

74th

Annual Report

of the

Coconut Industry Board

for year ended December 31, 2015

MISSION

To promote the interest of the Jamaican coconut industry and its stakeholders, by encouraging and facilitating the efficient production of coconuts, providing ongoing research support, developing marketing opportunities, locally and globally, and administering regulations for the purchase, sale, exportation and importation of coconut products and substitutes, in order to develop a profitable and sustainable industry.

VISION

To lead, facilitate and co-ordinate a vibrant and efficient coconut industry which will improve the socio-economic conditions of the coconut growers, processors, traders and other stakeholders who rely on the crop for a livelihood.

Presented to
The Minister of Industry, Commerce, Agriculture and Fisheries
in pursuance of Section 27(1)
of the Coconut Industry Control Act

COMPOSITION OF BOARD FOR YEAR 2015

MEMBERS

Nominated:	Mr. L. S. Green – Chairman Mrs. S. Gayle Morris Mr. J. S. Joyles Prof. W. McLaughlin
Elected:	Mr. S. Black Mrs. S. Ennis Mr. G. E. Marsh Hon. F. M. Phipps, Q.C., O.J. Hon. A. A. Pottinger, C.D.

OFFICERS

General Manager:	Miss Y. E. Burns
Corporate Secretary:	Mrs. A. J. Chung-Campbell
Bankers:	National Commercial Bank Jamaica Limited
Auditors:	PriceWaterhouseCoopers

CONTENTS

Introduction.....	
The 74 th Annual Report	
Auditors' Report and Financial Statements.....	
Tables.....	

THE COCONUT INDUSTRY BOARD

INTRODUCTION

The Coconut Industry Board was established under the Coconut Industry Control Act, Cap. 62, enacted in 1945 and consists of nine members, four of whom including the Chairman, are appointed by the Minister of Agriculture and Fisheries. The remaining five are elected by registered coconut growers and must themselves be registered coconut growers or the attorneys for such registered coconut growers or the managing directors or managers of companies which are registered coconut growers.

The Board promotes the interests and efficiency of the coconut industry, encourages the production of coconuts and regulates the purchase, sale and exportation of coconuts as well as the importation of coconut products and substitutes.

Allied functions are:

- (a) Keeping Government informed on the state of the industry and advising Government when any action is necessary.
- (b) Arranging for the issuing of licences to manufacturers of coconut products.
- (c) Arranging insurance of coconut trees against damage by windstorm.
- (d) Assisting growers to market their crop.
- (e) Carrying out research on the agricultural problems of the industry and advising growers on their agricultural problems.

The industry offers a wide range of employment for technical and skilled personnel.

REPORT ON THE OPERATIONS OF
THE COCONUT INDUSTRY BOARD
CALENDAR YEAR 2015

1. BOARD MEMBERSHIP

There were two vacancies among the elected members of the Board in Year 2015, as Mr. Granville E. Marsh and the Hon. Alaric A. Pottinger, the growers' representatives, who automatically retired, were re-elected unopposed.

Mrs. Sandra Ennis was co-opted in February 2015 to fill the vacancy created by the resignation of the Hon. Roy. E. Thompson, the growers' representative of Portland.

During June 2015, Mrs. Shelley-Ann Gayle Morris was appointed by the Minister of Agriculture and Fisheries to fill the vacancy created by the resignation of Mr. Aston Smith.

There were 27 Board and Committee meetings during the year and attendance of members was as follows:

	<u>Possible</u>	<u>ATTENDANCE</u>		<u>Ill/On Leave</u>
		<u>Board</u>	<u>Committee</u>	
Mr. L. S. Green	22	12	8	2
Mr. S. Black	21	11	6	4
Mr. J. S. Joyles	22	17	2	3
Mr. G. E. Marsh	27	18	9	-
Prof. W. McLaughlin	19	12	4	3
Hon. F. M. Phipps, Q.C., O.J.	22	18	4	-
Hon. A. A. Pottinger, C.D.	23	17	4	2
Mr. A. Smith	11	6	4	1
Mrs. S. Ennis	14	14	-	-
Mrs. S. Gayle Morris	7	4	-	3

2. PROFILE OF THE LOCAL COCONUT INDUSTRY

During the year, weather conditions were not conducive to the growing and the production of coconuts, as drought, small pockets of fire, combined with the failure of many growers to fertilize their coconut trees, caused a reduction in the size of the nuts on most properties.

The number of hectares in coconuts at 31 December, 2015 was calculated as 15,989 (31/12/14 - 15,857); the number of hectares in bearing coconuts at the same date was calculated as 14,287 (31/12/14 - 14,802).

At 31 December 2015, the total population of coconut trees was calculated as 3,549,588 (31/12/14 - 3,520,347). Of this number 3,254,258 were seven years old and over (31/12/14 - 3,215,076) and should have been in full bearing, but due to weather conditions and faulty agronomic practices, some of the plants were not bearing.

The number of farmers registered with the Board was as follows:

<u>Year</u>	<u>No. of Farmers</u>
2015	697
2014	780
2013	891
2012	832
2011	769

The majority of coconut farms was smaller than 10 hectares; coconut is essentially a small holder's crop.

3. PRODUCTION AND DISPOSAL

(i) Production

Coconut production during the year was calculated as 99.2 million nuts (Year 2014 adjusted due to drought conditions - 80.8 million nuts). The value of the Year 2015 production at the average price paid by the Board for Maypan and Malayan Dwarf jelly coconuts during the year, (\$37.50 per nut) was \$3.72 billion.

Coconut production during the year was again adversely affected by lack of fertilizer, improper agronomic practices and additional deaths of bearing coconut trees from lethal yellowing and other diseases.

(ii) Disposal

The major portion of the Year 2015 production was disposed of through bottlers of jelly coconut water, the Coconut Industry Board, higglers, producers of coconut oil and supermarkets.

The portion of the crop which was disposed of to and through the channels of the Board during Year 2015 and the four preceding years, was as follows:

	<u>N</u>	<u>U</u>	<u>T</u>	<u>S</u>		
	<u>2015</u> <u>'000</u>	<u>2014</u> <u>'000</u>	<u>2013</u> <u>'000</u>	<u>2012</u> <u>'000</u>	<u>2011</u> <u>'000</u>	<u>TOTAL</u> <u>'000</u>
St. Andrew	1	4	12	-	-	17
St. Elizabeth	103	105	113	191	30	542
St. Thomas	137	121	77	125	140	600
Portland	54	68	73	90	91	376
St. Mary	651	874	852	717	575	3,669
St. Ann	-	-	-	-	3	3
St. Catherine	135	49	-	6	2	192
	<u>1,081</u>	<u>1,221</u>	<u>1,127</u>	<u>1,129</u>	<u>841</u>	<u>5,399</u>

4. **THE COCONUT SHOP**

The Board purchased 852,896 coconuts at a cost of \$34,574,142 during the year (1,005,973 at a cost of \$40,121,873 in Year 2014), for sale in its Coconut Shop at 18 Waterloo Road, Kingston 10.

This shop continued to be a significant market for the purchase/sale of growers' coconuts.

5. **EXPORT**

During the year, the Board exported seed coconuts to Florida in the United States of America and the Bahamas.

The total number of seed coconuts exported during Year 2015 was 47,850 at a F.O.B. value of US\$149,100.

Export of seed coconuts during the five years ended 31 December, 2015, was as follows:

<u>Year</u>	<u>Number Exported</u>	<u>F.O.B. Value (US\$)</u>
2015	47,850	149,100
2014	52,200	169,050
2013	21,000	64,600
2012	30,000	95,500
2011	41,000	92,655
	<u>192,050</u>	<u>570,905</u>

6. **DISTRIBUTION OF SEEDLINGS**

Distribution of coconut seedlings was as follows:

	<u>2015</u>	<u>2014</u>
Old Planting Programme	29,524	19,132
New Planting Programme	20,774	17,932
Sales	3,530	1,311
Donations and Field Experiments	1,844	653
Replanting – the Board's Seed Gardens	394	-
Agricultural Shows	530	175
Lethal Yellowing Tree Felling Programme	102	25
	<u>56,698</u>	<u>39,228</u>

The Board continues emasculation and pollination activities at its Esher Seed Garden to produce Maypan hybrid seednuts; a total of 41,077 Maypan seeds was produced in Year 2015 (Year 2014 - 50,411).

At the Board's hybrid seed garden in Barton Isles, St. Elizabeth, a total of 121,160 Maypans was produced in Year 2015 (Year 2014 -132,574).

In addition, the Board continued to encourage farmers to plant coconut seedlings under the two planting programmes. Under the Old Planting Programme, weed control grant and

fertilizer for 80% of the seedlings planted, the percentage which is expected to survive, are given free of cost to qualified farmers.

The old programme covers St. Thomas, Portland, St. Mary, St. Ann and St. Catherine, the traditional coconut growing areas.

Planting under the New Planting Programme which covers the non-traditional coconut growing areas, the western region of the island, also continued during the year.

To qualify under the programmes, a farmer must be registered with the Board and must have land which can accommodate at least 125 coconut seedlings. The demand for seedlings exceeded the supply in Year 2015.

A total of 50,298 coconut seedlings at a cost of \$4.7M, fertilizer and weed grant valued at \$0.785M were distributed to coconut farmers under the two planting programmes.

7. WINDSTORM INSURANCE FUND

(i) Liability

The Fund continued to indemnify coconut growers against loss of bearing coconut trees to windstorm.

The liability for windstorm insurance damage during Year 2015 was \$71,056,179 (Year 2014 - \$68,811,572); the maximum coverage per tree remained at \$1,000.

The finances of the Windstorm Insurance Fund are kept separately from the funds of the Board and are treated as Trustee Funds.

(ii) Automatic Insurance and Voting Rights

Coconut growers are again being reminded that they can earn automatic insurance and voting rights for the election of Board members, on coconuts sold to the Coconut Industry Board and licensed coconut dealers, including bottlers of coconut water, provided the sales are reported to the Board. We are reminding coconut growers that it is in their interest to ensure that all coconuts sold by them to the other entities, are reported to the Board.

Automatic insurance is earned at the rate of J\$65 for each 110 dry or jelly coconuts sold to the entities mentioned above.

(iii) Contractual Insurance

Registered coconut growers can purchase contractual insurance from the Board for their properties whether or not they supply coconuts to the Board or to licensed coconut dealers.

