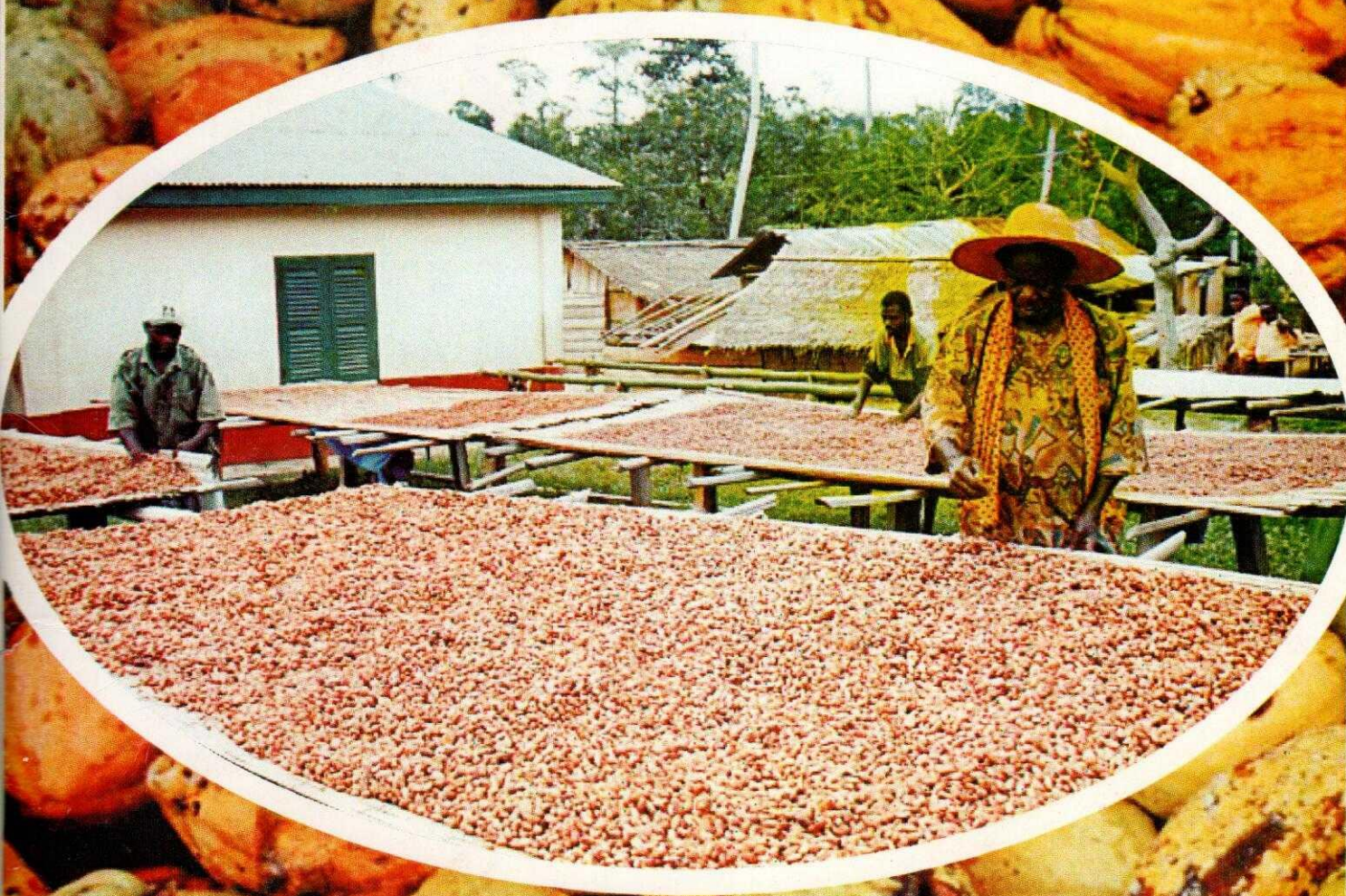




# PRODUCE BUYING COMPANY LIMITED



# ANNUAL REPORT

1999/2000 and 2000/2001





## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 1<sup>st</sup> Annual General Meeting of PBC Ltd., will be held at the Ghana Trade Fair Centre, La, Accra, on Friday 28<sup>th</sup> June, 2002 at 10.00 a.m. to transact the following business:

To receive and adopt the Report of the Directors and the Financial Statements for the year ended 30<sup>th</sup> September, 2000 and 30<sup>th</sup> September, 2001.

To re-elect Directors.

To approve Directors' fees.

To authorise the Directors to determine the remuneration of the Auditors.

To transact any other business appropriate to be dealt with at an Annual General Meeting.

Dated this 23<sup>rd</sup> day of May 2002.

BY ORDER OF THE BOARD

ABENA ASAFU - ADJEI (MRS.)  
The Secretary

### NOTE

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A Proxy needs not be a member. A form of Proxy is attached and for it to be valid for the purpose of the meeting, it must be completed and deposited at the offices of the Registrars, NTHC Limited, Martco House, No. D542/4, Okai Mensah Link, Adabraka, Accra. P. O. Box KIA 9563, Airport-Accra not less than 48 hours before the appointed time of the meeting.



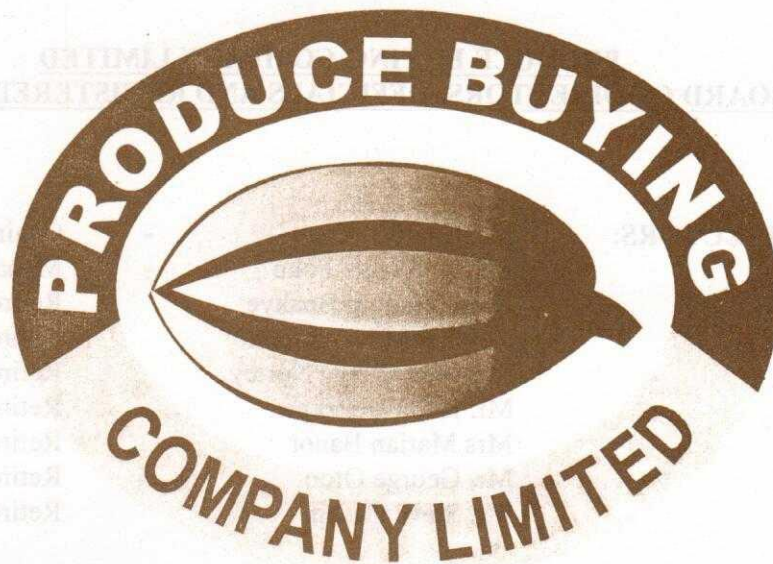
**PRODUCE BUYING COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2001**

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**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2000**

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**PRODUCE BUYING COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**30<sup>TH</sup> SEPTEMBER 2001**

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**PANNELL  
KERR  
FORSTER**

CHARTERED ACCOUNTANTS

---

P. O. BOX 1219  
ACCRA





**PRODUCE BUYING COMPANY LIMITED**  
**BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE**

**BOARD OF DIRECTORS:**

Mr. Charles Asare	-	Chairman (Retired)
Mr. K. Asante Poku	-	Managing Director (Retired)
Nana Yiadom Boakye		Retired
Colonel M.K. Amuzu		Retired
Mr. Fred Quaye Nortey		Retired
Mr. Keli Gadzekpo		Retired
Mrs Marian Banor		Retired
Mr. George Otoo		Retired
Mr. Steve Cashin		Retired

**SECRETARY:**

Mrs. Abena Asafo-Adjei

**TOP MANAGEMENT:**

Mr. K. Asante-Poku	-Managing Director	} Appointment
Mr. P.K. Opoku-Mensah	-General Manager	} Terminated
Mr. P.K. Owusu	-Financial Controller	

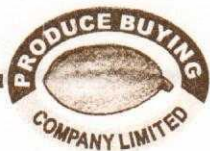
**AUDITORS:**

Pannell Kerr Forster  
Chartered Accountants  
Farrar Avenue  
P.O. Box 1219  
Accra

**REGISTERED OFFICE:**

ACHIMOTA ROAD  
DZORWULU JUNCTION  
ACCRA





## **PRODUCE BUYING COMPANY LIMITED** **CHAIRMAN'S STATEMENT**

It is with much pleasure that I welcome you to the maiden Annual General Meeting of Produce Buying Company Limited and present to you the Annual Report and Statement of Accounts for the Company for the financial year ended September 30, 2001.

### **General**

Bearish pressures which characterized world cocoa prices during previous years persisted during the year under review leading to low level cocoa prices on the International Cocoa Markets.

The steep depreciation of the Cedi however countered the low world FOB prices thereby leading to upward adjustment of Producer Price and Buyers' Take-Over Margin by the Producer Price Review Committee (PPRC). During the year the Ghana Cocoa Board also increased its seed fund interest and cost of jute sacks; - two major operational costs components, to match the increases in margins.

National cocoa production reduced from 440,244 tonnes in 1999/2000 to 395,588 tonnes during the 2000/01 financial year. The Company's market share also dropped from 43% in the previous year to 38%. The Board and Management are concerned about the continuous decline in the Company's market share and are poised to reverse the trend in the ensuing years.

In order to recapture part of its market share and appreciate its cherished farmers, the Company organized farmers' award programmes from society level up to the national level after the 2001 Light Crop season. In all a total of 2,500 farmers received awards nation-wide. Our Company also played a major role in providing data and indeed expedited the payment of farmers' bonuses during the year. These efforts have boosted farmers' confidence in the Company

The Company continued to pursue its social responsible role by buying cocoa in marginal and low producing areas where other Licensed Buying Company do not find it profitable to operate.

### **Operating Results**

Cocoa purchases for the 2000/01 financial year were 130,306 tonnes and 16,060 tonnes for the 2000/01 Main Crop and 2001 Light Crop respectively. With Producer Price of ₵3,475,000 for the Main Crop and ₵3,872,000 per tonne for the Light Crop, the Company achieved Total Revenue of ₵600.699 billion for the year. An increase of 20% over previous year's figures, mainly due to increases in Producer Price and Margins.

In spite of the reduction in tonnage of cocoa purchased, effective cost control measures during the period paid off significantly leading to a net profit before tax of ₵5.724 billion as compared to a net loss of ₵4.803 billion during same period last year.

