

AFRICAN CASHEW ALLIACNE

FINANCIAL STATEMENTS

FOR

THE PERIOD ENDED 31ST DECEMBER, 2019

*MGI O.A.K Chartered Accountants
18 Airways Avenue
P. O. Box AN. 5712
Accra-North.*



A worldwide association of independent auditing, accounting and consulting firms.

AFRICAN CASHEW ALLIANCE

Report and financial statements

For the year ended 31 December 2019

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African Cashew Alliance

Corporate information

For the year ended 31 December 2019

Board Members

Members of Executive Committee:

Florentino Nanque
Tola Faseru
Wayne tilton
Charles Muigai
Suraj Rao
Ronald Zaal

Registered office:

34 Boundary Road
East legon
Accra

Auditors:

MGI OAK Chartered Accountants
18 Ghana Airways Avenue,
Airport Residential Area
P O Box AN. 5712, A/North.

Bankers:

Ecobank Ghana Ltd
Societe General Ghana
UMB Ghana
Ecobank Kenya
Ecobank Mozambique
Ecobank Benin

African Cashew Alliance

Report of the directors

For the year ended 31 December 2019

The Board Members of African Cashew Alliance, Ghana, has the pleasure in submitting their annual report together with the Financial Statements for the year ended 31 December 2019.

1. Nature of business

The Organization has the objective of:

- Helping to Strengthen the African Cashew Sector's competitiveness through;
- Provision of market Information
- Provision of Technical Assistance to cashew processors
- Provision of ACA Seal certification.
- Advocacy

There was no change in the nature of business during the year under review.

2. Financial results

The statement of financial position has been signed by two directors indicating the board's approval of such statement of financial position and attached accounts on pages 8 to 12.

	US\$
The balance brought forward on retained earnings at 1 January 2019 was	(219,680)
To which must be added deficit for the year after charging all expenses	<u>(238,691)</u>
Leaving a balance to be carried forward on income surplus account at 31 December 2019 of	<u>(458,371)</u>

3. Auditors

The Auditors MGI OAK Chartered Accountants, have expressed their willingness to continue in office pursuant to the Companies Act 2019, Act 992.

4. Approval of financial statements

The financial statements were approved by the board of directors on

On behalf of the board

Director: Wayne T. Tson

Director: BAGATEA faseru

Signed: 

Signed: 

African Cashew Alliance

Statement of directors' responsibilities

For the year ended 31 December 2019

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the organisation at the end of the financial year and of the profit or loss of the company for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the organisation keeps proper accounting records which disclose with reasonable accuracy the financial position of the organization and which enables them to ensure that the financial statements comply with International Public Sector Accounting Standards (IPSAS) and the Companies Act, 2019 (Act 992). They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the organisation and to prevent and detect fraud and other irregularities.

The above statement, should be read in conjunction with the statement of the auditors' responsibilities on page 6.

Independent Auditors' Report

To the members of African Cashew Alliance

Opinion

We have audited the accompanying financial statements of African Cashew Alliance which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in net assets, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other national disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of African Cashew Alliance as at 31 December 2019 and the financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards, and in the manner required by the Companies Act, 2019 (Act 992).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants (IFAC Code) as adopted by the Institute of Chartered Accountants Ghana (ICAG) and we have fulfilled our other ethical responsibilities in accordance with IFAC Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The Company reported a deficit of US\$ 238,691 for the year and at 31 December 2019 and at 31 December 2019. The Company's total liabilities exceeded its total assets by US\$ 458,103. As stated in Note 13, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Based on approved budgetary support from its donors, the directors expect the company to continue as a going concern realising its assets and discharging its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility and the Report of the Directors. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditors' Report

To the members of African Cashew Alliance

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards and the requirements of the Companies Act, 2019 (Act 992) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report

To the members of African Cashew Alliance

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Companies Act, 2019 (Act 992) requires that in carrying out our audit work we consider and report on the following matters. We confirm that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

The engagement partner on the audit resulting in this independent auditor's report is **Charles Obeng (ICAG/P/1321)**

Mai Mai
For and on behalf of MGI OAK (ICAG/F/2020/132)
Chartered Accountants
18 Ghana Airways Avenue
Airport Residential Area
Accra Ghana

10th February, **2020**

African Cashew Alliance

Statement of comprehensive income

For the year ended 31 December 2019

Income	Notes	2019		2018	
		Core US\$	Projects US\$	Core US\$	Projects US\$
Membership Contribution		68,327	-	33,420	-
Conference Revenue		153,907	-	2,336	-
Budget Support		-	-	-	-
Adverts/Others		14,994	-	15,525	-
Service Fees		15,430	-	53,198	-
USAID GDA II project funds received		-	-	-	340,149
GIZ-Matchfund		-	44,009	-	55,032
GIZ-MTP		-	484,599	-	159,933
GIZ-Others (PES)		-	11,179	-	107,880
AfDB AFTRA funds		-	119,174	-	141,855
Total Income		<u>252,658</u>	<u>658,961</u>	<u>104,479</u>	<u>804,849</u>
			<u>911,619</u>		<u>909,328</u>