This information is always given during the Annual Meeting of Coconut Growers and in spite of this, growers continue to express dissatisfaction after a hurricane, if they do not receive benefits.

An appeal is again being made to coconut growers to make provision for insuring their coconut trees against windstorm damage, from the sale of coconuts, either by purchasing insurance or by selling their coconuts to licensed coconut dealers or the

Board to earn automatic insurance. However, the amount of insurance coverage a grower is likely to earn by way of automatic insurance alone, will never be adequate.

8. **RESEARCH**

The Research Department continues to work towards maintenance and improvement of the coconut industry in Jamaica, through constant monitoring and review of prevailing cultural practices, available germplasm and disease control interventions.

Botany/Plant Breeding

The Botanist/Plant Breeder continued the search for high yielding, disease resistant varieties of coconut during Year 2015. Hybridization activities were conducted at Barton Isles Seed Garden in St. Elizabeth and Esher Seed Garden in St. Mary.

The following activities continued during the year:

(a) **Monitoring of the Brazil Green Dwarf and its Hybrids (Brapan and Maybraz) for their Potential to Increase Local Coconut Production**

A total of 66,962 Brapan (Brazil Green Dwarf x Panama Tall) and 1,846 Maybraz (Malayan Yellow Dwarf x Brazil Green Dwarf) seednuts has been produced to date (with 5,820 Brapan reaped during Year 2015). The Brapan has exhibited favourable characteristics to date (comparable to the Maypan), and is being distributed to farmers.



The Brapan at Holland New Hybrid Experiment, Portland

(b) **Monitoring of the Brazil Green Dwarf and Fifteen other Varieties introduced from the Ivory Coast, Africa in 2009 for their Potential to Local Coconut Production**

Seven thousand five hundred (7,500) seednuts were received from the genebank in the Ivory Coast in 2009. These were planted in three variety collections and have since come into bearing, with 59% overall flowering. A total of 615 seednuts has been reaped to date from nine (9) of the fifteen (15) varieties and set in local

nurseries, in order to increase the respective local populations. From these, 210 seedlings were obtained, which will be set in Observation Plots.

Table 1

Performance Assessment of Germplasm Collection Introduced from Ivory Coast in 2009

Variety	Symbol	Percentage Survival	Percentage Bearing	Total Number of Bunches	Total Number of Nuts	Mean Nuts / Bunch
Aromatic Green Dwarf	AROD	83.0	79.5	118	413	3.5
Bay Bay Tall	BAYT	92.2	17.0	6	33	5.5
Brazil Green Dwarf	BGD	73.9	91.2	82	180	2.2
Catigan Green Dwarf	CATD	90.4	78.7	114	322	2.8
Gazelle Peninsula Tall	GPT	86.3	13.6	14	24	1.7
Kinabalan Green Dwarf	KIND	92.9	86.5	79	198	2.4
Laccadives Micro Tall	LMT	46.2	16.7	0	0	0.0
Palu Tall	PUT	53.3	87.5	17	35	2.1
Philipog Green Dwarf	PILD	70.9	84.6	97	313	3.2
Tacunan Green Dwarf	TACD	91.7	86.4	85	272	3.2
Tagnanan Tall	TAGT	76.9	65.0	12	22	1.8
Tahitian Red Dwarf	TRD	60.0	86.7	25	102	4.1
Tenga Tall	TGT	79.2	10.5	7	18	2.6
Ternate Brown Dwarf	TBD	86.5	55.5	31	63	2.0
Thailand Green Dwarf	THD	74.1	32.6	7	12	1.7
OVERALL		79.6	59.2	656	1917	2.9

(c) **Introduced Varieties not previously tested in Jamaica**

The Board received 101 seed coconuts of a Tall variety as a gift from the Government of Thailand. These seeds were set at Barton Isles, St. Elizabeth, of which 73 germinated. These were planted in field genebanks in order to assess their resistance/susceptibility to lethal yellowing disease, and a few were planted at the Hope Botanical Gardens.

(d) **Assessment of Seednut and Seedling production in the Board's Nurseries**

In 2015, a total of 177,393 seednuts was set in the nurseries from which 56,698 seedlings were delivered to farmers. Hybrid seednut production at the two seed gardens was 162,237. Overall germination at nurseries was 38.9% (ranging from 27.8% at Orange River to 51.2% at Barton Isles). The drought conditions experienced during the year impacted the quality and quantity of seednuts obtained, as well as germination time and final seedling yield.

Table 2

Mean Percentage Germination at CIB Nurseries for Year 2015

Nursery	Mean Germination (%)
Barton Isles	51.2
Spring Garden	39.5
Orange River	27.8
Plantain Garden	37.0
Overall	38.9 +/- 8.34

Plant Pathology and Molecular Biology**(a) Bark Beetle**

The Ambrosia Beetle, *Xyleborus ferrugineus*, was first discovered on coconuts at a farm in Clarendon, and has been observed since then in eleven areas in five parishes during Year 2015. This pest has infested the tree trunks, dry and jelly coconuts and is associated with fungi found on the dry coconuts (*Nectria sp*) and the coconut trunk (*Fusarium sp*).

Successful implementation of the control measures resulted in the decrease in infestation in all the affected areas. New surveys are being conducted, which will indicate the spread of the infestations in all the coconut growing areas.

A short paper titled "Bark Beetle" was written and published in The Agriculturalist and in the Daily Gleaner. In addition, newsletters and posters were also distributed to farmers and placed in rural communities by the Board. Ministry of Agriculture and Fisheries, Rural Agricultural Development Authority (RADA) and Forestry Department were also informed about the beetle infestation.

(b) Monitoring of Lethal Yellowing Disease

The monitoring of incidences of lethal yellowing disease and its spread islandwide continued, with special emphasis on the outbreaks in east and west Portland. Additional surveys were conducted on selected farmers' holdings, along with assessment of the impact of information given to farmers on important aspects of the disease. Activities also included the collection of seednuts from visually uninfected coconut trees in lethal yellowing infected fields ('the last man standing'), a general principle accepted by the scientific community used to estimate the level of tolerance of an individual coconut tree to lethal yellowing disease.

(c) Control of Lethal Yellowing Disease on a Farm in St. Thomas

Exemplary control of lethal yellowing disease has been exerted at Michael Black Farms in Nutts River, St. Thomas, by the practice of strict sanitation (prompt felling and burning of diseased palms) followed by immediate replanting referred to as 'the Michael Black Approach'. Data collected were analyzed, for the continued validation of this practice.

During the Years 2013, 2014 and 2015 the coconut trees infected with lethal yellowing disease were 36, 65 and 31, respectively.

(d) **'Special' Malayan Dwarf**

The Board has been testing a small subset of Malayan Yellow Dwarf coconut trees at Barton Isles, St. Elizabeth, which was found to have greater genetic similarity to the international source populations in Asia than to their local counterparts. The hypothesis was then formulated that they could therefore possibly possess greater resistance to lethal yellowing disease. The seednuts from these palms have been carefully collected over the years, and the resultant progeny planted in areas where lethal yellowing disease is both active and inactive. Approximately 1,000 seedlings have been obtained so far, and there have been no deaths to lethal yellowing disease among these Dwarfs. The production and testing of these are still in progress.

(e) **The Project "Coconut Industry Development for the Caribbean"**

The International Trade Centre (ITC) has signed a contribution agreement with the European Union for the execution of a Coconut Development Project for the Caribbean to be established in nine countries, namely, Trinidad and Tobago, Belize, Guyana, Jamaica, Dominica, Dominican Republic, St. Lucia, St. Vincent and the Grenadines and Suriname. The project is being implemented by the Caribbean Agricultural Research and Development Institute (CARDI), under an Agreement with the ITC over 48 months.

The project entitled "Coconut Industry Development for the Caribbean" is part of a programme for African, Caribbean and Pacific State (ACP) countries funded under the 10th European Development Fund (EDF) for a total cost of Euro 3.5 million of which CARDI is expected to receive Euro 1,802,484 under the ITC/CARDI Agreement.

The process of implementation requires a national focal point within CARDI in each of the participating countries to liaise between the Ministry of Agriculture (MOA) and the National Stakeholders Platform (NSP). Dr. Wayne Myrie and Mrs. Dionne Clark-Harris as the Chairman and Vice Chairman, respectively, were selected by the members of the NSP.

Agronomy/Crop Physiology

The Agronomist/Crop Physiologist focused on research aimed at improving germination among seednuts and by extension, an increase in production of quality planting material.

The experiments conducted during the year were:

(a) **The effect of the timing of Fertilizing and its impact on the Growth of Coconut Seedlings**

The Board's aim is to supply quality coconut seedlings to farmers through its two planting programmes where the seednuts are set in the nurseries and are left to germinate and grow into healthy seedlings.

The seedlings are dug from the nursery beds, the associated roots trimmed, and the seedlings transported to the field to be planted. Continued growth for the production of healthy trees will now be dependent on soil fertility among other external factors, and an early regeneration of roots. However, between the planting and the generation of new roots, the plant will have to compensate for any nutritional changes acquired during the transition, which can result in a delay of continued growth. This experiment was therefore designed to determine the timing of fertilizing and its impact on the growth of coconut seedlings. Three sets of seedlings were therefore planted: fertilized at planting, fertilized three months after planting, and fertilized six months after planting. Thereafter, the plants will be fertilized at six months intervals. During the period, the heights of the plants, rachis, petiole and girth at soil level were measured and comparisons made among treatments.

Results to date show that there are no differences in the measurements of parameters for those palms planted with fertilizer or without fertilizer, and work continues.

(b) **The Germination Process**

Coconut is one of the largest oil nuts among palms, with weight ranging from 100 g to 1000 g when dehusked. The seednut however, comprises five main regions: the exocarp (outer fibrous region), the shell, the solid endosperm (white in colour), the liquid endosperm (water), and the very small embryo, all of which play a significant role in germination. The tiny embryo is found within the germ pore of the solid endosperm (Balachandran and Arumughan, 1995). Some palms, including coconuts display adjacent germination which occurs when a small portion of the cotyledon emerges from the seed, with a swollen region at the top of the hard shell, and at this stage it is commonly referred to as a button, from which the radicle (root) and plumule (shoot) emerge (Meerow and Broschat, 2012).