The successful implementation of the retrenchment exercise, which led to a reduction in staff cost and improvement in cocoa delivery rate resulting in reduction in interest cost accounted for the reduction in general operating costs. Also an upward revision of Buyers' Take Over Margins in course of the Main Crop season enhanced the Company's profitability.

### **Working Capital**

The decline in the Company's market share was mainly attributable to the inability of the Commercial Banks to provide the Company with adequate seed fund guarantee for Ghana Cocoa Board's produce loan. The prudential limitation on the Commercial Banks restricted the Company's access to seed fund at the beginning of the season, which reduced its ability to make significant initial impact on the market. Additionally, the financial crisis faced by a major Licensed Buying Company drastically reduced the confidence of banks in Cocoa Buying Companies and made it difficult for our Company to obtain bridge financing from the banks at the beginning of the season. The Company's Working Capital problem raised in previous reports has not been resolved. As a result of this, the Company was unable to finance initial crop purchases whilst negotiating with banks for seed fund guarantee.





**Investments**

As a result of the inconclusive nature of the Company's shareholding structure leading to the suspension of the Board of Directors the Company could not undertake any major investment in fixed assets. Our continuous reliance of very old vehicles and tractors did not make for efficient performance during the year. The need to re-capitalize your Company cannot be over emphasized.

**Outlook**

The Company is determined to capture part of the lost market share and maintain profitability in the ensuing years. In pursuance of this strategy efforts are being made to expand the company's sources of seed fund guarantee to ensure adequate and timely receipt of seed fund.

Arrangements have also been made to boost freight earnings from secondary evacuation by using the Company's articulated trucks to cart a significant percentage of produce purchased.

Strategically, the Company has maintained existing logistics, buying centers and storage capacity that can handle over 60% of national output. Steps are being taken to access needed working capital to buy more cocoa to utilize full capacity.

The Company is still adopting strategies to reduce operating cost and ensure quick recycling of seed fund.

It is expected that with the proper implementation of these strategies current profit levels will be maintained and improved upon in the ensuing years.

I take this opportunity to express my appreciation to our numerous farmers, management and staff of the Company for their loyalty and dedication and finally to my colleague Board members for their support.

Thank you.

**CHAIRMAN**

**NANA TIMOTHY AYE KUSI**



## MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The year 2000/01 was a successful year as compared to the Company's performance over previous years. In order to recapture lost market share and sustain profitability of the Company, the Board of Directors have approved Management's Medium Term Corporate Plan (2002-2004) for implementation. The Plan aims at realigning your Company for effective competition by drawing on its organisational strengths to improve operational efficiency.

### Performance Review

Turnover increased by 20% from ₵499.654 billion to ₵600.699 billion during the 2000/01 Financial Year mainly due to increase in Producer Price and Buyers Take Over Margins. In spite of the reduction in total purchases for the year by 23% from 190,317 tonnes to 146,366 tonnes, cost of sales increased by 18% to ₵507.540 billion resulting in a Gross Profit of ₵93.15 billion for the year, an increase of 34.76% over previous year's performance.

Direct Operating expenses increased by 27.68% from ₵53.105 billion to ₵67.807 billion. The increase was principally due to increase in the following operating costs which are set by the Producer Price Review Committee and recovered at source by the Ghana Cocoa Board; interest on produce loan by 13.66% to ₵29.061 billion; cost of jute bags by 137% to ₵13.39 billion and grading and sealing cost by 25.5% to ₵5.174 billion. Commission paid on Akafo Cheques and Marketing Clerks also increased by 36.53% to ₵9.08 billion.

Administrative and General expenses which comprise staff cost, office cost, and estate and property cost decreased by 8% to ₵22.49 billion.

The cumulative effect of the increase in Gross Profit and the less than proportionate increase in total expenses resulted in Net Operating Profit before tax of ₵2.856 billion as compared to a loss of ₵8.519 billion during last year.



Other income which is mainly made up of freight, income from secondary evacuation, sale of cutlasses, unserviceable assets and shortage recoveries amounted to ₦ 2.867 billion, resulting in a Net Profit before tax of ₦ 5.723 billion.

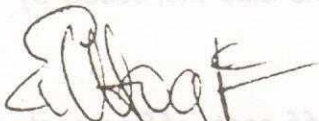
Shareholders' Funds rose by 18%, from ₦30.125 billion to ₦35.705 billion during the year.

### Outlook

As part of the process of re-positioning the Company to become the leading cocoa purchasing company of choice to farmers, we have begun human resource capacity building to re-train and empower key staff to improve upon their service delivery to satisfy our cherished farmers. We shall continue with the Best Farmer award scheme commenced last year and implement the Medium Term Corporate Plan to serve as a guide to high performance.

I shall conclude by expressing my gratitude to the Board for their support and guidance to our farmers for their loyalty, and to staff for their hard work, and with commitment and team work we can look forward to a prosperous future for our Company.

Thank you.

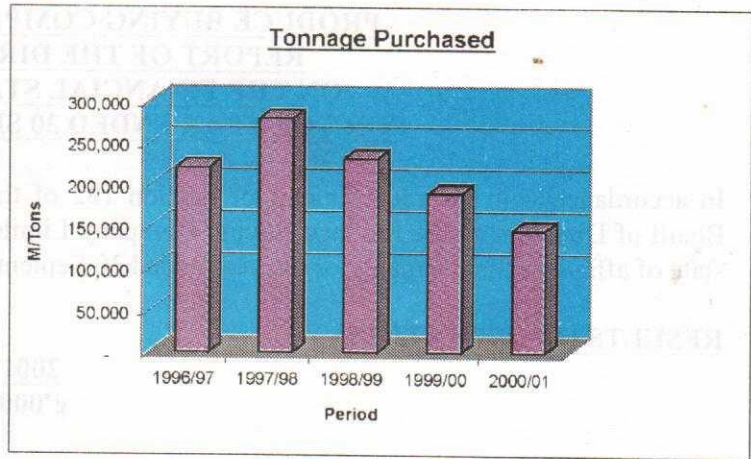


**E. OWUSU BOAKYE**  
**MANAGING DIRECTOR**



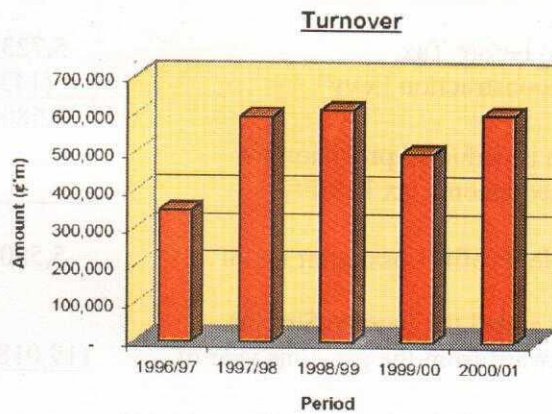
### Tonnage Purchased

year	
1996/97	220,659
1997/98	279,695
1998/99	231,274
1999/00	190,314
2000/01	146,366



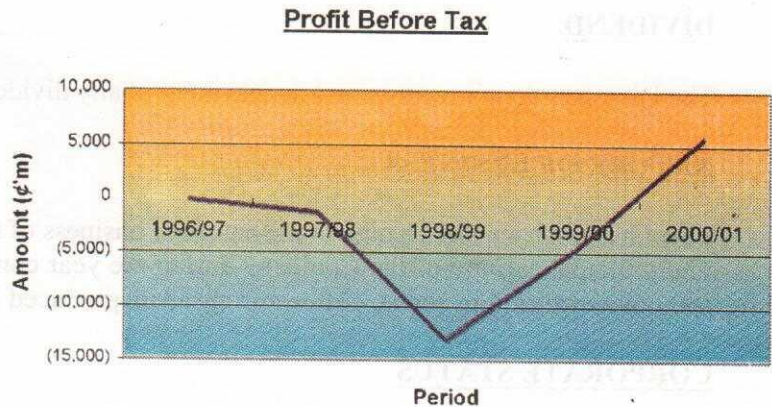
### Turnover

1996/97	348,997
1997/98	595,269
1998/99	613,260
1999/00	499,654
2000/01	600,700



### profit before tax

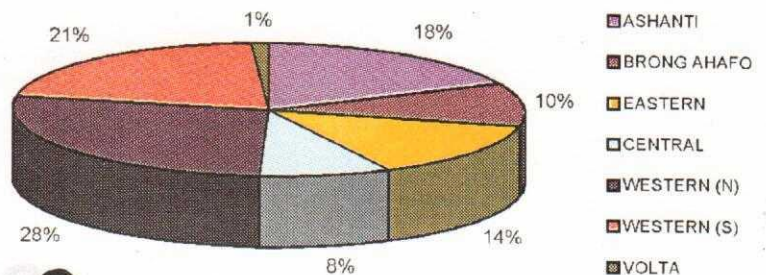
1996/97	(172)
1997/98	(1,335)
1998/99	(13,193)
1999/00	(4,804)
2000/01	5,724



### REGIONAL DISTRIBUTION OF PURCHASES 2000/01 M/C AND 2001 L/C FIGURES

REGION	M/C	L/C	TOTAL
ASHANTI	24,078	2,112	26,190
BRONG AHAFO	13,222	2,060	15,282
EASTERN	18,886	1,604	20,490
CENTRAL	11,355	654	12,009
WESTERN (N)	33,461	6,216	39,677
WESTERN (S)	27,658	3,374	31,032
VOLTA	1,645	36	1,681
ASHANTI	26190		
BRONG AHAFO	15282		
EASTERN	20490		

### REGIONAL DISTRIBUTION OF PURCHASES FOR 2000/01 M/C AND 2001 L/C SEASONS





**PRODUCE BUYING COMPANY LIMITED**  
**REPORT OF THE DIRECTORS**  
**ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

In accordance with the requirements of Section 132 of the Companies Code 1963 (Act 179), we the Board of Directors of the Produce Buying Company Limited, present herewith the annual report on the state of affairs of the company for the year ended 30 September, 2001.

