. Refer to page 75 for details.

13. Finance costs

	2021	2020
	GH¢'000	GH¢'000
Interest on Loan and borrowings	1,730,327	1,296,767
Interest on Finance lease	9,291	10,129
	1,739,618	1,306,896

14. Finance income

	2021	2020
	GH¢'000	GH¢'000
Interest on fixed deposits	154,200	122,134
Interest on loans and advances	35,997	64,551
	190,197	186,685

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

	2021	2020
	GH¢'000	GH¢'000
Current tax expense		
Current year	10,627	-
Deferred tax expense		
Originating and reversal of temporary differences	(1,545)	(2,705)
Derecognition of previously recognised temporary difference	-	-
	(1,545)	(2,705)
Total tax expense	9,082	(2,705)

B. Amounts recognised in OCI

	2021			2020		
	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	(1,474)	-	(1,474)	176	-	176
Remeasurement of defined benefit liability	7,870	(89)	7,781	(14,749)	(44)	(14,793)
Equity investments at FVOCI-net change in fair value	(2,089)	-	(2,089)	2,810	-	2,810
	4,307	(89)	4,218	(11,763)	(44)	(11,807)

C. Reconciliation of effective tax rate

	2021	2020
	GH¢'000	GH¢'000
Loss before tax	(2,428,807)	(429,021)
Corporate tax rate at 25% (2020: 25%)	(607,202)	(107,255)
Non-deductible expenses	404	16,080
Tax exempt income	7	(27)
Income tax at different rate	-	-
Derecognition of previously recognised temporary difference	(683)	1,371
Utilisation of tax losses for the year not recognised as deferred tax assets	-	-
Other timing differences	-	7,809
Effect of tax-exempt status of group entities	616,557	79,317
Total tax expense	9,083	(2,705)
Effective tax rate	Nil	1%

15. Taxation (continued)

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	52	-	19,133
2020	-	364	-	-
2021	-	62	10,628	10,150
National Reconstruction Levy				-
Up to 2016	2	-	-	2
Total	19,135	478	10,628	29,285

E. Movement in deferred tax balances

	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	158,671		158,671	(189)		1,315	158,482		158,482
Employee benefit obligations	(4,697)		(4,697)	(230)	89		(3,523)	(3,523)	
Inventories	(82)		(82)	-	-		(82)	(82)	
Trade accounts receivable	(1,917)		(1,917)	250	-		(1,667)	(1,667)	
Other financial assets	(1,486)		(1,486)	(1,376)	-		(2,862)	(2,862)	
Tax losses	(161)	-	(161)	(161)	-	-	(161)	(161)	-
Total	150,328	-	150,328	(2,705)	89	1,315	150,187	(8,295)	158,482

15. Taxation (continued)

	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

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 2021. 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 (continued)

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 2021, initially measured at the total cost of construction of roads completed amounting to GH¢1,778 million (2020: GH¢1,339 million), of which GH¢643 million (2020: GH¢465 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 2021 and the related amortisation for the year ended 30 September 2021.

			2021	2020
	Service concession (Cocoa Roads)	Computer software	Total	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost				
At 1 October	1,331,495	7,548	1,339,043	1,270,229
Additions during the year	-	1,018	1,018	-
Transfers from Contract assets	446,902	-	446,902	68,814
At 30 September	1,778,397	8,566	1,786,963	1,339,043
Amortisation				
At 1 October	465,355	893	466,248	332,205
Charge for the year	177,839	4	177,843	133,150
At 30 September	643,194	897	644,091	465,355
Carrying amount				
At 30 September	1,135,203	7,669	1,142,872	873,638

17. Contracts assets

	2021	2020
	GH¢'000	GH¢'000
Cost		
At 1 October	1,812,716	1,550,649
Additions	1,939,690	330,881
Transfers to Intangible assets	(446,902)	(68,814)
At 30 September	**3,305,504**	1,812,716

Contract assets represent 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.