During germination, the embryo grows to form the button at the surface of the hard shell as previously mentioned. It also continues growth within the large central cavity of the coconut. This growth results in a structure referred to as the haustorium. During its growth, the haustorium digests and absorbs nutrients from both the liquid and solid endosperm. Lopez-Villalobos *et al* (2001) indicated that one of the most important nutrients absorbed by the haustorium is the triacylglycerols of the oil, which comprises a particular fatty acid and is characterized by a large amount of dodecanoic (lauric) acid. Lopez-Villalobos *et al* (2001) also indicated that *in vitro* seedlings often times have underdeveloped haustoria and lack the stored lipids found in that grown *in situ*, thereby indicating a correlation between fatty acid deposition (mainly lauric acid) and the developing haustoria which is very critical for germination.

The Coconut Industry Board has faced the perennial challenge of finding effective and efficient ways to significantly increase the yield of the trees on its farms. Therefore, one of the main foci is to determine the factors affecting germination, reasons for poor or no germination and ways to improve the germination experience thereby significantly improving yield.

In an attempt to determine and eliminate factors which contribute to poor germination, the decision was taken to follow the entire germination process. This process starts with the harvesting and processing of the pollen, to the growth or lack thereof, of the seednuts.

Results show to date that a number of factors affect germination, including rotting of the embryo and haustorium, as seen at harvest.

This experiment is still in progress.



Comparison of the embryos removed from seeds harvested at Esher. Except for the embryo at the extreme left, all the others started to grow.



Incomplete development of the solid endosperm (Esher). Reason for this is unknown.

Coconut Tissue Culture

The Board in collaboration with the University of the West Indies (UWI) continues to establish protocols for the culture of elite germplasm.

The project has two main objectives: the development of a reliable embryo culture protocol, for the culture of extracted embryos into mature plants and the development of a somatic embryogenesis protocol to enable the rapid multiplication of a desired cultivar.

Embryos placed in culture during Year 2015 displayed varying germination rates; maximum 80% germination. Germinated embryos were kept in embryo culture or used to produce explants for callus culture.

Rooting was improved using 200uM-2mM NAA, the samples were pulsed in this auxin treatment then cultured as normal. Eighty three percent (83%) of these plants produced strong rooting systems in four months, reducing the time needed to produce mature plants for hardening. Eleven (11) plants rooted in this fashion were ready to be hardened after five to eight months in culture.

Plants from these rooting studies were better adapted to hardening, with improved survival rate from 33% to 55%.

Results for Year 2015

- Forty-seven (47) plants currently in culture
- Sixteen (16) plants were removed from culture and placed in pots
- Improved embryo culture conditions, 83% rooting with mature plants achieved after 5-8 months in culture
- Survival rate for hardening increased from 33%-50%

9. ADVISORY

Throughout Year 2015, the Advisory Department continued its annual mandate to effectively achieve the goals of the Research Department. The Advisory Officers worked relentlessly to communicate information as well as offer technical support and act as a liaison between the Coconut Industry Board and new and existing coconut growers islandwide and to the public.

The lethal yellowing (LY) sensitization programme continued and was used as a means of informing and educating growers and other individuals of the spread of LY disease and measures that can be employed to restrict its spread. Officers of the department were also very active in assisting growers to remove and burn over 3,598 diseased trees and also providing growers with seedlings for replacement.

During Year 2015, public awareness, education and outreach activities continued in areas of the island where the LY disease was active. These were accomplished mainly by conducting regular farm visits, field days, staging of displays at agricultural shows and various commodity boards' expositions and Schools' Open Days, community meetings and other group assemblies. These initiatives were achieved by the use of different forms of communication including multimedia presentations, displays, 4-H Achievement Days, brochures, practical demonstrations and one on one discussions.

Over 2,905 regular farm visits were made to new, existing and potential growers in order to provide technical assistance, support and to circulate relevant information. The growers' problems and concerns were addressed individually or in groups, depending on the nature of the concerns and number of individuals with similar issues. More serious concerns or information/data gathered from farmers were likewise passed on to the Research Department for further investigations.

The Advisory Department was involved in the identification of areas in St. Mary, Portland and Clarendon with Bark Beetle, and collection of specimens to facilitate the implementation of control methods.

In order to improve and extend coconut production in Jamaica, the Advisory Department has distributed over 50,298 seedlings to growers in Year 2015.

Other Advisory Activities

- Field Days were conducted in the following areas: Crescent and Esher in St. Mary.
- Lectures/demonstrations were held at Spring Gardens All Age School in St. Catherine.

- Displays mounted at events islandwide included:
 - ✓ Agricultural shows held at Denbigh in Clarendon, Hague in Trelawny, St. Mary Agricultural Show, St. Andrew Farm Fest
 - ✓ 4-H Parish Achievement Days – St. Thomas
 - ✓ Health Fair – Church of St. John the Evangelist, St. Andrew
 - ✓ Immaculate Conception High School's Open Day
 - ✓ Spring Garden All Age School's Open Day
- Participation in the following:
 - ✓ Jamaica Agricultural Society (JAS) Branch meetings held in Hectors River, Portland, Annual General Meeting in Denbigh, Clarendon
 - ✓ Jamaica Agricultural Society (JAS) Economic Summit
 - ✓ Farmers' group meeting in Glengoffe, St. Catherine in collaboration with RADA
 - ✓ RADA Farmers' meeting in Linstead, St. Catherine
 - ✓ Tour of St. Mary Coconut Processors with CARDI/ITC
- Field trip to 18 Waterloo Road by students from Desiree's Summer Camp

10. **REMUNERATION**

- (i) The total remuneration of the three most senior executives for the Year 2015 was \$16,800,846.
- (ii) The total fees paid to the Chairman and the other Directors (Board Members) during the year, was \$1,991,101 and the total fees paid to non-directors for attending committee meetings of the Board during the year was \$30,828; these fees are in accordance with the guidelines established by the Public Enterprises Division of the Ministry of Finance and Planning and were approved by our portfolio Minister.

11. **FINANCE**

Audited financial statements for the Board and the Windstorm Insurance Fund, for the year ended December 31, 2015, are attached.

12. **ACKNOWLEDGEMENT**

The Board gratefully acknowledges the assistance provided by the following persons and local and overseas institutions: the Minister of Agriculture and Fisheries and the officers of that Ministry, the Molecular Biology Unit at the University of the West Indies (U.W.I.), the Common Fund for Commodities (C.F.C.), the Food and Agriculture Organisation (F.A.O.) of the United Nations, Rothamsted Experimental Station in the United Kingdom, the Centre for International Agronomic Research and Development (CIRAD), the International Coconut Genetic Resources Network/the International Plant Genetic Resources Institute (COGENT/IPGRI), Centro de Investigacion Cientifica de Yucatan (CICY) - Mexico, the Escuela Agricola Panamericana (Zamorano) - Honduras, and the University of Florida.

The Board expresses thanks to coconut growers for their support and to the staff of the Board for their dedication to duty.

By Order of the Board
Leonard S. Green
Chairman



Coconut Industry Board

**Financial Statements
31 December 2015**

Coconut Industry Board

Index

31 December 2015

Page

COCONUT INDUSTRY BOARD

Independent Auditor's Report to the Members

Financial Statements

Statement of comprehensive income	1
Statement of financial position	2 – 3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6 – 41

COCONUT WINDSTORM INSURANCE FUND

Independent Auditor's Report to the Members

Financial Statements

Statement of comprehensive income	42
Statement of financial position	43
Statement of cash flows	44
Notes to the financial statements	45 – 52



Independent Auditor's Report

To the Members of
Coconut Industry Board

Report on the Financial Statements

We have audited the accompanying financial statements of Coconut Industry Board, set out on pages 1 to 41, which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Members of Coconut Industry Board
Independent Auditor's Report
Page 2

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Coconut Industry Board as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in dark ink, appearing to read "Phurathana Coogan".

Chartered Accountants
7 November 2016
Kingston, Jamaica

Coconut Industry Board

Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue		132,548	126,967
Direct expenses		<u>(83,181)</u>	<u>(80,625)</u>
Gross Profit		49,367	46,342
Other operating income	5	55,742	72,567
Distribution expenses		(1,279)	(1,307)
Research and extension expenses		(56,119)	(56,645)
Administration expenses -			
Movement in retirement benefit obligations		(30,600)	(21,900)
Other		(94,770)	(81,764)
Other operating expenses		<u>(30,218)</u>	<u>(43,108)</u>
Operating Deficit		(107,877)	(85,815)
Share of profits of associated company, net of taxes	9	<u>182,567</u>	<u>283,386</u>
Net Surplus		74,690	197,571
Other Comprehensive Income			
Items that will not be reclassified to profit or loss -			
Re-measurement of retirement benefit obligations		37,214	(86,437)
Items that may be subsequently reclassified to profit or loss -			
Fair value adjustments to available-for-sale financial assets		<u>(570)</u>	<u>82,256</u>
Total Comprehensive Income for the Year		<u><u>111,334</u></u>	<u><u>193,390</u></u>

Coconut Industry Board

Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Non-Current Assets			
Property, plant and equipment	8	61,134	58,920
Investment in associated company	9	3,146,809	3,098,579
Investments	10	111,104	201,159
Loans receivable	11	1,293	1,820
Deferred expenditure	12	4,470	6,854
		3,324,810	3,367,332
Current Assets			
Inventories	13	3,182	3,102
Biological assets	14	20,777	13,562
Receivables	15	32,902	25,762
Short-term investments	10	655,621	517,401
Coconut Windstorm Insurance Fund		793	-
Cash at bank and in hand	16	14,922	8,916
		728,197	568,743
Current Liabilities			
Payables	17	11,125	10,430
Coconut Windstorm Insurance Fund		-	2,093
		11,125	12,523
Net Current Assets		717,072	556,220
		<u>4,041,882</u>	<u>3,923,552</u>

Coconut Industry Board

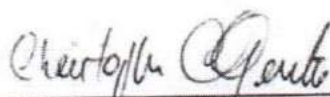
Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Capital and Reserves			
Capital surplus	18	647,111	648,913
Capital fund	19	317,135	292,258
Fair value reserve	20	8,664	8,661
Staff contingency fund	21	34,776	41,851
Coconut replanting fund	22	227,515	212,148
Reserves	23	<u>2,605,981</u>	<u>2,526,821</u>
Total Capital and Reserves		3,841,182	3,730,652
Non-Current Liabilities			
Retirement benefit obligations	24	<u>200,700</u>	<u>192,900</u>
		<u>4,041,882</u>	<u>3,923,552</u>