**RESULTS OF OPERATIONS**

	<u>2001</u> €'000	<u>2000</u> €'000
Turnover	600,699,781	499,654,499
Profit/(Loss) before Tax	5,723,838	(4,803,834)
National Reconstruction Levy	<u>(143,096)</u>	<u>0</u>
	5,580,742	(4,803,834)
From which is deducted provision for The estimated income tax liability	<u>0</u>	<u>0</u>
Leaving a Net Profit/(Loss) after tax of	5,580,742	(4,803,834)
To which is added the Income Surplus Brought forward from the pervious year of	<u>(19,018,941)</u>	<u>(14,215,432)</u>
Resulting in a (Deficit)/Surplus balance carried To the Balance Sheet of	<u>(13,438,199)</u>	<u>(19,018,941)</u>

**DIVIDEND**

The Directors do not recommend the payment of any dividend for the year ended 30 September 2001.

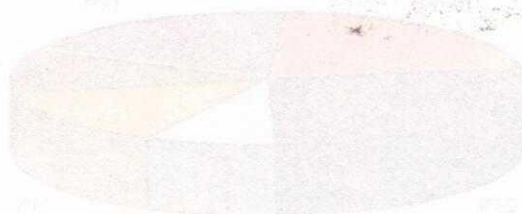
**NATURE OF BUSINESS**

There has not been any change in the nature of business of the Company during the year.

The principal activity of the Company during the year continued to be "To buy, collect, store, transport and otherwise deal in cocoa, coffee and sheanuts produced in Ghana on behalf of Ghana Cocoa Board.

**CORPORATE STATUS**

On the 15 of September 1999, the company was incorporated as a Public Limited liability Company under the Companies Code 1963 (Act 179). On the 19 of May 2000 the company was listed on the Ghana Stock Exchange and 30.2% of its shares were transferred and are currently held by the public.





### AUTHORISED SHARE CAPITAL

There was no change in the Authorised or Issued Share Capital of the Company during the year.

### DIRECTORS

The Directors of the Company who held office during the year are as follows:

<u>NAME</u>		<u>DATE OF APPOINTMENT</u>	<u>DATE OF RETIREMENT</u>
Mr. Charles Asare	Chairman	19 May, 2000	28 February, 2001
Mr. Fred Quaye Nortey		27 April, 2000	14 March, 2001
Colonel M.K. Amuzu		November 1991	14 March, 2001
Mrs. Marian Banor		19 April, 2000	14 March, 2001
Mr. K. Asante-Poku		November 1997	14 March, 2001
Nana Yiadom Boakye		March 1998	14 March, 2001
Mr. Steve D. Cashin		1 May, 2000	23 February, 2001
Mr. Keli Gadzekpo		19 April, 2000	23 February, 2001
Mr. George Otoo		20 April, 2000	23 February, 2001
Mr. Eric Adjei		1 March, 2001	31 August, 2001
Nana Timothy Aye Kusi	Chairman	1 February 2002	-
Mr. Emmanuel Otchere		1 February 2002	-
Hon. Mrs Angelina Baiden-Amissah		1 February 2002	-
Dr. Wahab-Alhasan		1 February 2002	-
Mr. Emmanuel Owusu Boakye		1 February 2002	-
Mr. J. Buatsie		1 February 2002	-
Dr. Y. A. Duodu		1 February 2002	-
Mr. Andrew Antwi Boasiako		1 February 2002	-
Alhaji Yakubu Ziblim		1 February 2002	-

### CHANGES IN TOP MANAGEMENT

On 9 January, 2002, the appointment of Mr. K. Asante-Poku, Managing Director and Mr. P. K. Opoku-Mensah General Manager Operations were terminated.

Mr. Emmanuel Owusu Boakye and Mr. Anthony Osei Boakye were appointed as Managing Director and Deputy Managing Director respectively.

### RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the regulations of the Company, at the first annual general meeting of the company, all the directors shall retire from office, and being eligible, will offer themselves for re-election as directors.





## AUDITORS

Pannell Kerr Forster will continue in office as Auditors of the Company in accordance with Section 134(5) of the Companies Code 1963 (Act 179).

## EVENTS AFTER BALANCE SHEET DATE

The Directors confirm that no matters have arisen since 30 September 2001 which materially affect the accounts of the Company for the year ended on that date.

## BY ORDER OF THE BOARD

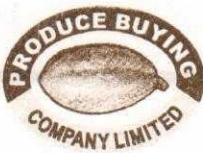
.....Director

.....Director

ACCRA

5 April.....2002





**PRODUCE BUYING COMPANY LIMITED**  
**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The Companies Code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its Profit or Loss for that year.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements: and
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Code 1963. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statement which should be read in conjunction with the statement of the Auditors responsibilities set out on page 8 is made with a view to distinguishing for shareholders, the respective responsibilities of the Directors and the Auditors in relation to the financial statements.





**PANNELL  
KERR  
FORSTER**  
CHARTERED ACCOUNTANTS

**REPORT OF THE AUDITORS**  
**TO THE MEMBERS OF PRODUCE BUYING COMPANY LIMITED**  
**ON THE FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 30 SEPTEMBER 2001**

We have audited the financial statements on pages 9 to 18, which have been prepared under the accounting policies set out on page 12.

**Respective Responsibilities of Directors and Auditors**

As described on page 7, the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion thereon.

**Basis of Opinion**

We have conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgement made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we required in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

We have obtained all the information and explanations which we considered necessary except on the title deeds.

We have not had sight of the Title Deeds of the sheds and buildings as stated in the Company's books to establish the Company's ownership of these assets.

Subject to any adjustment that might have been found to be necessary had we been able to satisfy ourselves as to the title deeds referred to above, in our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2001 and of its Profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Code, 1963 (Act 179).

*Pannell Kerr Forster*

**PANNELL KERR FORSTER**  
**CHARTERED ACCOUNTANTS**

**Farrar Avenue**  
**Accra**

*5 April*  
.....2002





**PRODUCE BUYING COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	NOTES	2001 ¢'000	2000 ¢'000
TURNOVER		<u>600,699,781</u>	<u>499,654,499</u>
COST OF SALES		<u>(507,540,600)</u>	<u>(430,528,565)</u>
GROSS PROFIT		<u>93,159,181</u>	<u>69,125,934</u>
DIRECT OPERATING EXPENSES	2	(67,807,083)	(53,105,377)
ADMIN. & GENERAL EXPENSES	3	(22,496,111)	(24,539,992)
TOTAL EXPENSES		<u>(90,303,194)</u>	<u>(77,645,369)</u>
OPERATING PROFIT / (LOSS)		2,855,987	(8,519,435)
OTHER INCOME	4	2,867,851	3,715,601
NET PROFIT/(LOSS)/ BEFORE TAXATION	5	5,723,838	(4,803,834)
NATIONAL RECONSTRUCTION LEVY		(143,096)	0
		5,580,742	(4,803,834)
TAXATION	6	0	0
NET PROFIT/(LOSS) AFTER TAX TRANSFERRED TO INCOME SURPLUS ACCOUNT		<u>5,580,742</u>	<u>(4,803,834)</u>

**INCOME SURPLUS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

BALANCE AT 1 OCTOBER	(19,018,941)	(14,215,107)
NET PROFIT/(LOSS) FOR THE YEAR	<u>5,580,742</u>	<u>(4,803,834)</u>
BALANCE AT 30 SEPTEMBER	<u>(13,438,199)</u>	<u>(19,018,941)</u>







**PRODUCE BUYING COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2001**

	NOTES	2001 ¢'000	2000 ¢'000
<b>FIXED ASSETS</b>	7	24,065,226	27,796,068
<b>LONG TERM INVESTMENT</b>	8	250,000	250,000
		24,315,226	28,046,068
<b>CURRENT ASSETS</b>			
Stocks	9	14,344,107	6,464,303
Accounts Receivable	10	4,641,067	6,873,706
Short Term Investments	11	3,117,846	1,236,323
Bank and Cash Balances	12	11,471,715	4,231,941
Taxation	6	194,853	0
		33,769,588	18,806,273
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	13	2,241,778	2,147,795
Accounts Payable	14	8,466,436	2,656,928
Short Term Loan	15	11,537,309	11,917,643
National Reconstruction Levy	5	133,721	0
Taxation	6	0	5,147
		22,379,244	16,727,513
<b>NET CURRENT ASSETS</b>		11,390,344	2,078,760
<b>NET ASSETS</b>		35,705,570	30,124,828
<b>REPRESENTED BY</b>			
Stated Capital	16	49,143,769	49,143,769
Income Surplus Account		(13,438,199)	(19,018,941)
		35,705,570	30,124,828

Approved by the Board on.....2002

  
 .....Director

  
 .....Director





**PRODUCE BUYING COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	NOTES	2001 ¢'000	2000 ¢'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18a</b>	<b><u>39,516,924</u></b>	<b><u>33,949,378</u></b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest Received		681,657	649,412
Interest Paid		<u>(29,061,189)</u>	<u>(25,567,501)</u>
		<u>(28,379,532)</u>	<u>(24,918,089)</u>
<b>TAXATION PAID</b>		<u>(200,000)</u>	<u>(164,000)</u>
<b>RECONSTRUCTION LEVY PAID</b>		<u>(9,375)</u>	<u>0</u>
<b>CAPITAL EXPENDITURE</b>			
Receipts from Fixed Assets		0	5,548
Payments to acquire fixed assets		<u>(1,520,369)</u>	<u>(1,507,480)</u>
		<u>(1,520,369)</u>	<u>(1,501,932)</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Treasury Bills/Call Deposits		<u>(1,881,523)</u>	<u>(792,477)</u>
<b>FINANCING</b>			
Ghana Cocoa Board - Current Account		0	(104,307)
Short Term loans		<u>(380,334)</u>	<u>1,294,096</u>
		<u>(380,334)</u>	<u>1,189,789</u>
<b>INCREASE IN CASH</b>	<b>18c</b>	<b><u>7,145,791</u></b>	<b><u>7,762,669</u></b>





**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

**ACCOUNTING POLICIES**

The significant accounting policies adopted by the Company and which have been used in preparing these financial statements are stated below:

a. Basis of Accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets.

b. Depreciation

Depreciation is provided to write off the value of fixed assets over their estimated useful lives. The annual depreciation rates of fixed assets are as follows:-

Buildings	3%
Plant and Machinery	20%
Motor Vehicles	25%
Furniture and Equipment	20%

c. Investments

Investments are shown at cost.

d. Stocks

Stocks of Produce (cocoa and other produce) have been valued by Management at their book values while Non-Trading Stocks have been valued at cost less known shortages and losses or provision thereof.

e. Debtors

Debtors appear at face value less a specific provision for debts considered to be doubtful.





