

COCOA INDUSTRY BOARD
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Cocoa Industry Board for the year ended September 30, 2009. This report will be tabled in accordance with the provisions of Section 16 of the Cocoa Industry Board Act.

2. ROLE OF THE COCOA INDUSTRY BOARD

The core function of the Board was the marketing of Jamaica's fine flavoured cocoa internationally. This involved:

- The promotion of growing of cocoa among farmers;
- The provision of technical support;
- The purchase and processing of wet beans; and
- The sale of dried fermented beans.

Processing took place at the Board's two operating fermentaries which are strategically located in the parishes of Clarendon and St. Mary. However, the warehousing of the beans was conducted at the Kingston site.

3. COCOA FARMING POPULATION

It was estimated that 6,000 farmers grew cocoa commercially on 12,000 hectares primarily in the parishes of Clarendon, St. Mary, Portland, St. Catherine and St. Thomas.

4. DEMAND FOR JAMAICA'S FINE FLAVOURED COCOA

During the year demand for Jamaica's fine flavoured cocoa internationally was estimated at 1,500 tonnes.

5. PRODUCTION

It should be noted that for the 2008/09 crop year, a total of 463 tonnes of cocoa beans were produced. This figure represented an increase of fifty seven (57) tonnes (14.04%) over the previous year's figure of 406 tonnes.

Production for the last three years is shown below:

Crop Year	Production of Dried Beans (tonnes)
2008/2009	463
2007/2008	406
2006/2007	708

Production for the 2008/09 crop year was affected mainly by:

- Severe weather conditions. In particular, the lingering effects from tropical storm Gustav;
- Inadequate support to cocoa farmers from affiliated organisations;
- Aging farmers;
- Reduction in effective acreage under cocoa cultivation;
- Poor cultural practices; and
- Fluctuation of world market prices

6. ACCESSING GRANT FUNDING

The Board submitted a proposal to the European Union Banana Support Project for a grant of €500,000 for the rehabilitation of cocoa fields in St. Mary, Portland and St. Thomas. Part of the proceeds of this grant will also be used for the training of farmers and for the development of value-added products.

7. FARM-GATE PRICE FOR WET COCOA

Despite the many challenges faced by the farmers, the Cocoa Industry Board has always tried to increase the farm-gate price they receive. For the year under review, the farm-gate price paid to farmers was \$1,460.06 per box (\$146,006 per tonne). This price represented an increase of 9% over the price paid in the previous year. The price paid to the farmers was made in two instalments, a first payment of \$1,300.06 per box (\$130,006 per tonne) and a second payment of \$160.00 per box (\$16,000 per tonne).

FARM-GATE PRICE FOR THE THREE-YEAR PERIOD

2006/07-2007/08

	2008/2009	2007/2008	2006/2007
	per tonne	per tonne	per tonne
	(\$)	(\$)	(\$)
First Payment	130,006	120,006	100,000
Final Payment	<u>16,000</u>	<u>14,000</u>	<u>14,000</u>
Total	<u>146,006</u>	<u>134,006</u>	<u>114,000</u>

Based on the production of 463 tonnes for the review period, a total of \$67.6M was paid to farmers for the year.

8. FINANCES

The Board incurred a loss of \$33.9 million during the review period. This represented a deterioration in the financial performance of the Board from the \$3.5 million loss incurred in the previous year. The decline in the financial performance can be attributed primarily to an increase in the cost of production in processing the beans.

9. REMUNERATION

The salaries and emoluments of the directors and senior executives are set out at appendices I and II respectively.

10. AUDITOR'S REPORT

The accounts were audited by Mair Russell Grant Thornton Chartered Accountants. They have provided the following statements in relation to the financial statements.

Basis for Qualified Opinion

The Auditors have stated that they were not provided with inventory listings for jute bags and other inventories totalling \$3,064,930.

Qualified Opinion

The Auditors have further stated that, except for the effects of such adjustments, if any, as might have been determined to be necessary had they been able to satisfy themselves as to these inventory values, the financial statements give a true and fair view of the financial position of the Board as at September 30, 2009, and of the Board's financial performance, changes in

reserves and cash flows for the year then ended in accordance with International Financial Reporting Standards.

11. The reports are hereby submitted to be tabled in the Houses of Parliament in accordance with Section 16 of the Cocoa Industry Board Act.



Roger Clarke

Minister of Agriculture and Fisheries

January 20, 2014

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