Approved for issue by the Board of Directors on 7 November, 2016 and signed on its behalf by:



Christopher C. Gentles

Director



Granville E. Marsh

Director

Coconut Industry Board

Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Capital Surplus \$'000	Capital Fund \$'000	Fair Value Reserve \$'000	Staff Contingency Fund \$'000	Coconut Replanting Fund \$'000	Reserves \$'000	Total \$'000
Balance at 31 December 2013, as restated		561,068	269,036	(3,676)	31,628	175,373	2,503,833	3,537,262
Net surplus for the year		-	-	-	-	-	197,571	197,571
Other comprehensive income -								
Fair value adjustments to available-for-sale financial assets		87,845	(11,687)	12,337	(2,809)	(3,430)	-	82,256
Remeasurement of pension		-	-	-	-	-	(86,437)	(86,437)
Total comprehensive income		87,845	(11,687)	12,337	(2,809)	(3,430)	111,134	193,390
Transfer to capital fund	19	-	34,909	-	-	-	(34,909)	-
Transfer to staff contingency fund	21	-	-	-	13,032	-	(13,032)	-
Transfer to coconut replanting fund	22	-	-	-	-	40,205	(40,205)	-
Balance at 31 December 2014		648,913	292,258	8,661	41,851	212,148	2,526,821	3,730,652
Net surplus for the year							74,690	74,690
Other comprehensive income -								
Fair value adjustments to available-for-sale financial assets		(1,802)	-	3	929	296	3	(570)
Remeasurement of pension		-	-	-	-	-	37,214	37,214
Transactions with owners		-	-	-	(804)	-	-	(804)
Total comprehensive income		(1,802)	-	3	125	296	111,907	110,530
Transfer to capital fund	19	-	24,877	-	-	-	(24,877)	-
Transfer from staff contingency fund	21	-	-	-	(7,200)	-	7,200	-
Transfer to coconut replanting fund	22	-	-	-	-	15,071	(15,071)	-
Balance at 31 December 2015		647,111	317,135	8,664	34,776	227,515	2,605,981	3,841,182

Coconut Industry Board

Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities			
Net surplus		74,690	197,571
Adjusted for:			
Unremitted equity income in associated company	9	(27,317)	(136,308)
Depreciation	8	10,661	8,554
(Gain)/loss on disposal of property, plant and equipment		(2,054)	530
Write off of deferred expenditure	12	2,618	4,488
Interest income	5	(31,648)	(37,366)
Movement in retirement benefit asset and obligation		22,300	13,800
Foreign exchange gain	5	21,660	34,692
		<u>70,910</u>	<u>85,961</u>
Changes in operating assets and liabilities -			
Receivables		(7,140)	4,241
Inventories		(80)	(1,457)
Biological assets		(7,215)	1,927
Coconut Windstorm Insurance Fund		(2,886)	6,211
Payables		<u>695</u>	<u>5,343</u>
Cash provided by operating activities		<u>54,284</u>	<u>102,226</u>
Cash Flows from Investing Activities			
Loans receivable, net		527	133
Purchase of property, plant and equipment	8	(14,402)	(13,480)
Proceeds from disposal of property, plant and equipment		3,581	42
Purchase of investments		-	(96,070)
Proceeds from disposal of investments		87,650	-
Deferred expenditure	12	(234)	(1,850)
Interest received		<u>31,648</u>	<u>37,366</u>
Cash provided by/(used in) investing activities		<u>108,770</u>	<u>(73,859)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(18,828)</u>	<u>(24,698)</u>
Increase in cash and cash equivalents		144,226	3,669
Cash and cash equivalents at beginning of year		<u>526,317</u>	<u>522,648</u>
Cash and Cash Equivalents at End of Year		<u><u>670,543</u></u>	<u><u>526,317</u></u>
Comprising:			
Cash at bank and in hand	16	14,922	8,916
Short-term investments	10	<u>655,621</u>	<u>517,401</u>
		<u><u>670,543</u></u>	<u><u>526,317</u></u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

The Coconut Industry Board ("The Board") is a body corporate established under the Coconut Industry Control Act, 1945. The Board consists of nine members, four of whom are appointed by the Minister of Agriculture and Fisheries; the remaining five are elected by registered coconut growers and must themselves be registered coconut growers or the attorneys for such registered coconut growers, or the managing directors or managers of companies which are registered coconut growers.

The main functions of the Board are:

- (a) Keeping Government informed on the state of the industry and advising on any action that is necessary;
- (b) Assisting growers to market their crop;
- (c) Conducting research on the agricultural problems of the industry;
- (d) Advising growers on their agricultural problems.

The Board's registered office is located at 18 Waterloo Road, Kingston 10.

The Board is also responsible for the management of the Coconut Windstorm Insurance Fund which, at year end, has net assets of \$186,476,000 (2014 - \$173,355,000).

On 28 December 1995, the Board was granted tax exempt status, effective 1 January 1971.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

New and amended standards and interpretations effective in the current year

Certain amendments and clarifications to existing standards have been published that became effective during the current financial year. The Board has assessed the relevance of all such new amendments and clarifications and has put into effect the following, which are immediately relevant to its operations.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New and amended standards and interpretations effective in the current year (continued)

- **IAS 19 (Amendment) – Benefit plans, 'Defined Benefit Plans: Employee Contributions'**, clarifies the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows contributions that are linked to service, but do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. The amendment is effective for accounting periods beginning on or after 1 July 2014. The Defined Benefit plan was curtailed and as such this standard did not have any impact on the financial statements.
- **Annual Improvements 2012**, (effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements comprise changes to a number of standards, the following of which are relevant to the Board's operations. IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. There was no significant impact from adoption of these amendments during the year.
- **Annual Improvements 2013**, (effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to a number of standards, of which the following are relevant to the board's operations. IFRS 13 was amended to clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. There was no significant impact from adoption of these amendments during the year.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Board

- At the date of authorisation of these financial statements a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Board, except the following set out below:

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Board (continued)

- IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Board is yet to assess IFRS 9's full impact.
- IFRS 15, 'Revenue from contracts with customers'** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Board is assessing the impact of IFRS 15.
- Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation**, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Board does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.
- Amendment to IAS 1, 'Presentation of Financial Statements'**, (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The Board is currently assessing the impact of future adoption of the amendments on its financial statements.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Board (continued)

- **IFRS 16, 'Leases'** (effective for annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied). The International Accounting Standards Board (IASB) published IFRS 16, 'Leases', which replaces the current guidance in IAS 17. This will require changes in accounting by lessees in particular. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Board is currently assessing the impact of future adoption of the new standard on its financial statements.
- **Annual Improvements 2014**, (effective for annual periods beginning on or after 1 January 2016). The improvements consist of changes to a number of standards, of which the following may be relevant to the Board's operations. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. The Board is currently assessing the impact of future adoption of the new standard on its financial statements.
- **Amendment to IAS 7**, (effective for annual periods beginning on or after 1 January 2017). In January 2016 the IASB published the final Standard Disclosure Initiative (Amendments to IAS 7—2016). These amendments to IAS 7 Statement of Cash Flows require a disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Board is currently assessing the impact of future adoption of the new standard on its financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Board.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the functional and presentation currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives, which are as follows:

Freehold buildings	40 years
Research library stock and furniture, fixtures, equipment and fence improvement	5 – 10 years
Motor vehicles	5 years

Land is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which it is incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Board. Major renovations are depreciated over the remaining useful life of the related asset.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of the asset's net selling price and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(e) Investment in associates

An associate is an entity over which the Board has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Board's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Board's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Board does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

The Board's financial assets comprise investment securities, loans receivable, trade and other receivables, cash and short term investments, and balances due from related parties.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investment securities

The Board classifies its investment securities as available-for-sale. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Purchases and sales of investments are recognised on the trade date - the date that the Board commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the net surplus and other comprehensive income. Other changes in the fair value of both monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the fair value adjustments accumulated in the fair value reserve are included in the statement of comprehensive income as 'gains and losses on maturity and disposal of available-for-sale investment'. Interest on available-for-sale securities, calculated using the effective interest method, is recognised in the statement of comprehensive income.

The Board assesses at each year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market rate for a similar financial asset.

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are carried at original invoice value less provision made for impairment of these receivables based on a review of all outstanding amounts at the year end. A provision for impairment of trade receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, the recoverable amount being the present value of expected cash flows, discounted at the original effective interest rate.

Financial liabilities

The Board's financial liabilities are initially measured at fair value, net of transactions costs and are subsequently measured at amortised cost using the effective interest method. At year end, financial liabilities comprised payables and amounts due to the Coconut Windstorm Insurance Fund.

Payables

These amounts represent liabilities for unpaid invoices at year end and are carried at cost, which is deemed to approximate amortised cost.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) Deferred expenditure

Expenditure incurred on seed garden projects is accumulated until the seed garden starts generating income, after which it is written off, as the revenue to which it relates is earned. The period for, and the corresponding rate of, the write off is as follows:

Year 5	-	25%
Year 6	-	30%
Year 7	-	45%

(h) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the average cost basis. Net realisable value is the estimate of selling price in the ordinary course of business, less the cost of selling expenses.

(i) Biological assets

Biological assets represent seeds in nurseries and seed gardens and are stated at cost as no reliable measure for determining fair value has been identified. Cost is determined as the accumulated cost of germination.

(j) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost, and comprise cash at bank and in hand, and short term investments.

(k) Retirement benefits

Pension plan benefits

The scheme is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at year end minus the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the fund. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by estimating future cash outflows using interest rates on Government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Other retirement benefits

The Board provides other retirement benefits from a supplemental account. This account is funded by investment income arising from investments that have been allocated to this account. The method of accounting and the frequency of valuations are similar to the pension plan benefits described above.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(I) Income recognition

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Board's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Board.

Sales are recognised when the Board sells a product to the customer. Retail sales are usually by cash only. The Board sells coconut seedlings, coconuts and coconut-based products such as coconut water, oil and pastries.

Interest income

Interest income is recognised in the statement of comprehensive income on a time-proportion basis using the effective interest method.

Dividend income

Dividend income in the statement of comprehensive income is recognised when the right to receive payment is established.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management

The Board's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board's overall financial risk management efforts seek to minimise potential adverse effects on the Board's financial performance arising mainly from market risk.

