

COCOA INDUSTRY BOARD

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED SEPTEMBER 30, 2015**

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, 2015. This Ministry has perused the report and proposes to have it laid in the Houses of Parliament, in accordance with the provisions of Section 3 of the Public Bodies Management and Accountability 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 Board's head office in Kingston.

3. COCOA FARMING POPULATION

It was estimated that 5,000 farmers grew cocoa commercially on 3,800 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 1,000 tonnes.

5. PRODUCTION

It should be noted that for the 2014/15 crop year, a total of 231 tonnes of dried cocoa beans was produced. This figure represented a 30.21% (100 tonnes) decrease from the previous year's figure of 331 tonnes.

COCOA PRODUCTION FOR THE LAST THREE YEARS

Crop Year	Production of Dried Beans (tonnes)
2012/2013	291
2013/2014	331
2014/2015	231
Total	853

Factors Affecting Production

Production for the 2014/15 crop-year was negatively impacted by several factors, listed below:

- The increasing average age of farmers;
- High costs of inputs (labour, fertiliser, etc.);
- Poor cultural practices;
- Inadequate support to cocoa farmers from affiliated organisations; and
- Inadequate extension personnel to serve the five major producing parishes.
- Extreme weather conditions over an extended period.

6. SUPPORT SERVICES

The Board continued to support the industry through meetings with farmers, collectors and secretaries. Extension service was also provided, delivering technical advice to farmers on how to improve their production.

7. FARM-GATE PRICE FOR WET COCOA

It should be noted that with the steep decline in production for the year under review and the Board's fixed cost structure, they were forced to maintain the same price of \$2,000.00 per box (\$200,000 per tonne) to farmers.

FARM-GATE PRICE FOR THE PERIOD

	<u>2013/14-2014/15</u>	
	2013/2014	2014/2015
	per box	per box
	(\$)	(\$)
First Payment	1,800.00	1,800.00
Final Payment	<u>200.00</u>	<u>200.00</u>
Total	<u>2,000.00</u>	<u>2,000.00</u>

Based on the production of 231 tonnes, a total of \$31,085,345.00 was paid to farmers during the crop year with \$12,480,055.00 accruing for first and final payment at the end of the year.

8. FINANCES

The Board incurred a loss of \$18.43 million during the review period. However, this represented an improvement in the financial performance when compared to a loss of \$29.6 million in the previous year.

9. AUDITOR'S REPORT

The accounts were audited by Ian Walters and Company Chartered Accountants. They have stated, that the financial statements give a true and fair view of the financial position of the Cocoa Industry Board as at September 30, 2015 and of the Board's financial performance and cash flows for the year then ended in accordance with

International Financial Reporting Standards and the requirements of the Cocoa Industry Board Act.

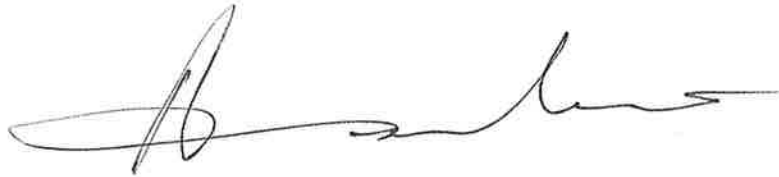
Emphasis of Matter: Going Concern

The auditors drew attention to the Cocoa Industry Board's loss of \$18,429,753 for the year ended September 30, 2015. They further stated that the Board's ability to continue as a going concern would depend on it having profitable operations, continued support from the Government of Jamaica and obtaining any necessary funding.

10. REMUNERATION

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

11. The Annual Report of the Cocoa Industry Board for the Year ended September 30, 2015 is hereby submitted to be tabled in the Houses of Parliament in accordance with the provisions of Section 3 of the Public Bodies Management and Accountability Act.



Audley Shaw C.D., M.P.

Minister of Industry, Commerce, Agriculture and Fisheries

December / 9 , 2018

File No. 50/9/3

COCOA INDUSTRY BOARD

DIRECTORS COMPENSATION 2014/15

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (Meals) (\$)	Total (\$)
Chairman	-	-	-	-	-
Director 1	-	-	-	-	-
Director 2	12,045	15,086	-	-	27,131
Director 3	12,045	13,845	-	-	25,890
Director 4	8,030	-	-	-	8,030
Director 5	-	-	-	-	-
Director 6	8,030	-	-	-	8,030
Director 7	8,030	-	-	-	8,030
MOAF Observer	-	-	-	-	-
Total	48,180	28,931	-	-	77,111

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	2014/15	3,125,848	-	856,000	-	-	-	3,981,848
Human Resource Manager	2014/15	1,631,718	-	451,500	-	-	-	2,083,218
Senior Accounting Officer	2014/15	929,939	-	280,000	-	-	-	1,209,939
Fermentary Manager 1	2014/15	919,354	-	451,500	-	-	-	1,370,854
Fermentary Manager 2	2014/15	919,354	-	451,000	-	-	-	1,370,354
TOTAL		7,526,213	-	2,490,000	-	-	-	10,016,213

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.