18. Property, plant and equipment

2021	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 2020	3,900,075	111,003	129,425	582,324	418,784	5,141,611
Additions	6,865	41,218	28,089	36,545	50,158	162,875
Disposals/Write off	-	(277)	(2,250)	-	-	(2,527)
Transfer between categories	1,888	-	-	-	(1,888)	-
Revaluation surplus	(1,468)	-	-	-	-	(1,468)
Effect of movement in exchange rate	6,160	62	39	14,615	626	21,502
At 30 September 2021	3,913,520	152,006	155,303	633,484	467,680	5,321,993
Accumulated depreciation						
At 1 October 2020	82,020	86,914	77,776	90,484	-	337,194
Charge for the year	76,756	21,474	27,083	46,139	-	171,452
Released on disposal	-	(277)	(2,250)	-	-	(2,527)
Revaluation adjustments	(6)	-	-	-	-	(6)
Effect of movement in exchange rate	(557)	50	1,224	1,612	-	2,329
At 30 September 2021	158,213	108,161	103,833	138,235	-	508,442
Carrying amounts						
At 30 September 2020	3,818,055	24,088	51,649	491,841	418,784	4,813,551

2020	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 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	-	337,194
Carrying amounts						
At 30 September 2020	3,818,055	24,088	51,649	491,841	418,784	4,803,527

18. Property, plant and equipment (continued)

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 2021 (2020: 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.

Gain on disposal of property, plant and equipment

	2021	2020
	GH¢'000	GH¢'000
Proceeds from disposal of property, plant and equipment	433	2,338
Net book value	-	(1037)
	433	1,301

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
		5,927		5,927
Land and buildings	-	3,818,755	-	3,818,755
	-	3,824,682	-	3,824,682

19. Investment properties

	2021	2020
	GH¢'000	GH¢'000
Opening balance as at 1 October	75,904	-
Transfer from Property, plant and equipment		75,904
Fair value re-measurements	5,927	-
Balance as at 30 September	81,831	75,904

COCOBOD's Investment Property consists 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 2021, the fair values of the properties were based on valuations performed by a Certified Chartered Surveyor, working as an accredited independent valuer. In valuing these types of investment properties, the valuer used a Depreciated Rate Cost Method in accordance with that recommended by the International Valuation Standards Committee.

	2021	2020
	GH¢'000	GH¢'000
Rental income derived from investment properties	8,978	8,937

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.

	2021	2020
	GH¢'000	GH¢'000
Percentage ownership interest	49%	49%
Non-current assets	9,672	9,776
Current assets	2,385	2,056
Current liabilities	(3,434)	(1,388)
Non-current liabilities	-	(2,223)
Net assets (100%)	8,623	8,221
Group's share of net assets (49%)	4,225	4,028
Revenue	986	336
Total comprehensive income (100%)	402	(289)
Group's share (49%) of total comprehensive income	197	(142)
Carrying amount of interest in associate	4,028	3,318
Share of OCI	197	(142)
Cumulative catch-up adjustment	-	852
	4,225	4,028

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 purposes.

	2021	2020
	GH¢'000	GH¢'000
Non-current investments		
Equity securities - at FVOCI		
GOIL Company Limited	85	120
GCB Bank Ghana Limited	8,608	10,662
	8,693	10,782

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

	2021	2020
	GH¢'000	GH¢'000
At 1 October	10,782	7,972
Net change in fair value	(2,089)	2,810
30 September	8,693	10,782

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

23. Inventories

	2021	2020
	GH¢'000	GH¢'000
Cocoa beans	1,211,399	30,591
Other consumables and inputs	1,232,168	954,968
Processed cocoa products	89,236	91,778
	2,532,803	1,077,337

24. Other financial assets

	2021	2020
	GH¢'000	GH¢'000
Financial assets measured at amortised cost		
Fixed deposits	375,794	382,126
Impairment of doubtful debts	(11,447)	(5,944)
	364,347	376,182

Other financial assets classified as amortised cost have interest rates of 1% to 19% (2020: 1% to 19 %) and mature in a year.

25. Trade and other accounts receivable

	2021	2020
	GH¢'000	GH¢'000
Current		
Trade accounts receivable	1,045,346	469,196
Amounts due from related parties	852,733	1,627,491
Other accounts receivable	4,676,344	3,861,690
Prepayments	6,081	75,470
Loans accounts receivable	883,379	694,053
	7,463,883	6,727,900
Non-current		
Loans receivable	24,738	95,625
Amounts due from related parties	101,347	418,429
	126,085	514,054
Total	7,589,968	7,241,954

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 receivables is deferred cost amounting to GH¢1,705,874,308.42 (2020: GH¢1,752,138,521). 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