The Board's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board periodically reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The members of the Board are ultimately responsible for the establishment and oversight of the risk management framework. The Board has established a Finance Committee for managing and monitoring financial risks, as well as to manage the Board's assets and liabilities and the overall financial structure. The Finance Committee is also primarily responsible for the funding and liquidity risks of the Board.

There has been no change to the Board's exposure to financial risk or the manner in which such risks are managed.

(a) Market risk

The Board experiences exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Board which reviews the price movement of financial assets.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Board is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises primarily from the Board's cash and investments holdings.

The Board manages its foreign exchange risk by closely monitoring currency positions and seeking to maximise foreign currency earnings.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

Currency risk (continued)

The table below summarises the Board's exposure to foreign currency exchange rate risk at year end.

	Jamaican J\$'000	US\$ J\$'000	Total J\$'000
	2015		
Financial Assets			
Non-current investments	21,196	89,908	111,104
Loans receivable	1,293	-	1,293
Receivables	1,943	-	1,943
Coconut Windstorm Insurance Fund	793	-	793
Short-term investments	221,438	434,183	655,621
Cash at bank and in hand	7,320	7,602	14,922
Total financial assets	253,983	531,693	785,676
Financial Liabilities			
Payables	11,125	-	11,125
Total financial liabilities	11,125	-	11,125
Net financial position	242,858	531,693	774,551
	2014		
Financial Assets			
Non-current investments	26,314	174,845	201,159
Loans receivables	1,820	-	1,820
Receivables	931	-	931
Short-term investments	217,229	300,172	517,401
Cash at bank and in hand	5,361	3,555	8,916
Total financial assets	251,655	478,572	730,227
Financial Liabilities			
Payables	10,430	-	10,430
Coconut Windstorm Insurance Fund	2,093	-	2,093
Total financial liabilities	12,523	-	12,523
Net financial position	239,132	478,572	717,704

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity

The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity of the net surplus is attributable to the Board's cash and cash equivalents and investments.

If at 31 December 2015, the Jamaican dollar strengthened/weakened by 1%/(8%) (2014 – 1%(15%)) against the US dollar, with all other variables held constant, net surplus would have (decreased)/increased by approximately (\$5,317,000)/\$42,535,000 (2014 – (\$4,786,000)/\$71,786,000). The percentage represents management's assessment of the possible range of changes in the rate of exchange to the US dollar.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest rate instruments expose the Board to fair value interest risk on its financial assets. Floating rate instruments expose the Boards to cash flow interest risk. The Board's interest rate risk policy requires it to manage interest rate risk by maintaining a balanced investment portfolio.

The following table summarises the Board's exposure to interest rate risk on its financial assets. It includes the Board's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Board has no interest bearing liabilities.

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2015							
Non-current investments	-	-	61,316	49,788	-	-	111,104
Loans receivable	-	-	-	553	740	-	1,293
Receivables	-	-	-	-	-	1,943	1,943
Coconut Windstorm Insurance Fund	-	-	-	-	-	793	793
Short-term investments	346,203	280,989	27,629	-	-	800	655,621
Cash at bank and in hand	-	-	-	-	-	14,922	14,922
Total financial assets	346,203	280,989	88,945	50,341	740	18,458	785,676

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

Interest rate risk (continued)

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
2014							
Non-current investments	-	-	159,754	21,225	20,180	-	201,159
Loans receivable	-	-	-	-	802	1,018	1,820
Receivables	-	-	-	-	-	931	931
Short term investments	-	316,387	201,014	-	-	-	517,401
Cash at bank and in hand	8,559	-	-	-	-	357	8,916
Total financial assets	8,559	316,387	360,768	21,225	20,982	2,306	730,227

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Board's net surplus and equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	Effect on Net Surplus 2015 \$'000	Effect on Equity 2015 \$'000	Effect on Net Surplus 2014 \$'000	Effect on Equity 2014 \$'000
United States dollar:				
Change in basis points:				
-100% (2014: -50%)	-	682	-	534
+100% (2014: +250%)	-	(1,038)	-	(1,055)

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

Interest rate risk (continued)

	Effect on Net Surplus	Effect on Equity	Effect on Net Surplus	Effect on Equity
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Jamaican dollar:				
Change in basis points:				
-150% (2014: -100%)	(50)	250	(51)	21
+100% (2014: +250%)	125	(164)	127	(52)

The following tables summarises the weighted average interest rate on the Board's financial assets.

	Jamaica %	US\$ %
	2015	
Non-current investments	7.63	5.32
Loans receivable	7.00	-
Short-term investments	6.07	2.02
Cash at bank and in hand	0.75	0.15
	2014	
Non-current investments	4.65	2.39
Loans receivable	7.00	-
Short-term investments	7.81	6.60
Cash at bank and in hand	1.25	0.30

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Credit risk

The Board takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Board by failing to discharge their contractual obligations. Credit exposures arise principally from the Board's investment activities. The Board structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty.

The Board establishes an allowance for impairment that represents its estimate of incurred losses in respect of investments, loans and receivables. The Board addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Board limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. At year end, all investment securities are either held directly with the Government of Jamaica or secured by instruments issued by the Government of Jamaica.

Maximum exposure to credit risk:

	2015	2014
	\$'000	\$'000
Investment securities-		
Non-current investments	111,104	201,159
Short-term investments	655,621	517,401
Loans receivable	1,293	1,820
Receivables	1,943	931
Coconut Windstorm Insurance Fund	793	-
Cash at bank and in hand	14,922	8,916
	<u>785,676</u>	<u>730,227</u>

(c) Liquidity risk

Liquidity risk is the risk that the Board is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Liquidity risk is not usually significant for the Board.

Liquidity risk management process

The Board's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows and
- (iii) Optimising cash returns on investments.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Financial liabilities and assets held for managing liquidity risk

Financial liabilities are due within three months. The Board has sufficient financial assets to cover financial liabilities that arise in the course of normal operations.

(d) Capital management

The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern in order to conduct research on the agricultural problems in the industry and to provide assistance to coconut growers to market their crops. There were no changes to the Board's approach to capital management during the year.

(e) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of loans receivable, receivables less impairment provision, short-term investments, balances with Coconut Windstorm Insurance Fund and payables are assumed to approximate their fair values due to the short-term maturity of these instruments.

The Board's available for sale investments are measured at fair value subsequent to initial recognition, and are classified as Level 2 fair value instruments. Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Indicative prices are obtained from regular, publicly available quotes by reputable dealers and brokers; and

There were no transfers between levels during the year, and there are no Level 3 instruments.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Board's accounting policies

In the process of applying the Board's accounting policies, management has made no judgements which it believes presents a significant risk of material misstatement to the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefits

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate, and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

5. Other Operating Income

	2015 \$'000	2014 \$'000
Interest income	31,648	37,366
Miscellaneous income	2,434	509
Foreign exchange gain	21,660	34,692
	<u>55,742</u>	<u>72,567</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct, administration and other operating expenses:

	2015 \$'000	2014 \$'000
Auditors' remuneration	1,391	1,336
Cost of inventories recognised as expense	83,031	80,601
Cost of nursery and seeds garden operation	8,804	20,105
Depreciation (Note 8)	10,661	8,554
Field works experiment	1,806	1,571
Insurance	1,041	863
Lethal yellowing research costs	538	759
Motor vehicle expenses	21,498	21,731
Repairs and maintenance	7,917	8,230
Seedling planting programme	23,331	18,362
Special projects	2,022	1,954
Staff costs (Note 7)	110,115	96,277
Subsidy on seedlings	513	250
Telephone, postage and telegram	1,332	1,191
Travelling	5,767	5,501
Utilities	5,885	7,938
Other expenses	10,514	10,126
	<u>296,166</u>	<u>285,349</u>

7. Staff Costs

	2015 \$'000	2014 \$'000
Wages and salaries	63,823	61,289
Statutory contributions	5,401	5,171
Pension costs (Note 24)	15,500	9,400
Other retirement benefits (Note 24)	15,100	12,500
Other	10,291	7,917
	<u>110,115</u>	<u>96,277</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

8. Property, Plant and Equipment

		2015						
		Freehold Land	Freehold Buildings	Research Library Stock	Furniture Fixtures & Equipment	Motor Vehicles	Irrigation Equipment	Fence Improvement
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -								
At 1 January 2015		7,121	21,536	1,116	33,149	65,864	2,087	164
Additions		-	-	-	1,047	13,355	-	-
Disposals		-	-	-	(2,142)	(7,365)	-	-
At 31 December 2015		7,121	21,536	1,116	32,054	71,854	2,087	164
Accumulated Depreciation -								
At 1 January 2015		-	5,865	1,070	23,061	40,163	1,857	101
Charge for the year		-	549	12	2,250	7,850	-	-
Relieved on disposals		-	-	-	(615)	(7,365)	-	-
At 31 December 2015		-	6,414	1,082	24,696	40,648	1,857	101
Net Book Value -								
At 31 December 2015		7,121	15,122	34	7,358	31,207	230	63

		2014						
		Freehold Land	Freehold Buildings	Research Library Stock	Furniture Fixtures & Equipment	Motor Vehicles	Irrigation Equipment	Fence Improvement
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -								
At 1 January 2014		7,121	21,536	1,116	31,665	56,069	2,087	164
Additions		-	-	-	1,985	11,495	-	-
Disposals		-	-	-	(501)	(1,700)	-	-
At 31 December 2014		7,121	21,536	1,116	33,149	65,864	2,087	164
Accumulated Depreciation -								
At 1 January 2014		-	5,275	1,049	21,130	35,793	1,844	101
Charge for the year		-	590	21	2,330	5,600	13	-
Relieved on disposals		-	-	-	(399)	(1,230)	-	-
At 31 December 2014		-	5,865	1,070	23,061	40,163	1,857	101
Net Book Value -								
At 31 December 2014		7,121	15,671	46	10,088	25,701	230	63

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Investment in Associated Company

	2015 \$'000	2014 \$'000
At the beginning of the year	3,098,579	2,910,427
Share of profits	182,567	283,386
Dividends received	(155,250)	(147,078)
Movement in other reserves	20,913	51,844
At end of year	<u>3,146,809</u>	<u>3,098,579</u>

These financial statements have been restated to reflect the investment in Seprod Limited as an investment in associate using the equity method of accounting. The investment was previously carried at fair value.