**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

2. **DIRECT OPERATING EXPENSES** include depreciation of ₦4,110,099,000 on plant, machinery and Motor Vehicles (2000-₦3,846,883,000)
3. **ADMINISTRATIVE AND GENERAL EXPENSES** include the following:-

	2001 ₦'000	2000 ₦'000
Depreciation	1,141,112	1,083,086
Auditors Remuneration	55,000	48,000
Directors Fees and Expenses	37,440	115,983
Subscriptions	85,350	24,439

4. **OTHER INCOME**

	2001 ₦'000	2000 ₦'000
Freight Income	1,158,359	2,595,245
Sundry Income	1,027,835	474,404
Interest Received	681,657	649,412
Loss on Disposal of Fixed Assets	0	(3,460)
	<u>2,867,851</u>	<u>3,715,601</u>

5 **NATIONAL RECONSTRUCTION LEVY**

Year of Assessment	Balance at 1.10.2000 ₦'000	Payment during the year ₦'000	Charge for the year ₦'000	Balance at 30.9.2001 ₦'000
2001	0	(9,375)	143,096	133,721

6 **TAXATION**

Year of Assessment	Balance at 1.10.2000 ₦'000	Payment during the year ₦'000	Charge for the year ₦'000	Balance at 30.9.2001 ₦'000
1995-1999	105,147	0	0	105,147
2000	(100,000)	0	0	(100,000)
2001	0	(200,000)	0	(200,000)
	<u>5,147</u>	<u>(200,000)</u>	<u>0</u>	<u>(194,853)</u>

The amount provided for income tax is calculated at the rate of 32.5% of the Adjusted Profit and is subject to agreement with Internal Revenue Service.



**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001**



7 <b>FIXED ASSETS</b>	<b>Cost</b>	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture & Fitting	Building W.I.P.	Total
		¢'000	¢'000	¢'000	¢'000	¢'000	¢'000
Balance at 1.10.2000 Cost	11,642,073	1,859,055	11,063,054	1,265,375	66,366	25,895,923	
Revaluation	7,469,940	11,915,426	2,551,543	1,338,021	0	23,274,930	
Additions during the year:							
Cost	77,301	548,878	330,170	473,428	156,958	1,586,735	
W.I.P. Transferred	0	0	0	0	(66,366)	(66,366)	
<b>Balance at 30.9.2001</b>	<b>19,189,314</b>	<b>14,323,359</b>	<b>13,944,767</b>	<b>3,076,824</b>	<b>156,958</b>	<b>50,691,222</b>	
<b>Depreciation</b>							
Balance at 1.10.2000 Cost	2,218,513	1,156,649	10,093,603	880,674	0	14,349,439	
Revaluation	448,196	4,766,170	1,275,772	535,208	0	7,025,346	
Charge for the year - Cost	351,581	399,759	689,369	297,829	0	1,738,538	
- Revaluation	224,098	2,383,085	637,886	267,604	0	3,512,673	
<b>Balance at 30.9.2001</b>	<b>3,242,388</b>	<b>8,705,663</b>	<b>12,696,630</b>	<b>1,981,315</b>	<b>0</b>	<b>26,625,996</b>	
<b>NET BOOK VALUE AT 30.9.01</b>	<b>15,946,926</b>	<b>5,617,696</b>	<b>1,248,137</b>	<b>1,095,509</b>	<b>156,958</b>	<b>24,065,226</b>	
<b>NET BOOK VALUE AT 30.9.00</b>	<b>16,445,304</b>	<b>7,851,662</b>	<b>2,245,222</b>	<b>1,187,514</b>	<b>66,366</b>	<b>27,796,068</b>	

The fixed Assets were revalued in November 1998 by the following valuers at open market values.

Eastern and Volta Regions	-	Consolidated Properties Limited
Accra-Tema Area	-	Valuation and Investments Associates
Ashanti Region	-	Surveying and Development Associates
Central Region	-	James and Ayanga & Partners
Western Region	-	George Deh & Company

**8 LONG TERM INVESTMENT**

This represents 500,000 shares of no par value purchased from Ghana Commercial Bank Limited.



**PRODUCE BUYING COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2001**

**9 STOCKS**

	2001 ¢'000	2000 ¢'000
Trading - Cocoa	3,783,670	382,567
<u>Non-Trading</u>		
Spare Parts	759,240	1,148,687
Tarpaulin Stocks	406,041	575,201
Jute Sacks/ Twine	3,377,854	1,383,549
Technical Stores	1,105,316	232,320
Stationery	1,426,906	1,218,075
Fuel and Lubricants	388,273	322,424
Motor Cycle/ Helmet	13,986	38,852
Other Stock/Matchets	1,904,444	27,300
Tyres and Batteries	368,901	521,698
Stencil Ink	872,820	676,974
	<u>14,407,451</u>	<u>6,527,647</u>
Less Provision for obsolete stock	(63,344)	(63,344)
	<u>14,344,107</u>	<u>6,464,303</u>

**10 ACCOUNTS RECEIVABLE**

Other Debtors	1,590,200	2,995,729
Staff Loans and Advances	1,690,439	1,418,460
Trade Debtors	1,162,424	2,279,186
Prepayments	198,004	180,331
	<u>4,641,067</u>	<u>6,873,706</u>

- a. Prepayments represent the unexpired portion of certain expenditure spread on time basis.
- b. The maximum amount due from employees of the Company during the year did not exceed ¢1,690,439,000(2000 - ¢1,418,460,000).

**11 SHORT TERM INVESTMENTS**

	¢'000	¢'000
Call Deposits	3,011,735	1,236,323
Treasury Bills	106,111	0
	<u>3,117,846</u>	<u>1,236,323</u>





**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	2001 '000	2000 '000
<b>12 BANK AND CASH BALANCES</b>		
Bank Balances	11,467,424	4,224,112
Cash Balances	4,291	7,829
	<u>11,471,715</u>	<u>4,231,941</u>
<b>13 BANK OVERDRAFT</b>		
Balances as at 30 September	<u>2,241,778</u>	<u>2,147,795</u>
The balances show a temporary overdrawn position.		
<b>14 ACCOUNTS PAYABLE</b>		
Trade Creditors	93,267	24,596
Other Creditors	8,079,271	2,348,315
Accrued Charges	293,898	284,017
	<u>8,466,436</u>	<u>2,656,928</u>

**15 SHORT TERM LOANS**

These are balances on loans granted to the Company for the purchase of cocoa. They include interest charges and guarantee fees.



**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	2001		2000	
<b>16 STATED CAPITAL</b>				
a) <b>Authorised Number of :</b>				
i) Preference share("Golden Cocoa Share")	1		1	
ii) Ordinary Shares of no par value	20,000,000,000		20,000,000,000	
b) <b>Issued and fully paid :</b>	<b>Number</b>	<b>¢'000</b>	<b>Number</b>	<b>¢'000</b>
i) Preference Share ("Golden Cocoa Share")	1	1,000	1	1,000
ii) Ordinary Shares :				
For cash consideration	2,005,000	15,867,844	2,005,000	15,867,844
For consideration other than cash	477,995,000	33,274,925	477,995,000	33,274,925
Total Ordinary shares	480,000,000	49,142,769	480,000,000	49,142,769
iii) Total Pref/Ordinary shares	480,000,001	49,143,769	480,000,001	49,143,769

c) There is no unpaid liability on any share and there are no calls or installments unpaid in respect of any share.

d) One (1) special rights redeemable preference share known as "Golden Cocoa Share" has been allotted as fully paid in accordance with the company's regulations.

**17 TITLE DEEDS**

Included in the ordinary shares issued for consideration other than cash is an amount of ¢9,540,000,000 which represents part of the value of fixed assets ceded to Produce Buying Company Limited by Ghana Cocoa Board.

As mentioned in our report, we have not had sight of the Title Deeds of the sheds and buildings as stated in the Company's books to establish the Company's ownership of these assets.

However, in a letter dated November 18, 1999 the Government of Ghana gave the following undertaking :

- a. "The Government has taken over the interest of the Ghana Cocoa Board(Cocobod) in PBC and accordingly undertakes to ensure that the Cocobod takes all steps required of it under the Ceding Agreement of June 30, 1999 executed between the Cocobod and PBC including but not limited to the perfection of all interests and the execution of all documents to effectuate the cession of assets to PBC".
- b. "The Government further assures the investing public that in the event of Cocobod failing its obligations under the cession agreement, it will take such additional steps including but not limited to compulsory acquisition and arranging of payment of adequate compensation by Cocobod so as to concretise the interest of the PBC in the said assets".