	2021	2020
	GH¢'000	GH¢'000
Cash at bank	1,588,492	1,171,312
Cash in hand	3,435	16,192
Fixed deposits	924,978	523,141
Cash and cash equivalents in the statement of financial position	2,516,905	1,710,645
Bank overdraft	(7,209)	(7,065)
Cash and cash equivalents in the statement of cash flows	2,509,696	1,703,580

27. Loans and borrowings

	2021	2020
	GH¢'000	GH¢'000
Current		
Secured bank loans (B) – AfDB	399,233	-
Secured bank loans (B) – MTL	-	1,284,127
Barclays secured bank loan	146,802	-
Prudential bank Loan B	5,198	7,782
Unsecured bills and notes payable	13,608,941	8,487,997
	14,160,174	9,779,906
Non-current		
Secured bank loans (A) - BoG loan	1,396,560	1,389,393
Secured bank loans (C) - AfDB	1,678,651	1,161,900
Barclays secured bank loan	-	128,893
Prudential bank Loan B	20,736	16,170
	3,095,947	2,696,356
Total	17,256,121	12,476,262

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

Terms and debt repayment schedule	Nominal Interest	Year of Maturity	2021 Face Value	2021 Carrying amount	2020 Face Value	2020 Carrying amount
			GH¢'000	GH¢'000	GH¢'000	GH¢'000
Secured bank loan (A) - BoG	6%	Nov-22	1,396,561	1,396,561	1,389,393	1,389,393
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
Unsecured bill - 6131	17.66%	Nov-21	1,700,000	1,667,411		-
Unsecured bill - 6132	17.63%	Nov-21	1,300,000	1,272,799	-	-
Unsecured bill – 6133	17.36%	Dec-21	2,703,332	2,595,394	-	-
Unsecured bill - 6134	17.44%	Jan-22	675,767	646,581	-	-
Unsecured bill - 6135	17.29%	Jan-22	2,310,219	2,197,106	-	-
Unsecured bill - 6136	17.12%	Feb-22	3,000,000	2,829,683	-	-
Unsecured bill - 6137	17.09%	Mar-22	2,585,622	2,399,966	-	-
Secured bank loan (B) - MTL	2.5%+Libor	Mar-21	-	-	1,284,127	1,284,127
Secured bank loan (C) - AfDB	4.5%+Libor	May-26	2,077,834	2,077,884	1,161,900	1,161,900
Barclays secured bank loan	Libor+9.19%	March-20	146,802	146,802	128,893	128,893
Prudential Bank loan A	22%	Oct.2020	-	-	5,497	5,497
Prudential bank Loan B	20%	Oct.2024	25,934	25,934	18,455	18,455
			17,918,317	17,256,121	12,888,720	12,476,262

27. Loans and borrowings (continued)

2021	Opening balance	Additions	Capital repayments	Finance cost	Interest paid	Exchange difference	Closing balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Secured bank loan (Syndicated loan)	-	7,440,358	(7,474,647)	87,168	(87,168)	34,289	-
Secured bank loan (A) – BoG	1,389,393	-	-	90,220	(83,053)	-	1,396,560
Unsecured bills and notes payable	8,487,995	25,495,060	(20,528,656)	1,472,525	(1,317,983)	-	13,608,941
Secured bank loans (B) – MTL	1,284,129		(1,290,048)	-	(8,998)	14,917	-
Secured bank loan (C) – AfDB	1,161,900	874,065	-	63,093	(38,414)	17,240	2,077,884
Barclays loans	128,893	-	-	13,878	-	4,031	146,802
Prudential loans	23,952	-	(928)	3,443	(1,241)	708	25,934
	12,476,262	33,809,483	(29,294,279)	1,730,327	(1,536,857)	71,185	17,256,121

2020	Opening balance	Additions	Capital repayments	Finance costs	Interest paid	Exchange difference	Closing balance
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	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)	23,952
	9,833,107	22,745,525	(20,598,936)	1,296,767	(1,060,407)	337,715	12,476,262

28. Trade and other payables

	2021	2020
	GH¢'000	GH¢'000
Trade accounts payable	116,550	176,947
Other taxes and social security	213,333	162,676
Other accounts payable	1,155,949	639,560
Accruals	904,167	596,679
Retention payable	229,181	180,188
Amounts payable to road contractors	1,120,486	413,066
	3,739,666	2,169,116