Seprod Limited has share capital consisting solely of ordinary shares, these are held directly by the Board; the Company is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. The carrying values of this investment in associates and the values indicated by prices quoted on the Jamaica Stock Exchange ("JSE Indicative Value") as at 31 December were as follows:

	2015 \$'000	2014 \$'000
Seprod Limited -		
163,420,345 (2014 – 163,420,345) stock units	<u>3,246,623</u>	<u>2,083,609</u>

This investment represents 31.65% of the issued share capital of Seprod Limited. There are no contingent liabilities relating to the Board's interest in Seprod Limited.

Summarised financial information for associate

Set out below is the summarised information for Seprod Limited which is accounted for using the equity method.

Summarised statement of financial position

	2015 \$'000	2014 \$'000
Current assets	6,420,288	5,966,390
Non-current assets	9,085,470	8,069,516
	<u>15,505,758</u>	<u>14,035,906</u>
Current liabilities	(3,516,447)	(2,279,586)
Non-current liabilities	(2,045,595)	(1,965,007)
	<u>(5,562,042)</u>	<u>(4,244,593)</u>
Net Asset	<u>9,943,716</u>	<u>9,791,313</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

9. Investment in Associated Company (Continued)

Summarised statement of comprehensive income

	2015	2014
	\$'000	\$'000
Revenue	13,777,863	14,771,943
Other income	760,629	685,887
	14,538,492	15,457,830
Direct expenses	(11,114,536)	(11,871,421)
Selling, administrative and other operating expenses	(2,529,844)	(2,132,765)
Operating Profit	894,112	1,453,644
Finance costs	(290,054)	(289,833)
Profit before Taxation	604,058	1,163,811
Taxation	(281,317)	(268,436)
Net Profit	322,741	895,375
Other comprehensive income	320,241	163,884
Total Comprehensive Income	642,982	1,059,259

Reconciliation of summarised financial information

	2015	2014
	\$'000	\$'000
Opening net assets		
1 January	9,791,313	9,196,767
Profit for the period	322,741	895,375
Other comprehensive income	320,241	163,884
Dividends paid	(490,579)	(464,713)
Closing net assets	9,943,716	9,791,313
Carrying value - interest in associate - 31.65%	3,246,623	3,098,578

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. Investments

	2015 \$'000	2014 \$'000
Non-current assets -		
Government of Jamaica securities	59,226	154,793
Corporate bonds	51,878	46,366
	<u>111,104</u>	<u>201,159</u>
Current assets -		
Reverse repurchase agreements	655,621	517,401
	<u>766,725</u>	<u>718,560</u>

(a) Interest receivable on investments amounted to \$3,239,000 (2014 - \$3,292,000). The effective weighted average interest rates on investments are 7.63% (2014 - 4.65%) and 5.32% (2014 - 2.39%) on Jamaican dollar and United States dollar investments respectively.

(b) Investments have been allocated as follows:

	2015 \$'000	2014 \$'000
Capital Fund (Note 19)	303,056	279,989
Coconut Replanting Fund (Note 22)	219,636	205,826
Staff Contingency Fund (Note 21)	154,991	146,032
Coconut Industry Board	89,042	86,713
	<u>766,725</u>	<u>718,560</u>

(c) Short-term investments

Short-term investments comprise Government of Jamaica Local Registered Stock held under participation agreements/reverse repurchase agreements which mature in less than 90 days. Due to the short-term nature of the instruments, they are regarded as cash equivalents for the purposes of the statement of cash flows. Interest receivable on short term investments amounted to \$2,186,000 (2014 - \$1,701,000).

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. Investments (Continued)

(c) Short-term investments (continued)

Short-term investments have been allocated as follows:

Capital Fund

	2015 \$'000	2014 \$'000
Barita Investments Limited	116,880	129,200
First Caribbean International Bank Jamaica Limited	18,594	17,854
Jamaica Money Market Brokers Limited	71,347	65,295
NCB Capital Markets Limited	95,260	41,497
Interest receivable	957	940
	<u>303,038</u>	<u>254,786</u>

Coconut Replanting Fund

	2015 \$'000	2014 \$'000
Barita Investments Limited	34,203	50,398
Proven Wealth Limited	3,364	3,197
Jamaica Money Market Brokers Limited	93,543	49,041
NCB Capital Markets Limited	35,064	17,836
Scotia Investments Limited	2,246	2,163
First Caribbean International Securities Limited	1,911	1,830
Interest receivable	980	1,117
	<u>171,311</u>	<u>125,582</u>

Staff Contingency Fund

	2015 \$'000	2014 \$'000
Barita Investments Limited	44,734	46,893
Proven Wealth Limited	9,428	8,960
Jamaica Money Market Brokers Limited	3,470	7,302
NCB Capital Markets Limited	54,201	33,376
Scotia Investments Limited	2,328	2,242
First Caribbean International Securities Limited	2,117	6,975
Interest receivable	1,082	866
	<u>117,361</u>	<u>106,614</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

10. Investments (Continued)

(c) Short-term investments (continued)

Coconut Industry Board

	2015 \$'000	2014 \$'000
Barita Investments Limited	800	-
Jamaica Money Market Brokers Limited	12,355	11,588
NCB Capital Markets Limited	50,535	18,462
Interest receivable	221	369
	<u>63,911</u>	<u>30,419</u>
Total short-term investments	<u>655,621</u>	<u>517,401</u>

11. Loans Receivable

Loans were disbursed from:

	2015 \$'000	2014 \$'000
The Board's working capital	553	674
Capital Fund	740	1,146
	<u>1,293</u>	<u>1,820</u>

The Board holds first lien on mortgage loans made to employees. The balance is repayable up to the time of retirement. The weighted average interest rate is 7%.

12. Deferred Expenditure

Comprising expenditure incurred on seed garden projects:

	2015 \$'000	2014 \$'000
Balance as at the beginning of the year	6,854	9,492
Additions during the year	234	1,850
Write-offs during the year	(2,618)	(4,488)
Balance as at the end of the year	<u>4,470</u>	<u>6,854</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

13. Inventories

	2015 \$'000	2014 \$'000
Bags, pesticides, weedicides and miscellaneous items	3,182	3,102

14. Biological Assets

	2015 \$'000	2014 \$'000
Seeds in nurseries	20,777	13,562

15. Receivables

	2015 \$'000	2014 \$'000
Withholding tax	28,795	22,628
GCT recoverable	1,195	1,195
Prepayments	968	1,008
Staff loans	346	213
Other	1,598	718
	<u>32,902</u>	<u>25,762</u>

16. Cash at Bank and in Hand

	2015 \$'000	2014 \$'000
Cash at bank	14,766	8,558
Petty cash	156	358
	<u>14,922</u>	<u>8,916</u>

17. Payables

	2015 \$'000	2014 \$'000
Trade payables	4	4
Accruals	6,324	5,835
Other	4,795	4,591
	<u>11,123</u>	<u>10,430</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Capital Surplus

	2015 \$'000	2014 \$'000
Capital distribution received	6,158	6,158
Coconut Lethal Yellowing Fund	702	702
Copra Production Acceleration Fund	3,750	3,750
Donation of equipment	1,790	1,790
Donation of motor vehicle	5	5
Gain on disposal of stock units	14,018	14,018
Share of reserves of associated company	620,685	622,487
Surplus on disposal of premises	3	3
	<u>647,111</u>	<u>648,913</u>

19. Capital Fund

- (a) Effective 1 January 1993, a Capital Fund was established by the Board for the purpose of holding proceeds from the sale of shares and income from capital distributions. The income arising from investments allocated to the Capital Fund, less any authorised expenditure is transferred to this account on an annual basis.

This balance is represented by:

	2015 \$'000	2014 \$'000
Non-current investment	18	25,203
Short term investments (Note 10)	303,038	254,786
	<u>303,056</u>	<u>279,989</u>
Investment in associate	3,554	3,554
Loans receivable (Note 11)	740	1,146
Receivables -		
Withholding tax recoverable	9,785	7,568
	<u>317,135</u>	<u>292,257</u>

- (b) Transfer from income and expenditure account

	2015 \$'000	2014 \$'000
Interest and investment income	24,877	34,909
Less: Authorised expenditure	-	-
	<u>24,877</u>	<u>34,909</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Fair Value Reserve

	2015 \$'000	2014 \$'000
Balance at beginning of year	8,661	(3,676)
Unrealised gain/(loss) on investments	3	12,337
Balance at end of year	<u>8,664</u>	<u>8,661</u>

21. Staff Contingency Fund

- (a) This fund was established in 1996 with money the Board received from a surplus, determined by qualified actuary, in the Seprod et al pension scheme, to which the Coconut Industry Board and its employees have been contributors from its inception. The fund which was originally intended to be used to supplement the pension of a specified category of Board's employees was renamed to reflect its true purpose of providing assistance to staff in certain circumstances. Income arising from investment of this fund, less any authorised expenditure, is transferred to this account on an annual basis.

	2015 \$'000	2014 \$'000
Non-current investment	37,630	39,418
Short term investments (Note 10)	<u>117,361</u>	<u>106,614</u>
	154,991	146,032
Receivables -		
Withholding tax recoverable	9,285	7,219
Supplementary Fund - Pension and health benefits	<u>24,500</u>	<u>18,100</u>
	188,776	171,351
Less: Retirement benefit obligation	<u>(154,000)</u>	<u>(129,500)</u>
	<u>34,776</u>	<u>41,851</u>

- (b) Transfer from income and expenditure account

	2015 \$'000	2014 \$'000
Interest and investment income	11,219	20,450
Less:		
Increase in retirement benefit obligation	15,100	11,200
Authorised expenditure	<u>(33,519)</u>	<u>(18,618)</u>
	<u>(7,200)</u>	<u>13,032</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Coconut Replanting Fund

- (a) This fund was established in 2003 for the purpose of ensuring that adequate financing will be available for coconut replanting programmes which are crucial to the survival of the local coconut industry. Income arising from the investments allocated to this fund less authorised expenditure, which includes amounts expended for coconut seedlings, fertilizer and weed control grants to farmers participating in the programmes, is credited to this account.