**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

18a. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2001 ¢'000	2000 ¢'000
Net Profit/(Loss) before taxation	5,723,838	(4,803,834)
Depreciation	5,251,211	4,929,969
(Increase)/Decrease in Stocks	(7,879,804)	1,857,733
Decrease in Accounts Receivable	2,232,639	8,136,798
Increase/(Decrease) in Accounts Payable	5,809,508	(1,092,837)
Interest Received	(681,657)	(649,412)
Interest Paid	29,061,189	25,567,501
Loss on Sale of Fixed Assets	0	3,460
<b>Net Cash Inflow</b>	<b>39,516,924</b>	<b>33,949,378</b>

18b Reconciliation of net cash flow to movement in net debt (Note 19c)

	¢'000
Increase in cash in the year	7,145,791
Net Debt 1 Oct. 2000	2,084,146
Net Funds at 30 September 2001	<u>9,229,937</u>

18c ANALYSIS OF CHANGES IN NET DEBT

	At 1 Oct. 2000 ¢'000	Cash Flows ¢'000	At 30 Sept. 2001 ¢'000
Cash in Hand and at Bank	4,231,941	7,239,774	11,471,715
Overdrafts	(2,147,795)	(93,983)	(2,241,778)
<b>TOTAL</b>	<u>2,084,146</u>	<u>7,145,791</u>	<u>9,229,937</u>



**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	2001 ¢'000	2000 ¢'000
<b>TURNOVER</b>	<u>600,699,781</u>	<u>499,654,499</u>
<b>COST OF SALES</b>		
Opening Stock	382,567	2,664,000
Purchases	<u>450,873,843</u>	<u>430,200,025</u>
	513,060,341	432,864,025
<b>Less:</b>		
Shortages and Loss on Produce	1,736,071	1,952,893
Closing Stock	<u>3,783,670</u>	<u>382,567</u>
	507,540,600	430,528,565
<b>GROSS PROFIT</b>	<u>93,159,181</u>	<u>69,125,934</u>
<b>DIRECT OPERATING EXPENSES</b>		
Interest on Produce Loan	29,061,189	25,567,501
Jute Bags and Twine	13,391,942	5,648,670
Grading and Sealing	5,174,540	4,058,149
Commission	9,086,047	6,655,372
Motor Vehicle - Repairs & Maintenance	1,348,266	1,057,485
Depreciation	4,110,099	3,846,883
Motor Vehicle Running	401,647	475,749
Handling Charges	2,068,895	2,294,148
Sundry Freight and Cartages	4,401	11,469
Casual Labour	477,772	602,524
Produce Losses Account	1,783,790	1,952,893
Repairs of Bridges	3,059	0
Bridge and Port Tolls	63,334	58,677
Produce Insurance	0	82,834
Motor Vehicle Insurance	397,238	386,918
Tarpaulin	434,864	406,105
	<u>67,807,083</u>	<u>53,105,377</u>





**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	2001 ¢'000	2000 ¢'000
<b>GENERAL &amp; ADMIN. EXPENSES</b>		
<u>Staff Cost</u>		
Salaries and Wages	9,777,342	10,663,981
Social Security Fund	965,021	1,233,407
Provident Fund	533,684	744,376
Security Men's Allowance	117,231	222,715
Car Maintenance Allowance	1,202,311	1,133,046
Travel and Transport	361,407	326,469
Treasurers Allowance	429,731	136,900
Medical Expenses	367,886	343,255
Sundry Allowance	179,994	169,263
Overtime	43,638	62,141
Clothing/Uniform Allowance	21,544	12,216
National Service Personnel Allowance	150	3,106
Transfer/Inconvenience	334,425	34,725
Drivers Inconvenience Allowance	44,152	41,817
Workmen's Compensation	6,726	30,599
Gratuity/Severance	99,126	0
Repatriation Allowance	0	54,061
	<b>14,484,368</b>	<b>15,212,077</b>

**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

	2001 ¢'000	2000 ¢'000
<b><u>Office Cost</u></b>		
Bank Charges	1,638,726	5,241,876
Depreciation	1,141,112	1,083,086
Technical Stores	0	74,788
Printing and Stationery	359,054	491,988
Hotel Expenses	144,599	126,217
Electricity	294,059	251,479
Training Expenses	154,115	42,933
Entertainment	56,647	63,149
Postages and Telephone	169,467	125,797
Advertising and Publicity	328,070	295,020
Audit Fees	55,000	48,000
Cleaning Expenses	49,379	40,107
Directors Fees & Expenses	37,440	115,983
Water	54,562	44,392
Funeral Expenses	10,106	31,885
Subscriptions	85,350	24,439
Legal and Consultancy Fees	8,960	11,625
General Expenses	81,000	87,593
Data Services	41,688	638
Motor Vehicle Insurance	99,309	96,730
	<hr/> 4,808,643	<hr/> 8,297,725
<b><u>Estate &amp; Property Cost</u></b>		
Rent of Offices & Sheds	1,453,326	278,797
Repairs & Renovation of Sheds	1,106,388	319,523
Repairs on Bungalows/Office Buildings	283,627	193,965
Repairs - Office Equip. & Furniture	175,153	131,374
Repairs to Plant & Equipment	101,482	5,939
Repairs - Bungalows Equipment	970	60,757
Ground Rent & Rates, Sanitation	27,614	2,519
Rent on Bungalows	54,540	37,316
	<hr/> 3,203,100	<hr/> 1,030,190
<b>TOTAL EXPENSES</b>	<hr/> 90,303,194	<hr/> 77,645,369
<b>OPERATING PROFIT/(LOSS)</b>	<hr/> <hr/> 2,855,987	<hr/> <hr/> (8,519,435)





**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2001**

2001 €'000	2000 €'000	
1,852,997	1,774,433	<b>OPERATING PROFIT/(LOSS)</b>
90,303,194	77,640,309	<b>TOTAL EXPENSES</b>
84,540	37,310	Rent on Buildings
27,614	2,619	Ground Rent & Rates
970	60,737	Repairs - Buildings Equipment
101,482	5,939	Repairs to Plant & Equipment
172,123	187,374	Repairs - Office Equip. & Furniture
283,627	192,965	Repairs on Buildings/Office Buildings
1,106,388	319,523	Proport. & Repercussion of Share
1,432,326	273,797	<b>Estates &amp; Property Cost</b>
4,808,643	6,297,728	<b>Motor Vehicle Expenses</b>
41,568	638	Legal Services
61,000	87,698	General Expenses
8,960	17,828	Legal and Conveyance Fees
62,320	24,419	Subscriptions
10,706	31,885	Furniture Expenses
64,562	41,393	Water
37,440	112,969	Medical Fees & Courses
49,379	40,107	Cleaning Expenses
52,000	48,000	Audit Fees
328,078	206,020	Advertising and Publicity
162,467	128,797	Postages and Telephony
58,637	62,149	Entertainment
154,112	42,993	Training Expenses
294,069	251,479	Electricity
142,299	128,217	Hotel Expenses
359,024	491,989	Fuel and Stationery
0	74,788	Technical Staff
1,741,112	1,083,086	Depreciation
1,628,729	8,247,876	Bank Charges
1,628,729	8,247,876	<b>Office Cost</b>



# PRODUCE BUYING COMPANY LIMITED

Chairman  
Managing Director

Mr. Charles Asare  
Mr. K. Asante Poku  
Mrs. George-Yisdan  
Colonel M. K. Amuzu  
Mr. Fred Quaye-Horley  
Mr. Kofi Gadekpo  
Mr. Manan Bantay  
Mr. George Otoo  
Mr. Steve Castin

BOARD OF DIRECTORS

## FINANCIAL STATEMENTS 30 SEPTEMBER 2000

Managing Director  
General Manager  
Financial Controller

Mr. K. Asante Poku  
Mr. R. K. Osei-Mensah  
Mr. P. K. Omasu

TOP MANAGEMENT

Asafu-Adjaye & Partners  
Chartered Accountants  
P.O. Box 15110  
Accra-North

Pannell Kerr Forster  
Chartered Accountants  
First Avenue  
P.O. Box 1219  
Accra

AUDITORS

**ASAFU-ADJAYE & PARTNERS**  
CHARTERED ACCOUNTANTS

P.O. BOX 15110

ACCRA-NORTH

**PANNELL  
KERR  
FORSTER**

CHARTERED ACCOUNTANTS

P.O. BOX 1219

ACCRA





**PRODUCE BUYING COMPANY LIMITED**  
**BOARD OF DIRECTORS, OFFICIALS AND REGISTERED OFFICE**

PRODUCE BUYING COMPANY LIMITED

**BOARD OF DIRECTORS:** Mr. Charles Asare - Chairman  
Mr. K. Asante Poku - Managing Director  
Nana Boakye-Yiadom  
Colonel M.K. Amuzu  
Mr. Fred Quaye Nortey  
Mr. Keli Gadzekpo  
Mrs. Marian Banor  
Mr. George Otoo  
Mr. Steve Cashin

**SECRETARY:** Mrs. Abena Asafu-Adjei

FINANCIAL STATEMENTS  
30 SEPTEMBER 2000

**TOP MANAGEMENT:** Mr. K. Asante Poku - Managing Director  
Mr. P.K. Opoku-Mensah - General Manager  
Mr. P.K. Owusu - Financial Controller

**AUDITORS:** Pannell Kerr Forster Asafu-Adjaye & Partners  
Chartered Accountants Chartered Accountants  
Farrar Avenue P.O. Box 15110  
P.O. Box 1219 Accra-North  
Accra.

PANNELL  
KERR

ASAFU-ADJAYE & PARTNERS  
CHARTERED ACCOUNTANTS

**REGISTERED OFFICE:** ACHIMOTA ROAD  
DZORWULU JUNCTION  
ACCRA.

P.O. BOX 15110  
ACCRA-NORTH



**PRODUCE BUYING COMPANY LIMITED**  
**CHAIRMAN'S STATEMENT**

**Introduction**

It is with much pleasure that I present to you the Annual Report and the financial statements of Produce Buying Company Limited for the year ended September 30<sup>th</sup> 2000.

The year under review saw world commodity indices declining to their lowest ebb in the last 30 years. The world cocoa market experienced bearish pressures due to availability of large stock of cocoa beans coupled with projected increases in production in Ghana and Cote D'Ivoire; low demand for the cocoa beans due to economic crisis in Southeast Asia, Eastern Europe and Latin America and the substitution of 5% vegetable fat in chocolate products announced by the European Union. The dwindling fortunes of cocoa on the International Markets as a result of these factors compelled the Producer Price Review Committee (PPRC) to maintain previous year's buyers take over margin in the face of increasing operating costs. The inability of the PPRC to increase margins no doubt adversely affected the Company's financial position.

The divestiture/privatization of the Company was completed in the course of the year. In December 1999 the Minister of Finance launched the Initial Public Offer for the commencement of sale of shares to the public. The Company's retrenchment exercise was also completed in the same month. The Company was successfully listed on the Ghana Stock Exchange on the 19<sup>th</sup> May 2000, after the appointment of new Board of Directors. The timing of the privatization and retrenchment exercise which coincided with the peak of the Main Crop season posed greater challenges to the Company and affected operations on the field.

National cocoa production rose from 402,262 tonnes in 1998/1999 to 440,000 tonnes during the 1999/2000 financial year. The Company's market share however dropped from 58% to 43% as a result of uncertainties surrounding the Company's divestiture, Ghana Cocoa Board's (Cocobod) delay in the release of seed fund at the beginning of the Main Crop season, insufficient and late receipt of seed fund for the Light Crop season, and the intense competition from other Licensed Buying Companies (LBC) who capitalized on the Company's late entrance into the market.