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

29. Leases

COCOBOD as a lessee

COCOBOD has lease contracts for various warehouses used in its operations. Leased warehouses have lease terms between 3 and 5 years with renewal options for 3 to 5 years. 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	2021	2020
	GH¢'000	GH¢'000
As at 1 October	151,749	181,907
Additions	10,685	-
Depreciation charge for the year	(30,158)	(30,158)
Carrying amount as at 30 September 2021	132,276	151,749

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

	2021	2020
	GH¢'000	GH¢'000
As at 1 October	117,958	160,304
Additions	-	-
Accretion of Interest	9,291	10,129
Payment	(10,708)	(24,054)
Exchange difference	(2,123)	(28,421)
Balance as at 30 September 2021	114,418	117,958

	2021	2020
	GH¢'000	GH¢'000
Current	17,692	17,692
Non-current	96,726	100,266
Total	114,418	117,958

The following are the amounts recognised in profit or loss:

	2021	2020
	GH¢'000	GH¢'000
Depreciation expense of right-of-use assets	30,158	30,158
Interest expense on lease liabilities	9,291	10,129
Total amount recognised in profit or loss	39,449	40,287

COCOBOD as a lessor

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

30. Contract liabilities

	2021	2020
	GH¢'000	GH¢'000
Customer advances	927,101	157

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 2020	-	28,899	27,578	3,696	60,173
Releases made during the year	-	(28,899)	(27,578)	(3,696)	(60,173)
At 30 September 2021	-	-	-	-	-

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.

	2021	2020
	GH¢'000	GH¢'000
At 1 October	232,420	197,903
Included in profit or loss		
Current service costs	7,693	6,188
Interest costs	34,891	28,530
	42,584	34,718
Included in other comprehensive income		
Re-measurements: Actuarial loss/(gain)	(7,870)	14,749
Other		
Benefits paid	(16,448)	(16,299)
Exchange adjustments	4,009	1,349
At 30 September	254,695	232,420
Represented by:		
Net defined benefit liability-Plan A	42,843	36,573
Net defined benefit liability-Plan B	39,881	36,405
Net defined benefit liability-Plan C	151,807	141,324
Net defined benefit liability-Plan D	20,164	18,117
	254,695	232,419

32. Employee benefit obligation (Continued)

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

	2021	2020
	GH¢'000	GH¢'000
Staff cost – service costs	7,693	6,188
Staff costs – interest costs	34,891	28,530
	42,584	34,718

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

	2021	2020
	%	%
Discount rate	16.50	16.50
Future salary increases	13.00	12.5
Rate of medical inflation	13.00	12.50
Rate of inflation	12.60	10.4
Withdrawal rates (see table below):		

	2021		2020	
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 (Continued)

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:

2021	Superannuation (A)		Long service awards (B)		Post-retirement medical benefit (C)		Repatriation (D)		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	30,445	35,346	136,712	170,146	16,448	19,084	200,929	244,017
Withdrawal rate (10% movement)	18,325	-	34,019	-	131,768	-	8,888	-	193,000	-
Inflation rate (1% movement)	19,555	-	35,512	-	171,070	-	19,169	-	245,306	-
Mortality (1% movement)	17,077	-	33,020	-	151,292	-	16,237	-	217,626	-
2020										
Discount rate (1% movement)	19,465	21,833	33,033	38,623	127,794	157,668	19,920	17,185	205,985	245,003
Withdrawal rate (10% movement)	20,585	-	36,501	-	124,328	-	8,277	-	186,978	-
Inflation rate (1% movement)	21,953	-	38,797	-	158,596	-	17,266	-	246,433	-
Mortality (1% movement)	19,184	-	35,867	-	140,868	-	14,738	-	218,262	-

Defined contribution plan

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

	2021	2020
	GH¢'000	GH¢'000
Defined contribution expense recognised on the year	188,097	147,624

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 (2020: available-for-sale financial assets through OCI).

33. Capital and reserves (continued)

Revaluation reserve

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

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.