This balance is represented by:

	2015 \$'000	2014 \$'000
Non-current investment	48,325	80,244
Short term investments (Note 10)	171,311	125,582
	<u>219,636</u>	<u>205,826</u>
Receivables -		
Withholding tax recoverable	7,879	6,322
	<u>227,515</u>	<u>212,148</u>

- (b) Transfer to income and expenditure account

	2015 \$'000	2014 \$'000
Interest and investment income	15,071	40,205
Less: Authorised expenditure		-
	<u>15,071</u>	<u>40,205</u>

23. Reserve

- (a) The reserve account include general reserves of \$20,000 (2014:20,000). These balances below represents the surplus on operations of the Coconut Industry Clearing House, which was transferred to the Coconut Industry Board in 1945.

- (b) Accumulated surplus is represented as follows:

	2015 \$'000	2014 \$'000
The Board	65,235	54,264
Associated company	2,540,746	2,472,537
	<u>2,605,981</u>	<u>2,526,801</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits

	2015 \$'000	2014 \$'000
Amounts recognised in the statement of financial position -		
Pension plan benefits	(46,700)	(63,400)
Other retirement benefits	(154,000)	(129,500)
	<u>(200,700)</u>	<u>(192,900)</u>
Amounts recognised in profit or loss -		
Pension plan benefits	15,500	9,400
Other retirement benefits	<u>15,100</u>	<u>12,500</u>
Amounts recognised in other comprehensive income -		
Pension plan benefits	(29,600)	39,300
Other retirement benefits	<u>15,100</u>	<u>11,200</u>

Pension plan benefits

The Board participates in the Seprod et al Scheme, a benefit based pension scheme operated by Seprod Limited and approved organisations. The scheme provides benefits to members based on average earnings for the final 2 years of service. Employees are required to contribute 5% of pensionable salary; the Board makes contributions at rates recommended by independent actuaries, which is currently set at 5% of pensionable salary. The scheme is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2015.

The amounts recognised in the statement of financial position were determined as follows:

	2015 \$'000	2014 \$'000
Fair value of plan assets	(280,700)	(220,200)
Present value of funded obligations	<u>327,400</u>	<u>283,600</u>
Liability in the statement of financial position	<u>46,700</u>	<u>63,400</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Pension plan benefits (continued)

The amounts recognised in the statement of comprehensive income were as follows:

	2015 \$'000	2014 \$'000
Current service cost	8,600	7,100
Interest cost	27,500	22,000
Interest income on plan assets	(20,600)	(19,700)
Included in staff costs (Note 7)	<u>15,500</u>	<u>9,400</u>

The movement in the defined benefit asset during the year was as follows:

	2015 \$'000	2014 \$'000
At beginning of year	63,400	17,200
Amounts recognised in profit or loss in the statement of comprehensive income	15,500	9,400
Amounts recognised in other comprehensive income	(26,600)	39,300
Contributions paid	(2,600)	(2,500)
Liability at end of year	<u>49,700</u>	<u>63,400</u>

The movement in the fair value of plan assets during the year was as follows:

	2015 \$'000	2014 \$'000
At beginning of year	220,200	209,900
Interest income on plan assets	20,600	19,700
Re-measurement gains on obligation	45,800	(3,600)
Contributions	7,300	6,900
Benefits paid	(13,200)	(12,700)
At end of year	<u>280,700</u>	<u>220,200</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Pension plan benefits (continued)

The movement in the present value of the defined benefit obligation during the year was as follows:

	2015 \$'000	2014 \$'000
At beginning of year	283,600	227,100
Current service cost	11,300	9,600
Interest cost	27,500	22,000
Re-measurement gains on obligation	16,100	35,700
Benefits paid	(13,200)	(12,700)
Voluntary contribution	2,100	1900
At end of year	<u>327,400</u>	<u>283,600</u>

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$215,700,000 relating to active employees, \$111,700,000 relating to members in retirement.

Expected contributions to the plan for the year ended 31 December 2016 amount to approximately \$1,461,000.

The distribution of plan assets was as follows:

	2015 %	2014 %
Quoted equities	38.3	23.0
Real estate	10.9	17.0
Government of Jamaica securities	35.9	42.7
Repurchase agreements	-	8.9
Corporate bonds	5.9	0.4
Other	9.0	8.0
	<u>100</u>	<u>100</u>

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Pension plan benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		\$'000	\$'000
Discount rate	1%	46,100	(36,700)
Future salary increases	1%	9,600	(8,500)
Pension increase	1%	35,600	(29,500)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Other retirement benefits

In addition to pension benefits described above, the Board provides supplementary pension benefits and retiree medical insurance benefits. The Board decided, on 27 February 2001, that members employed prior to 1995 who retire with at least 15 years of service with the Board, will receive benefits calculated as 2% x annual salary at retirement x service with the Board (subject to a maximum of two-thirds of the employee's final annual salary), less the annual pension payable from the Seprod Fund. The method of accounting and the frequency of valuations are similar to those used for the defined benefit pension scheme described above. The liability recognised in the statement of financial position was determined as follows:

	2015 \$'000	2014 \$'000
Present value of unfunded obligations	154,000	129,500

The Board has earmarked certain investments for the purpose of funding the obligation arising from these benefits. These investments are allocated to the Staff Contingency Fund as disclosed in Notes 10 and 21 of the financial statements.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Other retirement benefits (continued)

The movement in the present value of the defined benefit obligation during the year was as follows:

	2015 \$'000	2014 \$'000
At beginning of year	129,500	111,400
Current service cost	2,700	1,800
Interest cost	12,300	10,500
Past service cost	100	200
Benefits paid	(5,700)	(5,600)
Re-measurement loss/(gain) on obligation	15,100	11,200
At end of year	<u>154,000</u>	<u>129,500</u>

The amounts recognised in the statement of comprehensive income are as follows:

	2015 \$'000	2014 \$'000
Current service cost	2,700	1,800
Interest cost	12,300	10,500
Past service cost	100	200
Included in staff costs (Note 7)	<u>15,100</u>	<u>12,500</u>

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$106,200,000 relating to active employees, \$47,800,000 relating to members in retirement.

The effects of a 1% movement in the post-retirement health care cost were as follows:

Impact on Post-employment obligations		
Change in Assumption	Increase in Assumption	Decrease in Assumption
	\$'000	\$'000
Discount rate	1% 5,200	4,000
Future salary increases	1% 800	(900)
Medical cost increase	1% 18,900	(14,600)

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Other retirement benefits (continued)

Principal actuarial assumptions used in valuing retirement benefits

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	8.50%	9.50%
Future salary increases	5.00%	5.50%
Future pension increases	4.00%	4.00%
Medical cost trend rate	7.50%	8.00%

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the Board is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Board intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

24. Retirement Benefits (Continued)

Risks associated with pension plans and post-employment plans (continued)

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of bonds, equities and real estate.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2015. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 13 years for the pension fund and 13 years for the post-employment medical benefits.

25. Related Party Balances and Transactions

(a) Year-end balances arising from transactions with related parties:

	2015 \$'000	2014 \$'000
Loans receivable -		
Directors	569	419
Receivables -		
Coconut Windstorm Insurance Fund	793	-
Payables -		
Coconut Windstorm Insurance Fund	-	2,093

The loan amounting to \$569,000 is to be repaid by deductions of \$50,000 from the payment for each delivery of coconut oil to the Board. The loan is interest free.

Coconut Industry Board

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

25. Related Party Balances and Transactions (Continued)

The following transactions were carried out with related parties:

(b) Purchases of goods/services:

	2015 \$'000	2014 \$'000
Purchases of goods - Directors	<u>35,420</u>	<u>26,092</u>
Insurance expense - Coconut Windstorm Insurance Fund	<u>768</u>	<u>685</u>

(c) Sales of services:

	2015 \$'000	2014 \$'000
Cess income - Seprod Limited	<u>5,611</u>	<u>4,340</u>

(d) Other transactions:

	2015 \$'000	2014 \$'000
Dividends received - Seprod Limited	<u>155,250</u>	<u>147,078</u>

(e) Key management compensation:

	2015 \$'000	2014 \$'000
Salaries and other short-term employee benefits	16,483	14,969
Statutory contributions	1,031	948
Pension benefits	<u>639</u>	<u>577</u>
	<u>18,153</u>	<u>16,494</u>
Directors' emoluments - Fees	<u>1,991</u>	<u>1,971</u>



Independent Auditor's Report

To the Members of
Coconut Windstorm Insurance Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Coconut Windstorm Insurance Fund, set out on pages 42 to 52, which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Members of Coconut Windstorm Insurance Fund
Independent Auditor's Report
Page 2

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Coconut Windstorm Insurance Fund as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting.

A handwritten signature in dark ink, appearing to read "R. M. ...", positioned above the printed name and date.

Chartered Accountants
7 November 2016
Kingston, Jamaica

Coconut Industry Board
Coconut Windstorm Insurance Fund

Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Income		
Contractual insurance premiums	3,207	3,118
Interest	10,337	12,265
	<u>13,544</u>	<u>15,383</u>
Expenditure		
Audit fees	155	334
Telephone, postage and telegrams	74	73
Salaries and management fees	100	100
Stationery and general expenses	94	71
	<u>423</u>	<u>578</u>
Net Surplus, being Total Comprehensive Income	13,121	14,805
Accumulated fund at beginning of year	173,355	158,550
Accumulated Fund	<u>186,476</u>	<u>173,355</u>


Coconut Industry Board
Coconut Windstorm Insurance Fund
Statement of Financial Position
31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Current Assets			
Sundry debtors	4	10,971	8,439
Short term investments	6	174,929	162,158
Coconut Industry Board		-	2,093
Cash at bank		1,370	666
		<u>187,270</u>	<u>173,356</u>
Current Liabilities			
Payables		1	1
Coconut Industry Board		793	-
Net Current Assets		<u>186,476</u>	<u>173,355</u>
Accumulated Fund		<u>186,476</u>	<u>173,355</u>

Approved for issue by the Board of Directors on 7 November, 2016 and signed on its behalf by:


 Christopher C. Gentles Director


 Granville E. Marsh Director

Coconut Industry Board
Coconut Windstorm Insurance Fund

Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 \$'000	2014 \$'000
Cash Flows from Operating Activities		
Net surplus	13,121	14,805
Adjusted for:		
Interest income	(10,337)	(12,265)
	2,784	2,540
Changes in operating assets and liabilities		
Sundry debtors	(2,532)	(3,096)
Payables	-	1
Provided by/(to)Coconut Industry Board	2,886	(6,211)
Net cash used in operating activities	3,138	(6,766)
Cash Flows from Investing Activities		
Interest received	10,338	12,384
Cash provided by investing activities	10,338	12,384
Increase in cash and cash equivalents	13,476	5,618
Cash and cash equivalents at beginning of year	162,824	157,206
Cash and Cash Equivalents at End of Year	176,300	162,824

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. General

The Coconut Windstorm Insurance Fund ("The Fund") was established pursuant to the Coconut Insurance Act, for the operation by the Coconut Industry Board ("The Board") of a scheme for the automatic insurance and contractual insurance of coconut trees against the risk of windstorm damage. Provisions relating to qualification for, and determination and payment of benefits are contained in the Coconut Windstorm Insurance Regulations, 1949.