In spite of the challenges posed by the reduction in revenue, the Company did not shirk its national responsibility of being the buyer of last resort. The Company continued to purchase cocoa from low producing and very remote areas. The Board and Management will continue to pursue policies that will ensure maximum profitability in a socially responsible manner.

**Operating Results**

Cocoa purchases for the 1999/2000 financial year were 179,162 tonnes and 11,155 tonnes for the 1999/2000 Main Crop and 2000 Light Crop respectively. Based on Producer Price of ₵2,250,000 and margins of ₵360,855 per tonne for the Main Crop and ₵2,428,080 and ₵398,640 for the Light Crop, the Company's turnover totalled ₵499.654 billion for the year. (A reduction of about 19% compared to last year's figures). The fall in turnover was due mainly to reduction in tonnage purchased.





Direct operating expenses moved in relation to revenue except for produce shortages, which was exceptionally high. The uncertainties surrounding payment of retrenchment benefits as a result of inconclusive negotiations during the Main Crop season largely accounted for this phenomenon. We wish to inform you that most of the culprits have been apprehended and arraigned before the Law Courts.

It is gratifying to report that the Company's cost structure, which had been characterized by high staff cost, has been corrected after the retrenchment exercise. Staff cost reduced from ₦32 billion in last year to ₦15 billion during the year under review, even though the Company had to bear unbudgeted staff cost for the first quarter of the year due to delays in Cocobod/ICU negotiations. The successful control of this single fixed cost item has put the Company on the path of effective financial reorganization.

It is worthy to note that the asset revaluation exercise carried out last year has increased depreciation values thereby swelling up operating and Administrative expenses.

The combination of the reduction in revenue and more than proportionate increase in expenses resulted in net loss of ₦4.8 billion. An improvement of over ₦9 billion on the last year's performance.

Ladies and Gentlemen, the negative balance on the Income Surplus account is a cause for concern and at the appropriate time, shareholders shall be consulted to pass the necessary resolutions to facilitate the reconstruction of the accounts to ensure early payment of dividends.

### Investments

The Company could not undertake any major investment in fixed assets due to the divestiture exercise. Our inability to replace very old vehicles and tractors did not make for efficient performance during the year and will obviously affect performance next year.

### Working Capital

As part of its conditions for the release of seed fund to LBCs, Cocobod requires bank guarantee(s) from LBCs. Our experience during the season has shown that local banks do not have the capacity to provide the Company with adequate guarantee(s) to access the requisite seed fund for cocoa purchases. Under the present arrangement where LBCs' market share is determined by the quantum of seed fund it can access from Cocobod at the beginning of the season, ability to obtain bank guarantee(s) automatically determines market share irrespective of infrastructure and logistics. This single major constraint impacted negatively on our market share. The need for the Company to obtain substantial working capital in addition to funding from outside Cocobod sources for cocoa purchases cannot be over-emphasized. Until such an arrangement is made, Board and Management shall continue to appeal to Government/Cocobod for waiver of bank guarantee for cocoa seed fund.



## Strategy and Outlook

With the completion of privatization of the Company and formulation of policies for cocoa sector reforms, there is the need for the Board to review our Corporate Mission and Strategy to pursue policies that will make the Company attractive to the investing public. We can achieve this objection through sustained profitability from the Company's operations.

In this regard, the Board shall continue to encourage Management to find ways of reducing operating costs by improving seed fund recycling rate, merging societies and districts in low cocoa producing areas, and further modifying administrative structures at both Head Office and Regional Offices to make the Company leaner and more efficient.

We are aware of the increasing competitive and changing marketing environment in which we operate and shall gear ourselves to meet new challenges that may unfold in the future.

As the Government continues to implement the cocoa sector reforms, we shall position ourselves to take advantage of new opportunities that the reforms may avail us. In pursuance of this, we shall explore possibilities for exporting our quota of cocoa purchases and sourcing direct external funding for cocoa purchases to guarantee real growth in the Company.

As market leaders, we shall continue to provide high quality service to farmers and adopt healthy competitive practices, which will set proper standards for other LBCs to emulate. In the ensuing years, we shall strategize to maintain the Company's leadership in the internal market of cocoa through the adoption of innovative and cost reduction techniques to improve profitability of the Company.

I shall conclude by expressing my appreciation to our numerous farmers, management and staff of the Company for their loyalty and dedication and finally to my colleagues on the Board for their tremendous support during the year.

(CHAIRMAN)





**REPORT OF THE DIRECTORS  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**TO THE MEMBERS OF  
PRODUCE BUYING COMPANY LIMITED**

In accordance with the requirements of Section 132 of the Companies Code 1963 (Act 179), we present herewith the annual report on the state of affairs of the Produce Buying Company Limited, for the year ended 30 September, 2000.

**RESULTS OF OPERATIONS**

	<u>2000</u> <u>€'000</u>	<u>1999</u> <u>€'000</u>
Turnover	499,654,499	613,260,379
Loss before Tax	(4,803,834)	(13,192,675)
To which is added provision for the estimated income tax liability	0	0
Giving a Net Loss after tax of	(4,803,834)	(13,192,675)
To which is added the balance on the Income Surplus brought forward from the previous year of	(14,215,107)	(1,022,432)
Resulting in a deficit balance to be carried forward On the Income Surplus Account of	(19,018,941)	(14,215,107)

**DIVIDEND**

The Directors do not recommend the payment of any dividend for the year ended 30 September 2000.

**NATURE OF BUSINESS**

There has not been any change in the nature of business of the Company during the year. The principal activity of the Company during the year continued to be "To buy, collect, store, transport and otherwise deal in cocoa, coffee and sheanuts produced in Ghana".

**CORPORATE STATUS**

On the 15<sup>th</sup> of September 1999 the Company was incorporated as a Public Limited Liability Company under the Companies Code 1963 (Act 179). On the 19<sup>th</sup> of May 2000 the Company was listed on the Ghana Stock Exchange and 30.2% of its shares were transferred and are currently held by the public.



**DIRECTORS**

<u>NAME</u>	<u>DATE APPOINTED</u>	<u>DATE RETIRED/RESIGNED</u>
Mr. Charles Asare	19 <sup>th</sup> May, 2000	28 <sup>th</sup> February, 2001
Mr. Fred Quaye Nortey	27 <sup>th</sup> April, 2000	14 <sup>th</sup> March, 2001
Colonel M.K. Amuzu	November, 1991	14 <sup>th</sup> March, 2001
Mrs. Marian Banor	19 <sup>th</sup> April, 2000	14 <sup>th</sup> March, 2001
Mr. K. Asante Poku	November, 1997	-
Nana Boakye-Yiadom	March, 1998	-
Mr. Steve D. Cashin	1 <sup>st</sup> May, 2000	-
Mr. Keli Gadzekpo	19 <sup>th</sup> April, 2000	-
Mr. George Otoo	20 <sup>th</sup> April, 2000	-

Mr. Eric Adjei replaced Mr. Charles Asare on 1<sup>st</sup> March, 2001.

**RETIREMENT AND RE-ELECTION OF DIRECTORS**

In accordance with the regulations of the Company, at the first annual general meeting of the Company, all the directors shall retire from office, and being eligible, will offer themselves for re-election as directors.

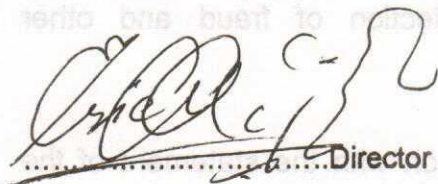
**AUDITORS**

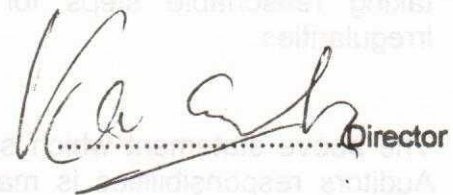
In accordance with section 135(1) of the Companies Code 1963, (Act 179) notice is hereby given of the Company's intention to remove the current auditors and to appoint new auditors in their stead.

**EVENTS AFTER BALANCE SHEET DATE**

The Directors confirm that no matters have arisen since 30 September 2000 which materially affect the financial statements of the Company for the year ended on that date.

BY ORDER OF THE BOARD

  
.....Director

  
.....Director

ACCRA

28-3-2001





## STATEMENT OF DIRECTORS RESPONSIBILITIES

The Companies Code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its Profit or Loss for that year.

*In preparing these financial statements the directors are required to:*

- ☛ select suitable accounting policies and apply them consistently;
- ☛ make judgements and estimates that are reasonable and prudent;
- ☛ state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements: and
- ☛ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The above statement which should be read in conjunction with the statement of the Auditors responsibilities is made with a view to distinguishing for shareholders; the respective responsibilities of the Directors and the Auditors in relation to the financial statements.





**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
PRODUCE BUYING COMPANY LIMITED  
ON THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 30 SEPTEMBER 2000**

We have audited the financial statements on pages 10 to 12, which have been prepared under the accounting policies set out on page 13.

**Respective Responsibilities of Directors and Auditors**

The Company's Directors are responsible for the preparation of the financial statements.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion thereon.

**Basis of Opinion**

We have conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgement made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we required in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

We have obtained all the information and explanations which we considered necessary except on the title deeds.

We have not had sight of the Title Deeds of the sheds and buildings as stated in the Company's books to establish the Company's ownership of these assets.

Subject to any adjustment that might have been found to be necessary had we been able to satisfy ourselves as to the title deeds referred to above, in our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2000 and of its loss and cash flow for the year then ended and have been properly prepared in accordance with the Companies Code, 1963 (Act 179).