2021	FVOCI-equity instruments	Financial assets at amortised cost	Total
	GH¢'000	GH¢'000	GH¢'000
Financial assets measured at fair value			
Other investments	8,693	-	8,693
Financial assets not measured at fair value			
Trade and other receivables	-	7,583,886	7,583,886
Cash and cash equivalents	-	2,516,905	2,516,905
Other financial assets	-	364,347	364,347
	-	10,465,138	10,465,138

34. Financial instruments (continued)

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	-	7,166,484	7,166,484
Cash and cash equivalents	-	1,663,532	1,663,532
Other financial assets	-	249,212	249,212
	-	9,079,228	9,079,228

a. Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
30 September 2021				
FVOCI - equity instruments				
Other investments	**8,693**	**-**	**-**	**8,693**
30 September 2020				
FVOCI - equity instruments				
Other investments	**10,782**	**-**	**-**	**10,782**

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.

2021	Other financial liabilities	Total
	GH¢'000	GH¢'000
Financial liabilities not measured at fair value		
Loans and borrowings	17,256,121	17,256,121
Trade and other accounts payable	3,739,665	3,739,665
Lease liabilities	114,418	114,418
	21,110,204	21,110,204

34. Financial instruments (continued)

b. Measurement of fair values (continued)

2020	Other financial liabilities GH¢'000	Total GH¢'000
Financial liabilities not measured at fair value		
Loans and borrowings	12,476,262	12,476,262
Trade and other accounts payable	2,169,113	2,169,113
Lease liabilities	117,958	117,958
	14,763,333	**14,763,333**

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 reviews 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:

	2021 GH¢'000	2020 GH¢'000
Other financial assets	**364,347**	376,182
Cash and cash equivalents	**2,516,905**	1,710,645
Trade accounts receivable	**1,045,346**	469,196
Amounts due from related parties	**954,080**	2,045,920
Other accounts receivable	**4,676,344**	3,861,690
Loans accounts receivable	**908,117**	789,678
	10,465,139	9,253,311

34. Financial instruments (continued)

c. Financial risk management (continued)

ii. Credit risk (continued)

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

	2021	2020
	GH¢'000	GH¢'000
Other financial assets	5,081	5,015
Cash and cash equivalents	-	-
Trade and other accounts receivable and contract assets arising from contracts with customers	(284,740)	(83,087)
	(279,659)	(78,072)

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 2021, the exposure to credit risk for trade and other receivables by type of customer was as follows:

	2021	2020
	GH¢'000	GH¢'000
Local trade receivables	1,155,463	797,179
Foreign trade receivables	165,549	14,675
Amounts due from related parties	1,116,720	2,437,507
Loans receivable	908,117	789,678
Other accounts receivable	4,689,642	3,863,838
	8,035,491	7,902,877

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

	2021		2020	
	GH¢'000		GH¢'000	
	Not credit-impaired	Credit impaired	Not credit-impaired	Credit impaired
Local trade receivables	656,228	499,235	406,608	390,572
Foreign trade receivables	165,549	-	14,675	-
Amounts due from related parties	429,285	687,435	1,799,762	637,745
Loans receivable	846,418	61,699	729,700	59,978
Other accounts receivable	4,240,705	448,937	3,536,331	327,507
Total gross carrying amount	6,338,185	1,697,306	6,487,076	1,415,802
Loss allowance	(5,119)	(446,485)	(2,147)	(734,196)
	6,333,066	1,250,821	6,484,929	681,606

34. Financial instruments (continued)

c. Financial risk management (continued)

ii. Credit risk (continued)

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

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

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. 12-month and lifetime probabilities of default for corporate entities are based on historical data supplied by Standard and Poor for each credit rating and are recalibrated based on Real Gross Domestic Product and Inflation. Probabilities of default for individual customers and staff was based on PD term structure based on historical default rates.

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

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

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

2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	GH¢'000	**GH¢'000**	**GH¢'000**	**GH¢'000**
Neither past due nor impaired	**6,338,185**		**-**	**6,338,185**
Impaired	**-**	**488,884**	**1,208,422**	**1,697,306**
	6,338,185	**488,884**	**1,208,422**	**8,035,491**
Loss allowance	**(5,119)**	**(77,110)**	**(369,375)**	**(451,604)**
Total	**6,333,066**	**411,774**	**982,209**	**7,583,887**

2020	Stage 1	Stage 2	Stage 3	Total
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Neither past due nor impaired	6,487,076	-	-	6,487,076
Impaired	-	-	1,415,801	1,415,801
	6,487,076	-	1,415,801	7,902,877
Loss allowance	(2,147)	-	(734,196)	(736,343)
Total	6,484,929	-	681,605	7,166,534

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¢2,658,000 (2020: GH¢1,694,450,000) at the reporting date. These balances are held with banks and financial institutions, which are assessed as having a relatively good credit rating.