CLASSIFICATION: CONFIDENTIAL

African Cashew Alliance

Statement of comprehensive income

For the year ended 31 December 2019

Expenses	Notes	2019		2018		Total US\$
		Core US\$	Projects US\$	Core US\$	Projects US\$	
Core Activities	3	530,516	-	113,173	-	113,173
GDA Project		-	-	-	346,111	346,111
GIZ-MFUND		-	33,949	-	41,188	41,188
GIZ-MTP		-	388,994	-	160,141	160,141
GIZ-Others (PES)		-	-	-	58,958	58,958
Walmart		-	-	-	-	-
AfDB AFTRA		-	196,851	-	141,855	141,855
Total Expenses		530,516	619,794	113,173	748,253	861,426
Surplus / (Deficit) for the year		(277,858)	39,167	(8,694)	56,596	47,902

African Cashew Alliance

Statement of financial position

As at 31 December 2019

	Notes	2019 US\$	2018 US\$
Assets			
Non-current assets			
Property, plant and equipment	4	-	-
Total Non-Current Assets		<u>-</u>	<u>-</u>
Current assets			
Accounts Receivables	5	43,517	83,210
Cash and Bank	6	221,710	393,590
Total Current Assets		<u>265,227</u>	<u>476,800</u>
Total assets		<u>265,227</u>	<u>476,800</u>
Accumulated Fund, Grants, Liabilities			
Accumulated Fund		(458,371)	(219,680)
Total Accumulated Fund		<u>(458,371)</u>	<u>(219,680)</u>
Liabilities			
Accounts payables	7	420,433	370,090
Project Grants		303,165	326,390
Total Liabilities		<u>723,330</u>	<u>696,480</u>
Total Accumulated Fund and Liabilities:		<u>265,227</u>	<u>476,800</u>

The Financial Statement on pages 13 to 19 were approved by the Board Members and signed on its behalf by:

Director.....

Date: Jan 26 2021

Director.....

Date: 26/01/2021

African Cashew Alliance
Statement of changes in net assets
For the year ended 31 December 2019

	2019 US\$	2018 US\$
Balance brought forward	(219,680)	(267,582)
Surplus/(deficit) for the year	<u>(238,691)</u>	<u>47,902</u>
Balance as at 31 December	<u>(458,371)</u>	<u>(219,680)</u>

The notes on pages 13-19 form an integral part of these financial statements

African Cashew Alliance
Statement of cash flows
For the year ended 31 December 2019

	2019 US\$	2018 US\$
Operating activities		
Surplus/Deficit for the year	(238,691)	47,902
Adjustment for non-cash items:		
Depreciation	=	<u>1,520</u>
Operating cash flow before changes in working capital	<u>(238,691)</u>	<u>49,442</u>
Working Capital		
Change in Receivables	39,693	(30,578)
Change in Payables	<u>27,118</u>	<u>262,304</u>
Net cash outflow from operating activities	<u>(171,880)</u>	<u>281,148</u>
Investing activities		
Purchase of property, plant and equipment	(-)	<u>(1,520)</u>
Net cash outflow from investing activities	<u>(-)</u>	<u>(1,520)</u>
Net increase in cash and cash equivalent	(171,880)	279,628
Cash and cash equivalents at beginning of year	<u>393,590</u>	<u>113,962</u>
Cash and cash equivalent at end of year	<u>221,710</u>	<u>393,590</u>

The notes on pages 13-19 form an integral part of these financial statement

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

1. General information

African Cashew Alliance Ghana, is a Not-for-profit Organization registered under the Ghana Companies Act 1963 (Act 179).

The Organization is authorized to engage in cashew sector improvement projects and support services to cashew Stakeholders worldwide. ACA's activities include the provision of Technical Assistance, Food safety certification, Market information and Advocacy.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on accrual and going-concern basis and accounting policies have been applied consistently throughout the period. The statements comply with the requirements of International Public Sector Accounting Standards (IPSAS). This is the first time the organization is reporting under this framework.

2.2 Income

Income is mainly revenue from non-exchange transactions (grants) and comprises inflows of economic benefits or service potential received and receivable by the reporting entity, which represents an increase in net assets/equity, other than increases relating to contributions from owners. Where an entity incurs some cost in relation to revenue arising from a non-exchange transaction, the revenue is the gross inflow of future economic benefits or service potential, and any outflow of resources is recognized as a cost of the transaction.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of change in value.