  
ASAFU-ADJAYE & PARTNERS  
CHARTERED ACCOUNTANTS

28<sup>th</sup> March .....2001  
ACCRA

  
PANNELL KERR FORSTER  
CHARTERED ACCOUNTANTS

28<sup>th</sup> March .....2001  
ACCRA





**PRODUCE BUYING COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	<u>NOTE</u>	<u>2000</u> <u>€000</u>	<u>1999</u> <u>€000</u>
TURNOVER		499,654,499	613,260,379
COST OF SALES		(430,528,565)	(528,974,156)
GROSS PROFIT		69,125,934	84,286,223
DIRECT OPERATING EXPENSES	2	(56,597,290)	(57,074,240)
GENERAL AND ADMINISTRATIVE EXPENSES	3	(24,539,992)	(49,726,376)
TOTAL EXPENSES		(81,137,282)	(106,800,616)
OPERATING LOSS		(12,011,348)	(22,514,393)
OTHER INCOME	4	7,207,514	9,321,718
NET LOSS BEFORE TAXATION		(4,803,834)	(13,192,675)
TAXATION	5	0	0
NET LOSS AFTER TAX TRANSFERRED TO INCOME SURPLUS ACCOUNT		(4,803,834)	(13,192,675)
		=====	=====

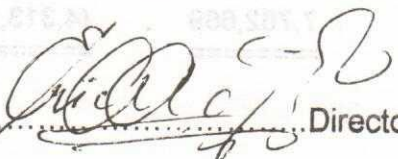
**INCOME SURPLUS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**


BALANCE AT 1 OCTOBER	(14,215,107)	(1,022,432)
NET LOSS FOR THE YEAR	(4,803,834)	(13,192,675)
BALANCE AT 30 SEPTEMBER 2000	(19,018,941)	(14,215,107)
	=====	=====



**PRODUCE BUYING COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2000**

	<u>NOTE</u>	<u>2000</u> <u>€000</u>	<u>1999</u> <u>€000</u>
<b>FIXED ASSETS</b>	6	27,796,068	31,227,565
<b>LONG TERM INVESTMENT</b>	7	250,000	250,000
		<u>28,046,068</u>	<u>31,477,565</u>
<b>CURRENT ASSETS</b>			
Stocks	8	6,464,303	8,322,036
Accounts Receivable	9	6,873,706	15,010,504
Short Term Investments	10	1,236,323	443,846
Bank and Cash Balances	11	4,231,941	613,951
		<u>18,806,273</u>	<u>24,390,337</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	12	2,147,795	6,292,474
Accounts Payable	13	14,574,571	14,373,312
Ghana Cocoa Board-Current Account	14	0	104,307
Taxation	5	5,147	169,147
		<u>16,727,513</u>	<u>20,939,240</u>
<b>NET CURRENT ASSETS</b>		<u>2,078,760</u>	<u>3,451,097</u>
<b>NET ASSETS</b>		<u>30,124,828</u>	<u>34,928,662</u>
<b>FUNDS EMPLOYED:</b>			
Stated Capital	15	49,143,769	49,143,769
Income Surplus Account		(19,018,941)	(14,215,107)
<b>SHAREHOLDERS' EQUITY</b>		<u>30,124,828</u>	<u>34,928,662</u>

  
 ..... Director

  
 ..... Director

The Directors approved the financial statements on... 28-3 - .....2001





**PRODUCE BUYING COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	<u>NOTE</u>	<u>2000</u> <u>€000</u>	<u>1999</u> <u>€000</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16a	35,243,474 =====	21,329,106 =====
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest Received		649,412	289,446
Interest Paid		(25,567,501)	(27,479,132)
		(24,918,089)	(27,189,686)
		=====	=====
<b>TAXATION PAID</b>		(164,000)	(600,000)
		=====	=====
<b>CAPITAL EXPENDITURE</b>			
Receipts from Fixed Assets		5,548	0
Payments to acquire fixed assets		(1,507,480)	(488,249)
		(1,501,932)	(488,249)
		=====	=====
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Treasury Bills/Call Deposits		(792,477)	1,897,725
		=====	=====
<b>FINANCING</b>			
Stated Capital		0	15,868,839
Ghana Cocoa Board – Current Account		(104,307)	(9,551,105)
Long Term Loan		0	(5,579,892)
		(104,307)	737,842
		=====	=====
<b>INCREASE/(DECREASE) IN CASH</b>	16c	7,762,669 =====	(4,313,262) =====

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE**  
**YEAR ENDED 30 SEPTEMBER 2000**

1. **ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements

a) **Basis of Accounting**

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain leasehold land and buildings, plant and machinery, motor vehicles, furniture and fittings.

b) **Depreciation**

Depreciation is provided for on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated life.

*The annual depreciation rates of fixed assets are as follows:-*

Land and Buildings	3%
Plant and Machinery	20%
Motor Vehicles	25%
Furniture and Equipment	20%

c) **Investments**

Investments are shown at cost.

d) **Stocks**

Stocks of Produce (cocoa and other produce) have been valued by Management at their book values while Non-Trading Stocks have been valued at cost less known shortages and losses or provision thereof.

e) **Debtors**

Debtors appear at face value less a specific provision for debts considered to be doubtful.

f) **Foreign Currency Translation**

Foreign currencies are translated at the prevailing rate of the cedi to the currency as at 30 September.

Exchange gains and losses arising from translation of foreign currencies are written off through the profit and loss account.



**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

2. **DIRECT OPERATING EXPENSES** include depreciation of ₦3,846,883,000 on plant, machinery and motor vehicles (1999 - ₦5,881,449,000)
3. **ADMINISTRATIVE AND GENERAL EXPENSES** include the following:-

	<u>2000</u> <u>₦'000</u>	<u>1999</u> <u>₦'000</u>
Depreciation	1,083,086	1,052,116
Auditors Remuneration	48,000	35,000
Directors Fees and Expenses	115,983	91,124
Subscriptions	24,439	24,393

4. **OTHER INCOME**

Freight Income	6,087,158	7,566,619
Sundry Income	474,404	1,465,653
Interest Received	649,412	289,446
Loss on Disposal of Fixed Assets	(3,460)	0
	-----	-----
	7,207,514	9,321,718
	=====	=====

5. **TAXATION**

<u>Year of Assessment</u>	<u>Balance at 1/10/1999</u> <u>₦'000</u>	<u>Payment during the year</u> <u>₦'000</u>	<u>Charge for the year</u> <u>₦'000</u>	<u>Balance at 30/9/2000</u> <u>₦'000</u>
1995	47,003		0	47,003
1996	31,403		0	31,403
1997	46,743		0	46,743
1999	43,998	(64,000)	0	(20,002)
2000	0	(100,000)	0	(100,000)
	-----	-----	-----	-----
	169,147	(164,000)	0	5,147
	=====	=====	=	=====

The amount provided for income tax is calculated at the rate of 35% of the Adjusted Profit and is subject to agreement with Internal Revenue Service.

**PRODUCE BUYING COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**6. FIXED ASSETS**

<u>Cost</u>	<u>Land and Buildings</u> £'000	<u>Plant and Machinery</u> £'000	<u>Motor Vehicles</u> £'000	<u>Furniture &amp; Fitting</u> £'000	<u>Building W.I.P</u> £'000	<u>Total</u> £'000
Balance at 1.10.1999-Cost	11,612,173	1,345,640	10,365,398	1,060,245	20,000	24,403,456
Revaluation	7,469,940	11,915,426	2,551,543	1,338,021	0	23,274,930
Additions during the year:						
W.I.P Transferred	29,900	513,415	697,656	220,143	66,366	1,527,480
Disposal				0	(20,000)	(20,000)
				(15,013)	0	(15,013)
Balance at 30/9/2000	19,112,013	13,774,481	13,614,597	2,603,396	66,366	49,170,853
<u>Depreciation</u>						
Balance at 1.10.1999-Cost	1,869,251	820,116	9,604,224	644,557	0	12,938,148
Revaluation	224,098	2,383,085	637,886	267,604	0	3,512,673
Charge for the year - Cost	349,262	336,533	489,379	242,122	0	1,417,296
Revaluation	224,098	2,383,085	637,886	267,604	0	3,512,673
Disposal	0	0	0	(6,005)	0	(6,005)
Balance at 30/9/2000	2,666,709	5,922,819	11,369,375	1,415,882	0	21,374,785
<b>NET BOOK VALUE AT 30/9/2000</b>	<b>16,445,304</b>	<b>7,851,662</b>	<b>2,245,222</b>	<b>1,187,514</b>	<b>66,366</b>	<b>27,796,068</b>
<b>NET BOOK VALUE AT 30/9/99</b>	<b>16,988,764</b>	<b>10,057,865</b>	<b>2,674,831</b>	<b>1,486,105</b>	<b>20,000</b>	<b>31,227,565</b>

The fixed Assets were revalued in November 1999 by the following valuers at open market values

Eastern and Volta Regions	Consolidated Properties Limited
Accra-Tema Area	Valuation and Investments Associates
Ashanti Region	Surveying and Development Associates
Central Region	James and Ayanga & Partners
Western Region	George Deh & Company

**7. LONG TERM INVESTMENT**

This represents 500,000 shares of no par value purchased from Ghana Commercial Bank Limited.





**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

8. <u>STOCKS</u>	<u>2000</u> <u>¢'000</u>	<u>1999</u> <u>¢'000</u>
Trading - Cocoa	382,567	2,664,000
<b><u>Non-Trading</u></b>		
Spare Parts	1,148,687	1,180,749
Tarpaulin Stocks	575,201	556,532
Jute Sacks/ Twine	1,383,549	540,066
Technical Stores	232,320	88,618
Stationery	1,218,075	1,099,044
Fuel and Lubricants	322,424	214,576
Motor Cycle/ Helmet	38,852	620,205
Other Stock/Matchets	27,300	338,383
Tyres and Batteries	521,698	357,320
Stencil Ink	676,974	725,887
	-----	-----
	6,527,647	8,385,380
Less Provision for obsolete stock	(63,344)	(63,344)
	-----	-----
	6,464,303	8,322,036
	=====	=====
<b>9. <u>ACCOUNTS RECEIVABLE</u></b>		
Other Debtors	2,995,729	2,267,583
Staff Loans and Advances	1,418,460	2,659,434
Trade Debtors	2,279,186	12,017,590
Prepayments	180,331	105,897
	-----	-----
	6,873,706	15,010,504
	=====	=====
a) Prepayments represent the unexpired portion of certain expenditure spread on time basis.		
b) The maximum amount due from employees of the Company during the year did not exceed ¢1,418,460,000 (1999 - ¢2,659,434,000).		
<b>10. <u>SHORT TERM INVESTMENTS</u></b>	<u>¢'000</u>	<u>¢'000</u>
Call Deposits	1,236,323	107,302
Treasury Bills	0	336,544
	-----	-----
	1,236,323	443,846
	=====	=====

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	<u>2000</u> <u>€'000</u>	<u>1999</u> <u>€'000</u>
<b>11. <u>BANK AND CASH BALANCES</u></b>		
Bank Balances	4,224,112	602,899
Cash Balances	7,829	11,052
	<u>4,231,941</u>	<u>613,951</u>
	=====	=====
<b>12. <u>BANK OVERDRAFT</u></b>		
Balances as at 30 September	2,147,795	6,292,474
	<u>2,147,795</u>	<u>6,292,474</u>
	=====	=====
The balances show a temporary overdrawn position.		
<b>13. <u>ACCOUNTS PAYABLE</u></b>		
Trade Creditors	11,942,239	9,870,500
Other Creditors	2,348,315	4,044,300
Accrued Charges	284,017	458,512
	<u>14,574,571</u>	<u>14,373,312</u>
	=====	=====
<b>14. <u>GHANA COCOA BOARD – CURRENT ACCOUNT</u></b>		
This represents amount due to Ghana Cocoa Board for the supply of inputs and other advances.		