34. Financial instruments (Continued)

c. Financial risk management (Continued)

Movement in the allowance for impairment in respect of other financial assets (continued)

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.

i. 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 2021	Contractual cash flows					
	Carrying	Total	1 Year or less	1 to 2 years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Secured bank loans (A) - BoG loan (GH¢)	1,396,561	1,548,824	1,140,484	408,340		-
Secured bank loans (B) - MTL (US$)	-	-	-	-	-	
Unsecured bills and notes payable (GH¢)	13,608,941	14,274,941	14,274,941	-	-	
Secured bank loans (C) - AFDB (US$)	2,077,883	2,164,159	485,509	380,614	1,298,036	
Barclays loans	146,802	163,229	146,802			
Prudential loans	25,934	31,121	3,477	5,497	5,537	16,610
Lease liabilities	114,418	127,604	26,060	64,632	33,084	3,828
Contract liabilities	927,101	927,101	927,101			
Trade and other accounts payable	3,739,666	3,739,666	3,388,533	-	-	
	22,037,306	22,976,645	20,392,907	859,083	1,336,657	20,438

30 September 2020	Contractual cash flows					
	Carrying	Total	1 Year or less	1 to 2 years	2 to 5 Years	Over 5 Years
Non-derivative financial liabilities	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Secured bank loans (A) - BoG loan (GH¢)	1,389,393	1,539,616	90,220	1,099,617	349,779	
Secured bank loans (B) - MTL (US$)	1,284,127	1,301,748	1,301,748	-	-	
Unsecured bills and notes payable (GH¢)	8,487,997	8,900,455	8,900,455	-	-	
Secured bank loans (C) - AFDB (US$)	1,161,900	1,337,228	54,445	277,246	769,670	235,867
Barclays loans	128,893	128,893	128,893	-	-	-
Prudential loans	23,953	27,644	5,497	5,537	16,610	-
Bank overdrafts	7,065	7,065	7,065	-	-	-
Contract liabilities	157	157	157			
Lease liabilities	117,958	145,280	16,077	60,903	41,785	26,515
Trade and other accounts payable	2,169,113	2,169,113	1,980,129	-	-	-
	14,770,556	15,557,199	12,484,686	1,443,303	1,177,844	262,382

34. Financial instruments (continued)

c. Financial risk management (continued)

ii. 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.

iii. 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 2021	Pound sterling	Euro	US Dollar
	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalents	1,412	618	67,176
Trade accounts receivable	-	-	169,536
Loan receivables	-	-	52,393
Other financial assets	-	5,693	699,847
Secured bank loans	-		(2,077,883)
Trade and other accounts payable	-	-	(1,017,053)
	1,412	**10,210**	**(2,105,984)**

30 September 2020	Pound sterling	Euro	US Dollar
	GH¢'000	GH¢'000	GH¢'000
Cash and cash equivalents	1,558	1,493	157,015
Trade accounts receivable	-	-	465,955
Amounts due from related parties	-	-	972,210
Loan receivables	-	-	661,020
Other financial assets	-	-	86,835
Secured bank loans	-		(2,446,027)
Trade and other accounts payable	-	-	(519,038)
	1,558	1,493	(622,030)

c. Financial risk management

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	
	2021	2020	2021	2020
GBP 1	7.8717	6.7583	7.9140	7.3585
EUR 1	6.7122	5.9752	6.7952	6.6786
USD 1	5.7288	5.4423	5.8663	5.7027

34. Financial instruments (continued)

Sensitivity analysis

A 4 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.

GHC	Equity		Profit	
	2021	2020	**2021**	2020
	GH¢'000	GH¢'000	**GH¢'000**	GH¢'000
GBP	**(1,112)**	(143)	**(1,118)**	(156)
EUR	**(6,853)**	(134)	**(6938)**	(150)
USD	**370,598**	59,361	**379,493**	62,201

A 4 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.

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.