All moneys forming part of the fund are to be invested, in such manner as the Board may decide, in public securities of Jamaica or of any Commonwealth country, or in any securities which are lawful for the investment of trustee funds, or placed on deposit in such bank or banks as the Board may direct.

The Board may effect such reinsurance in respect of the whole or any part of the potential liability incurred by the Fund at such rates and upon such conditions as it thinks fit.

2. Significant Accounting Policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Board's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. At 31 December 2015, in the opinion of the Board, there are no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the fund within the next year.

Standards, interpretations and amendments to published standards effective in the current year

At the date of authorisation of these financial statements, certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Board has assessed the relevance of all such new standards, interpretations and amendments and has determined that none are relevant to the Fund's operations.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

The Board has concluded that the following standards which are published but not yet effective, are relevant to the Fund's operations, and will impact the Fund's accounting policies and financial disclosures as discussed below. These pronouncements are effective for annual periods beginning on or after the dates noted, and will be applied by the Fund as of those dates, unless otherwise noted.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Board is yet to assess IFRS 9's full impact on the Fund.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Board is in the process of assessing the impact of IFRS 15 on the Fund.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the functional and presentation currency.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(c) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

The Fund's financial assets comprise cash and short term investments, and balances due from Coconut Industry Board.

Investment securities

The Fund's investment securities are classified as available-for-sale. The Board's management determines the classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Purchases and sales of investments are recognised on the trade date - the date that the Fund commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in the net surplus and other comprehensive income. Other changes in the fair value of both monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the fair value adjustments accumulated in the fair value reserve are included in the statement of comprehensive income as 'gains and losses on maturity and disposal of available-for-sale investment'. Interest on available-for-sale securities, calculated using the effective interest method, is recognised in the statement of comprehensive income.

The Board assesses for the Fund at each year end whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market rate for a similar financial asset.

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are carried at original invoice value less provision made for impairment of these receivables based on a review of all outstanding amounts at the year end. A provision for impairment of trade receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, the recoverable amount being the present value of expected cash flows, discounted at the original effective interest rate.

Cash at bank

Cash at bank is carried at cost and classified as loans and receivables.

Financial liabilities

The Fund's financial liabilities are initially measured at fair value, net of transactions costs and are subsequently measured at amortised cost using the effective interest method. At year end, there were no financial liabilities. Financial liabilities in the prior year comprised amounts due to Coconut Industry Board.

(d) Income recognition

Income comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Fund's activities. Income is shown net of General Consumption Tax.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Income recognition (continued)

Contractual Insurance Premiums

Contractual Insurance premiums written are recognised on a pro-rated basis over the life of the policies written.

Interest income

Interest income is recognized in the income statement on a time-proportion basis using the effective interest method

3. Financial Risk Management

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, which is managed by the Board. The Board's overall financial risk management efforts seek to minimise potential adverse effects on the Fund's financial performance arising mainly from market risk.

The Board's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Board periodically reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The members of the Board are ultimately responsible for the establishment and oversight of the risk management framework. The Board has established a Finance Committee for managing and monitoring financial risks, as well as to manage the Board's and the Fund's assets and liabilities and the overall financial structure. The Finance Committee is also primarily responsible for the funding and liquidity risks of the Board.

There has been no change to the Fund's exposure to financial risk or the manner in which such risks are managed.

(a) Market risk

The Fund experiences exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Board which reviews the price movement of financial assets.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is not exposed to foreign exchange risk arising from various currency exposures.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest rate instruments expose the Fund to fair value interest risk on its financial assets. Floating rate instruments expose the Board to cash flow interest risk. The Board's interest rate risk policy requires it to manage interest rate risk by maintaining a balanced investment portfolio for the Fund.

There is no significant exposure to interest rate risk on short-term investments, as these investments have a short term to maturity and are constantly re-invested at current market rates.

(b) Credit risk

The Fund takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Fund by failing to discharge their contractual obligations. Credit exposures arise principally from the Fund's investment activities. The Board structures the levels of credit risk it undertakes for the Fund by placing limits on the amount of risk accepted in relation to a single counterparty.

The Board establishes an allowance for impairment that represents its estimate of incurred losses in respect of investments, loans and receivables. The Board addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Board limits the exposure of the Fund to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Liquidity risk is not usually significant for the Fund, except in instances of natural disasters affecting insured trees.

Liquidity risk management process

The Board's liquidity management process for the Fund includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows and;
- (iii) Optimising cash returns on investments.

Coconut Industry Board

Coconut Windstorm Insurance Fund

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

Financial liabilities and assets held for managing liquidity risk

(c) Liquidity risk (continued)

Due to the nature of its activities, the Fund has no significant levels of financial liabilities and has significant financial assets to cover such financial liabilities that do arise in the course of normal operations.

(d) Capital management

The Board's objectives when managing capital for the Fund are to safeguard the Fund's ability to continue as a going concern in order to maintain sufficient surplus to cover potential windstorm damage to insured trees (Note 5).

(e) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying values of cash at bank, short-term investments, due to/due from Coconut Industry Board and payables are assumed to approximate their fair values due to the short-term maturity of these instruments.

4. Sundry Debtors

	2015 \$'000	2014 \$'000
Withholding tax	<u>10,971</u>	<u>8,439</u>

5. Contingent Liabilities

During the year, the potential liability of the Fund for coconut windstorm damage was \$71,056,000 (2014 - \$68,812,000).

6. Short-term Investments

	Cost		Income for Year		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Government securities	<u>174,118</u>	<u>161,559</u>	<u>811</u>	<u>599</u>	<u>174,929</u>	<u>162,158</u>

These investments are reverse repurchase agreements which mature in less than 90 days, and are regarded as cash equivalents.

Coconut Industry Board
Coconut Windstorm Insurance Fund
 Notes to the Financial Statements
31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

7. Related Party Transactions

(a) Year-end balances arising from transactions with related parties

	2015 \$'000	2014 \$'000
Receivables -		
Coconut Industry Board	<u>-</u>	<u>2,093</u>
Payables -		
Coconut Industry Board	<u>793</u>	<u>-</u>

(b) Sales of services

	2015 \$'000	2014 \$'000
Premium income -		
Coconut Industry Board	768	-
Directors	<u>2,439</u>	<u>3,118</u>
	<u>3,207</u>	<u>3,118</u>

TABLE I**COCONUT PRODUCTION & CONSUMPTION****PRODUCTION**

	<u>2015</u>		<u>2014</u>	
	<u>1,000 Nuts</u>	<u>%</u>	<u>1,000 Nuts</u>	<u>%</u>
Parish				
St. Thomas	135	12.7	121	9.9
Portland	53	4.9	68	5.6
St. Mary	649	60.7	874	71.6
St. Catherine	133	12.4	49	4.0
St. Elizabeth	98	9.2	105	8.6
Others	1	0.1	4	0.3
	<u>1,069</u>	<u>100.0</u>	<u>1,221</u>	<u>100.0</u>
Dry & Water Coconuts (est.)	<u>79,708</u>		<u>96,142</u>	
	<u>80,777</u>		<u>97,363</u>	

CONSUMPTION

Seed Coconuts - Local	173	0.2	163	0.2
Seed Coconuts - Export	46	0.1	51	0.1
Dry and Water Coconuts	<u>80,558</u>	<u>99.7</u>	<u>97,149</u>	<u>99.7</u>
	<u>80,777</u>	<u>100.0</u>	<u>97,363</u>	<u>100.0</u>

TABLE II

**DISPOSAL OF COCONUTS DELIVERED
BY GROWERS**

	<u>2015</u> <u>Units</u>	<u>2014</u> <u>Units</u>
Exported as seed	418	477
Used locally for seed, jelly coconuts, etc.	<u>26,622</u>	<u>26,563</u>
	<u>27,040</u>	<u>27,040</u>

TABLE III

UNITS OF COCONUTS DELIVERED BY GROWERS IN 2015

<u>Units of Coconuts In Groups of</u>				<u>Growers</u>		<u>Units Delivered</u>	
				<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
	1 and up to	20		40	44.0	283	1.0
Over	20 "	50		17	18.7	563	1.9
"	50 "	100		14	15.4	1,071	3.7
"	100 "	200		8	8.8	1,060	3.6
"	200 "	500		7	7.7	2,136	7.3
"	500 "	1,000		4	4.4	3,054	10.4
"	1,000 "	5,000		-	-	-	-
"	5,000			1	1.0	21,066	72.1
				<u>91</u>	<u>100.0</u>	<u>29,233</u>	<u>100.0</u>

Note

One unit = 110 nuts

TABLE IV**SEE ITEM 12 - REMUNERATION****DIRECTORS' COMPENSATION - 2015**

	Position of Director	Fees	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle	Honoraria	All Other Compensations including Non- cash Benefits as Applicable	Total
		\$	\$	\$	\$	\$
1	Board Chairman	199,000.00	234,264.80		120,000.00	553,264.80
2	Board Member	96,000.00	50,973.12			146,973.12
3	Board Member	90,000.00	90,104.00			180,104.00
4	Board Member	15,000.00	13,664.00			28,664.00
5	Board Member	127,000.00	58,072.00			185,072.00
6	Board Member	155,500.00	64,904.00			220,404.00
7	Board Member	100,500.00	44,408.00			144,908.00
8	Board Member	134,000.00	61,488.00			195,488.00
9	Board Member	134,000.00	115,976.72			249,976.72
10	Board Member	65,750.00	20,496.00			86,246.00
	Total	1,116,750.00	754,350.64		120,000.00	1,991,100.64
	Others	3,500.00	27,328.00			30,828.00
		1,120,250.00	781,678.64		120,000.00	2,021,928.64