2.4 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

Depreciation is charged so as to allocate the cost of assets over their estimated useful lives or project period using the straight-line method:

Equipment	20%
Furniture and Fittings	20%
Moto Vehicles	33.33%

2.5 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

2.6 Contingent liabilities

The company does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

2.7 Contingent assets

The company does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.8 Employee benefits

Defined contribution plan

The company operates a defined contribution plan. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Under the National pension scheme, the company contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pension. The company's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligation therefore rest with SSNIT.

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

2.9 Foreign currency transactions

The company's foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the transaction at period and exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income and expenditure account.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement

2.10 Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the company. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

2.11 Significant judgments and sources of estimation uncertainty

The preparation of the company's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the company's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

3. Expenses

	2019						
	CORE/PVT	GDA	AFTRA	GIZ-MF	GIZ-MTP	GIZ-PES	Total
Staff Cost-Personnel	148,160	-	8,184	27,916	74,231	-	258,491
Staff Cost-Fringe	17,859	-	-	-	-	-	17,859
Travels	64,824	-	4,595	5,406	21,373	-	96,198
Consultancy	42,156	-	148,365	-	269,859	-	460,380
Contracted Services	231,680	-	33,213	627	10,117	-	275,637
Supplies	9,716	-	2,494	-	13,414	-	25,624
Others	16,120	-	-	-	-	-	16,120
Equipment (Depreciation)	-	-	-	-	-	-	-
Total Expenses	530,516	-	196,851	33,949	388,994	-	1,150,310

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

	2018						Total
	CORE/PVT	GDA	AFTRA	GIZ-MF	GIZ-MTP	GIZ-PES	
Staff Cost-Personnel	8,795	180,439	39,895	5,440	14,983	3,952	253,504
Staff Cost-Fringe	-	37,205	-	-	-	-	37,205
Travels	47,972	39,516	-	18,336	15,082	17,719	138,625
Consultancy	9,929	46,763	85,399	17,411	89,868	25,844	275,214
Contracted Services	19,512	37,492	16,561	-	39,046	5,946	118,557
Supplies	748	3,176	-	-	-	-	3,924
Others (incl Exch loss)	26,217	-	-	-	1,161	5,496	32,874
Equipment(Depreciation)	-	1,520	-	-	-	-	1,520
Total Expenses	113,173	346,111	141,855	41,188	160,141	58,958	861,426

4. Property, Plant and Equipment

Cost	Other Equipment US\$	Motor Vehicles US\$	Total US\$
Balance at 1 January	101,737	65,000	166,737
Additions	-	-	-
Balance at 31 December	101,737	65,000	166,737
Accumulated Depreciation			
Balance at 1 January	101,737	65,000	166,737
Charge for the period	-	-	-
Balance at 31 December	101,737	65,000	166,737
Net Book Value			
At 31/12/19	-	-	-
At 31/12/18	-	-	-

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

5. Accounts Receivable

	2019	2018
	US\$	US\$
Staff Advances and other debtors	<u>43,517</u>	<u>85,210</u>
	<u>43,517</u>	<u>83,210</u>

6. Cash and cash equivalent bank balances

	2019	2018
	US\$	US\$
Cash at bank	220,933	393,428
Cash on hand	<u>777</u>	<u>162</u>
	<u>221,710</u>	<u>393,590</u>

7. Accounts Payable

	2019	2018
	US\$	US\$
Accruals	<u>420,433</u>	<u>370,090</u>

8. Financial instruments – Financial risk management

Exposure to currency, liquidity and credit risk arises in the normal course of the company's operations. This note presents information about the company's exposure to each of the above risks, policies and processes for measuring and managing risk, and the company's management of capital.

Credit risk

Credit risk is the risk of financial loss to the company if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the company's receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2019 was:

	2019	2018
	US\$	US\$
Receivables	<u>43,517</u>	<u>83,210</u>

African Cashew Alliance

Notes to the financial statement

For the year ended 31 December 2019

Credit quality

To mitigate credit risk, the company has a policy of full or quarterly advance payment before services are rendered. The company only extends credit to reputable companies assessed through due diligence which is normally based on previous experience with the client if repeated, and general reputation in the market.

Liquidity risk

Liquidity risk is the risk of the company not being able to meet its obligations as they fall due. The company's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation.

The company ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

9. Contingent liabilities

There were no contingent liabilities at the end of the reporting period.

10. Contingent assets

There were no contingent assets at the end of the reporting period.

11. Commitments

The company had no commitments at the end of the reporting period.

12. Events after the reporting period

There were no material post reporting date events that could affect the financial statement as at 31 December 2019 (2018:Nil).

13. Going concern

The Company reported a deficit of US\$ 238,691 for the year and at 31 December 2019. The Company's total liabilities exceeded its total assets by US\$ 458,103 as at 31 December 2019. Based on approved budgetary support from its donors, the directors expect the company to continue as a going concern realising its assets and discharging its liabilities in the normal course of business.