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:

	2021	2020
	GH¢'000	GH¢'000
Fixed rate instruments		
Loans receivables	**984,726**	1,112,482
Other financial assets - fixed deposits	**364,347**	376,182
Cash and cash equivalents – short-term placements	**924,978**	523,141
Bank overdrafts	**(7,209)**	(7,065)
Loans and borrowings	**(15,031,436)**	(9,901,342)
	(12,764,594)	(7,896,602)
Variable rate instruments		
Loans and borrowings-AfDB	**(2,077,883)**	(2,446,027)
Barclays secured bank loan	**(146,802)**	(128,893)

34. Financial instruments (continued)

Interest rate risk (cont'd)

	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.

c. Financial risk management

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.

	2021	2020
	GH¢'000	GH¢'000
Equity		
Increase	12,230	12,230
Decrease	(12,230)	(12,230)
Profit		
Increase	12,230	12,230
Decrease	(12,230)	(12,230)

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.

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.

	2021	2020
	GH¢'000	GH¢'000
Equity	159	159

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¢2,943,130,677.25 (2020: GH¢2,606,160,170). These commitments relate to contract assets and property, plant and equipment that are expected to be executed in 2022.

36. Contingencies

Contingent liabilities comprise pending lawsuits and claims brought against COCOBOD which is estimated at GH¢5,613,466.87(2020: GH¢7,956,476). 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:

	2021	2020
	GH¢'000	GH¢'000
Short term benefits	**3,510**	3,314
Pensions	**438**	533
	3,948	3,847

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

A. Related party transactions during the year

	2021	2020
	GH¢'000	GH¢'000
Interest income on receivable from Government of Ghana		
Cocoa beans interest reimbursement from Government of Ghana	**(371,198)**	(371,198)
Receivables outstanding:		
Government of Ghana	**954,080**	2,045,920

None of these balances from related parties is secured. The total allowance against these balances at 30 September 2021 was GH¢162.64 million (2020: GH¢391.58 million.

B. Other related party transactions during the year

At the year-end COCOBOD had outstanding loan payable to Bank of Ghana (BoG) of GH¢1,396,561,000 (2020: GH¢1,389,393,000). The relationship between COCOBOD and 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

	2021	2020
	GH¢'000	GH¢'000
Total liabilities	**22,478,682**	15,232,615
Less: Cash and cash equivalents	**(2,516,905)**	(1,710,645)
Net debt	**19,961,777**	13,521,970
Total equity	**14,293**	2,906,738
Net debt to equity ratio	**1,396**	4.65

39. Subsequent events

There are no events after the balance sheet date that require adjustments in the financial statements.

40. Going concern

The Group incurred a net loss for the year ended 30 September 2021 of GH¢2,437,889,000 (2020: GH¢426,315,000) and as of that date its current liabilities exceeded its current assets by GH¢6,003,189,000 (2020: GH¢2,168,257,000).

The loss resulted from fixed costs that are incurred 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.

40. Going concern (continued)

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 as and when necessary to enable it continue to carry out its functions and settle maturing financial obligations that would arise in the ordinary course of business for a period of not less than twelve months from the date of approval of the financial statements for the year ended 30 September 2021.

Accordingly, the consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern concept.

41. Loss for the year

The loss for the year of GH¢2,437,889,000 includes the loss of GH¢415,539,000 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 PROGRAMMES (PEPS) - AfDB / CS FUNDED

INCOME AND EXPENDITURE ACCOUNT

	2021	2020
	GH¢'000	GH¢'000
Revenue		
Other Direct Cost	80,743	-
Administrative expenses	(434,173)	(98,578)
Operating profit/(loss)	(514,917)	(98,578)
Financial costs	(14)	(67,991)
Financial income	99,392	33,530
Excess of expenditure over income	(415,539)	(133,039)
STATEMENT OF AFFAIRS		
Non-current assets		
Intangible Assets	7,498	7,498
Property, plant and equipment	7,785	-
Other investments	-	-
	15,283	7,498
Current assets		
Trade and other accounts receivable	867,869	359,007
Cash and cash equivalents	553,078	595,448
	1,420,947	954,455
Total assets	1,436,230	961,953
Current liabilities		
Trade and other accounts payable	1,984,808	1,094,992
Accumulated fund		
Excess of expenditure over income	(415,539)	(133,039)
Retained Earnings b/d	(133,039)	-
Total accumulated fund	(548,578)	(133,039)
Total equity and liabilities	1,436,230	961,953

Notes

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GHANA COCOA BOARD

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