**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

<b>15. <u>STATED CAPITAL</u></b>		<b><u>2000</u></b>		<b><u>1999</u></b>	
a) Authorised Number of					
i) Preference Shares ("Golden Cocoa Share")		1		1	
ii) Ordinary Shares of no par value		20,000,000,000		20,000,000,000	
b) Issued and fully paid:	<b><u>Number</u></b>	<b><u>€'000</u></b>	<b><u>Number</u></b>	<b><u>€'000</u></b>	
i) Preference Shares ("Golden Cocoa Share")	1	1,000	1	1,000	
ii) Ordinary Shares:					
For cash consideration	2,005,000	15,867,844	2,005,000	15,867,844	
For consideration other than cash	477,995,000	33,274,925	477,995,000	33,274,925	
Total Ordinary Shares	480,000,000	49,142,769	480,000,000	49,142,769	
Total Preference and Ordinary Shares	480,000,001	49,143,769	480,000,001	49,143,769	

There is no unpaid liability on any share and there are no calls or instalments unpaid in respect of any share.

<b>16a. <u>RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</u></b>		<b><u>2000</u></b>		<b><u>1999</u></b>	
		<b><u>€'000</u></b>		<b><u>€'000</u></b>	
Operating Loss		(4,803,834)		(13,192,675)	
Depreciation		4,929,969		6,933,565	
Decrease in Stocks		1,857,733		9,772,714	
Decrease/(Increase) in Accounts Receivable		8,136,798		(11,040,855)	
Increase in Accounts Payable		201,259		1,666,671	
Interest Received		(649,412)		(289,446)	
Interest Paid		25,567,501		27,479,132	
Loss on Sale of Fixed Assets		3,460		0	
Net Cash Inflow		35,243,474		21,329,106	

**PRODUCE BUYING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**16b Reconciliation of net cash flow to movement in net debt (Note 16c)**

	<u>€'000</u>
Increase in cash in the year	7,762,669
Ghana Cocoa Board Current Account	104,307
Change in Net Debt	7,866,976
Net Debt 1 Oct. 1999	(5,782,830)
Net Funds at 30 September 2000	2,084,146
	=====

**16c ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Oct. 1999 €'000	Cash Flow €'000	At 30 Sept. 2000 €'000
Cash in Hand and at Bank	613,951	3,617,990	4,231,941
Overdrafts	(6,292,474)	4,144,679	(2,147,795)
		7,762,669	
Debt due within 1 year	(104,307)	104,307	0
<b>TOTAL</b>	<b>(5,782,830)</b>	<b>7,866,976</b>	<b>2,084,146</b>
	=====	=====	=====

**17. CONTINGENT LIABILITIES**

At the balance sheet date there were contingent liabilities not provided for in these financial statements as follows:

Pending litigations	147,278
	=====

**18. CAPITAL COMMITMENTS**

At the balance sheet date there were no capital commitments which had not been provided for in the financial statements.





**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	<u>2000</u> <u>€'000</u>	<u>1999</u> <u>€'000</u>
<b>TURNOVER</b>	499,654,499	613,260,379
<b><u>COST OF SALES</u></b>		
Opening Stock	2,664,000	12,144,094
Purchases	430,200,025	520,379,015
	<u>432,864,025</u>	<u>532,523,109</u>
<b>Less:</b>		
Shortages and Loss on Produce	1,952,893	884,953
Closing Stock	382,567	2,664,000
	<u>430,528,565</u>	<u>528,974,156</u>
<b>GROSS PROFIT</b>	<u>69,125,934</u>	<u>84,286,223</u>
<b><u>DIRECT OPERATING EXPENSES</u></b>		
Interest on Produce Loan	25,567,501	23,955,556
Jute Bags and Twine	5,648,670	7,194,296
Grading and Sealing/Disinfestation	4,058,149	4,983,112
Commission	6,655,372	5,780,064
Motor Vehicle - Repairs & Maintenance	2,719,361	2,475,258
Depreciation	3,846,883	5,881,449
Motor Vehicle Running	2,269,786	2,075,221
Handling Charges	2,294,148	2,893,189
Sundry Freight and Cartages	11,469	6,173
Casual Labour	602,524	269,504
Produce Losses Account	1,952,893	884,953
Repairs of Bridges	0	10,868
Bridge and Port Tolls	58,677	33,472
Produce Insurance	82,834	0
Motor Vehicle Insurance	386,918	331,951
Tarpaulin	442,105	299,174
	<u>56,597,290</u>	<u>57,074,240</u>



**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

<b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES</u></b>	<b><u>2000</u></b> <b><u>₹'000</u></b>	<b><u>1999</u></b> <b><u>₹'000</u></b>
<b><u>Staff Cost</u></b>		
Salaries and Wages	10,663,981	23,717,651
Social Security Fund	1,233,407	2,722,733
Provident Fund	744,376	1,537,449
Security Men's Allowance	222,715	731,746
Car Maintenance Allowance	1,133,046	1,474,283
Travel and Transport	326,469	482,015
Treasurers Allowance	136,900	560,095
Medical Expenses	343,255	315,848
Sundry Allowance	71,730	184,732
Overtime	62,141	130,779
Clothing/Uniform Allowance	12,216	12,065
National Service Personnel Allowance	3,106	3,084
Transfer/Inconvenience	34,725	32,100
Drivers Inconvenience Allowance	41,817	30,124
Workmen's Compensation	30,599	14,925
Repatriation Allowance	54,061	164,258
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	15,114,544	32,113,887
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**PRODUCE BUYING COMPANY LIMITED**  
**SCHEDULE TO THE PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 SEPTEMBER, 2000**

**Office Cost**

**2000**  
**€'000**

Bank Charges	5,241,876
Depreciation	1,083,086
Technical Expenses	74,788
Printing and Stationery	491,988
Interest on Loan	0
Hotel Expenses	126,217
Electricity	251,479
Training Expenses	42,933
Entertainment	63,149
Provision for bad debts	0
Postages and Telephone	125,797
Advertising and Publicity	295,020
Audit Fees	48,000
Cleaning Expenses	137,640
Directors Fees & Expenses	115,983
Water	44,392
Funeral Expenses	31,885
Subscriptions	24,439
Legal and Consultancy Fees	11,625
Provision for obsolete stock	0
General Expenses	88,231
Motor Vehicle Insurance	96,730
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	<b>8,395,258</b>
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**Estate & Property Cost**

Rent of Offices & Sheds	278,797
Repairs & Renovation of Sheds	319,523
Repairs on Bungalows/Office Buildings	193,965
Repairs - Office Equip. & Furniture	131,374
Repairs to Plant & Equipment	5,939
Repairs - Bungalows Equipment	60,757
Ground Rent & Rates, Sanitation	2,519
Rent on Bungalows	37,316
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	<b>1 030 190</b>
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**TOTAL EXPENSES**

**81,137,282**

**OPERATING LOSS**

**(12,011,348)**



**PRODUCE BUYING COMPANY LIMITED**

**SHAREHOLDING DISTRIBUTION**

Category	Number of Shares	Number of Shareholders	Total Holding	Percentage Holding (%)
1 - 1,000	128,890,434	14,189	4,589,778	0.96
1,001 - 5,000	145,622,234	1,604	3,821,309	0.80
5,001 - 10,000	96,000,000	1,708	12,785,405	2.66
Over 10,000	9,422,074	102	458,803,508	95.58
<b>Total</b>	<b>2,822,330</b>	<b>17,603</b>	<b>480,000,000</b>	<b>100.00</b>





**PRODUCE BUYING COMPANY LIMITED**

**20 LARGEST SHAREHOLDERS**

<b>Shareholders</b>	<b>Number of Shares</b>	<b>Percentage Holding (%)</b>
1 Ministry of Finance - Government of Ghana	188,890,434	39.35
2 NTHC/Institutional Investor Consortium	145,629,231	30.34
3 Social Security & National Insurance Trust	96,000,000	20.00
4 NTHC Limited	9,422,074	1.96
5 PBC Employees	5,825,330	1.21
6 PBC Provident Fund	4,495,090	0.94
7 Tetteh Thomas Akwetey	2,350,310	0.49
8 GCCSFA/Farmers - Individuals	1,552,807	0.32
9 GCCSFA/Farmers - Association	1,250,000	0.26
10 State Insurance Company Limited	1,000,000	0.21
11 BBG Nominees Ltd./Royal Trust Corp. of Canada	352,000	0.07
12 Enterprise Insurance Limited	188,716	0.04
13 Paul Forjoe/Aramansah Ntेशie Forjoe (Mrs)	150,000	0.03
14 Attafuah Victor Dokyi	90,000	0.02
15 Biney Theophilus	50,000	0.01
16 Crusader Insurance Company Limited	50,000	0.01
17 Oppong Agyare Stephen	48,000	0.01
18 NTHC/SCB Account	42,594	0.01
19 Barkoh Joseph Henry	40,000	0.01
20 Teachers Fund	39,700	0.01
	<b>457,466,286</b>	<b>95.31</b>