

**COCOA INDUSTRY BOARD**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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, 2011. 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 cocoa growing 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 remained stable and was estimated at a minimum of 1,500 tonnes.

**5. PRODUCTION**

It should be noted that for the 2010/11 crop year, a total of 215 tonnes of cocoa beans were produced. This figure represented a decrease of 329 tonnes (60.5%) from the previous year's figure of 544 tonnes.

Production for the last three years is shown below:

<b>Crop Year</b>	<b>Production of Dried Beans (tonnes)</b>
2010/2011	215
2009/2010	544
2008/2009	463

Production for the 2010/11 crop year was affected mainly by:

- Inadequate support to cocoa farmers from affiliated organisations;
- Increasing average age of farmers;
- Reduction in effective acreage under cocoa cultivation;
- Poor cultural practices; and
- Inadequate extension personnel to serve the five major producing parishes.

#### **6. FARM-GATE PRICE FOR WET COCOA**

Despite its best efforts the Cocoa Industry Board was unable to increase the price paid to farmers. For the year under review, the farm-gate price paid to farmers was \$1,460.06 per box (\$146,006 per tonne).

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) at the end of the year.

#### **FARM-GATE PRICE FOR THE PERIOD**

##### **2009/10-2010/11**

	<b>2009/2010</b>	<b>2010/2011</b>
	<b>per tonne</b>	<b>per tonne</b>
	<b>(\$)</b>	<b>(\$)</b>
First Payment	130,006	130,006
Final Payment	<u>16,000</u>	<u>16,000</u>
Total	<u>146,006</u>	<u>146,006</u>

Based on the production of 463 tonnes for the review period, a total of \$29.1M was paid to farmers during the year and \$3.4M accrued as a final payment.

## **7. FINANCES**

The Board incurred a loss of \$78.5 million during the review period. This represented a deterioration in the financial performance of the Board from the \$2.1 million loss incurred in the previous year. The decline in the financial performance can be attributed primarily to the significant drop in revenue due to the decrease in production.

## **8. REMUNERATION**

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

## **9. 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 the Government of Jamaica is currently planning to divest the assets and liabilities of the Board. Despite the current divestment plans, the financial statements were prepared on the historical cost basis, except for biological assets which are measured at fair value less cost to sell, instead of the net realizable basis as no current valuation of the Board's assets had been obtained.

In addition, the auditors were unable to satisfy themselves as to the appropriate value of the closing inventory as they were unable to determine the completeness of the accounting records presented for audit and the management was not able to provide assurance that all the Board's transactions were reflected in the records presented. Accordingly, the auditors were unable to perform all audit procedures considered necessary to obtain reasonable assurance regarding the accuracy of inventory as at September 30, 2011.

### **Opinion**

The auditors have further stated that, in their opinion except for the effects on the financial statements of the matters described in the basis for qualified opinion above, the accompanying financial statements give a true and fair view of the financial position of the Board as at September 30, 2011 and of its financial performance and its cash flows for the year then ended in

accordance with International Financial Reporting Standards and the requirements of the Acts.

10. The Annual Report of the Cocoa Industry Board for the Year ended September 30, 2011 is hereby submitted to be tabled in the Houses of Parliament in accordance with Section 16 of the Cocoa Industry Board Act.



Derrick Kellier, CD

Minister of Agriculture, Labour and Social Security

December 19, 2014

**File No. 50/9/3**

**COCOA INDUSTRY BOARD**

**DIRECTORS COMPENSATION**

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total
Chairman	57,000.00	-	-	-	57,000.00
Director 1	33,000.00	-	-	-	33,000.00
Director 2	44,000.00	48,436.50	-	-	92,436.50
Director 3	55,000.00	50,287.50	-	-	105,287.50
Director 4	33,000.00	25,103.52	-	-	58,103.52
Director 5	38,500.00	29,277.44	-	-	67,777.44
Director 6	33,000.00	-	-	-	33,000.00
Director 7	33,000.00	-	-	-	33,000.00
MOAF Observer	33,000.00	-	-	-	33,000.00
Caterers	-	-	-	339,624.04	339,624.04
Total	359,500.00	153,104.96	-	339,624.04	852,229.00

Notes

- Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

**COCOA INDUSTRY BOARD**  
**SENIOR EXECUTIVE COMPENSATION**

Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Traveling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Secretary/Manager	2010/11	2,857,908.00	-	796,500.00	-	-	-	3,654,408.00
Human Resource Manager	2010/11	1,140,400.00	-	280,000.00	-	-	-	1,420,400.00
Senior Accounting Officer	2010/11	907,929.00	-	315,000.00	-	-	-	1,222,929.00
Fermentary Manager 1	2010/11	880,690.00	-	420,000.00	-	-	-	1,300,690.00
Fermentary Manager 2	2010/11	880,690.00	-	420,000.00	-	-	-	1,300,690.00
Technical Consultant	2010/11	225,000.00	-	52,500.00	-	-	-	277,500.00
<b>TOTAL</b>		<b>6,892,617.00</b>	<b>-</b>	<b>2,284,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,176,617.00</b>

*Notes*

1. Where contractual obligations and allowances are stated in a foreign currency, the sum in that stated currency must be clearly provided and not the Jamaican equivalent.
2. Other Allowances (including laundry, entertainment, housing, utility, etc.)
3. Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.