PBC LTD

Annual Report

2011/2012

Premium Quality Service

Accountants &
business advisers

PBC LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2012

PBC LIMITED
FINANCIAL STATEMENTS

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PBC LIMITED

CORPORATE VISION

Develop and maintain PBC as the most attractive dealer in cocoa, sheanut and any other cash crop in the West African sub-region

MISSION

Purchase high quality produce, store and deliver same to designated Take Over Centres internally and the export market in the most efficient and profitable manner.

COMMITMENT

PBC Limited’s traditional commitment to its stakeholders remains the same, that is to ensure:

- ✓ Farmer satisfaction
- ✓ Good return on shareholders’ investment
- ✓ Recruitment and retainment of well-motivated workforce
- ✓ Support of projects and activities to benefit farming communities.

CORE VALUES

- ✓ Integrity
- ✓ Reliability
- ✓ Confidentiality
- ✓ Discipline
- ✓ Team Work
- ✓ Customer Satisfaction

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of **PBC LIMITED** will be held at the **OSU EBENEZER PRESBYTERIAN CHURCH HALL, OSU, ACCRA** on **FRIDAY, 22ND MARCH, 2013** at 10:00 a.m. to transact the following business:-

AGENDA

Ordinary Resolutions

1. To receive and adopt the Report of the Directors, Auditors and the Financial Statements for the year ending 30th September, 2012
2. To declare Dividends for the year ending 30th September, 2012
3. To approve changes in Directorship
    - **Dr. John Frank Abu** – Retiring by rotation
    - **Mrs. Mabel Oseiwaa Quakyi** – Retiring by rotation
    - **Mr. Yaw Sarpong** – Retiring by rotation
4. To re-elect the following Directors retiring by rotation
    - **Dr. John Frank Abu**
    - **Mrs. Mabel Oseiwaa Quakyi**
    - **Mr. Yaw Sarpong**
5. To appoint Auditors and to authorise the Directors to determine their remuneration

Special Resolutions

1. To undertake **PBC SHARE CONSOLIDATION** by Consolidating ten (10) shares into one (1) PBC Ltd. share
2. To undertake a **RIGHTS ISSUE** to raise Two Hundred Million Ghana Cedis (GH₵200,000,000.00) as Working Capital for the company
3. To **APPROVE THE SALE** of PBC Ltd.'s property number TDC/IND/A/16/1 at Tema opposite the STC workshop yard upon which is situate the vehicle parking lot, workshop, discrepant depot, technical stores, warehouse and administration block to the Ghana Cocoa Board.

DATED THIS 14TH FEBRUARY, 2013 BY ORDER OF THE BOARD

EDEM AMA SEKYI (MRS.)
COMPANY 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/her. A proxy need not be a member of the Company. 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. D.542/4, OKAI MENSAH LINK, ADABRAKA, ACCRA, P. O. BOX KIA 9563, AIRPORT-ACCRA** not less than 48 hours before the appointed time of the meeting.

RECAPITALIZATION OF PBC

At the time of PBC's privatization and subsequent floatation of its shares in May 2000, it was structured that the Company would subsequently issue additional shares, to raise funds for its Working Capital and provide for other infrastructural development needs. This arrangement could however not materialize due to the unsuccessful outcome of the original floatation.

The Company therefore started operations without the necessary financial footing i.e. working capital, as well as funds for the improvement of dilapidated infrastructure like Sheds, Depots and Offices.

The Company unavoidably therefore, has had to depend heavily on debt funds to provide for all its needs and has had to live with this mode of funding at a very great cost since its incorporation. To the extent that as much as 30-40% of PBC's Gross Profit goes into paying for financial costs associated with the debt-funding option employed by the company is unsustainable. **The company is virtually working for the Banks.**

It has therefore become absolutely necessary to consider providing that capital that has eluded the company since its inception with a **Supplementary Floatation** (as originally envisaged) preferably through a **RIGHTS ISSUE** to raise an amount of **Gh₵ 200 million.**

It is believed that this, when done will enable the company to stay on a path of sustained satisfactory performance, achieve higher growth, be able to operate more effectively and efficiently amidst the stringent competition from other LBCs and continue to lead the internal cocoa marketing operations to the greater benefit of shareholders.

CONSOLIDATION OF PRODUCE BUYING COMPANY STOCKS

In connection with the company's intent to seek additional funding from the market, it has been considered necessary to first embark on a Share Consolidation exercise. A Share consolidation is a process where a company replaces existing shares with fewer shares without changing the composition and value of the shareholding. This, it is expected will lead to the following:

1. **Attract a broad range of investors by reducing volatility perceptions.**
   Generally investors, especially institutional investors, tend to be attracted to shares that are less volatile. With PBC's current 480 million shares in issue, a GH¢0.01 change in the company's share price would result in GH¢4.8m (1%) change in the

company’s/shareholder’s value. Investors would consider this as volatile thus encouraging them to stay away from PBC shares.

2. **Prepare the Company for any future raising of share capital.**
   A casual observation of PBC’s capital structure points to the need for the company to increase its share capital. However, any raising of equity capital would require the issue of new shares which in the present state will worsen the company’s per share data. It will therefore be prudent to consolidate the company’s shares prior to any equity capital raising exercise.

3. **Endear the company to shareholders by improving per share data.**
   Shareholders have on various occasions during AGMs, complained about the company’s “very small” per share data especially dividend per share. Assuming PBC consolidates by 1 new share for every 10 held, the company can improve its dividend per share from the **GH¢0.0173 (last paid) to GH¢0.173.**

SALE OF PBC LTD. PROPERTY IN TEMA TO COCOBOD.

The Ghana Cocoa Board (Cocobod) has approached the company and requested for the sale of the company’s property in Tema for the expansion of its Holding capacity there. This, it is expected will lessen the perennial problem LBCs face when vehicles are left unattended to at port for weeks due to inadequate warehouse space.

The property comprises the Vehicle Parking Lot, Workshop, Discrepant Depot, Technical Stores, Warehouse and Administrative Block.

The details of the Terms of Sale as well as the company’s plans for its replacement will be provided at the General Meeting.

PBC LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Dr. John Frank Abu	-	Chairman
	Maxwell Kojo Atta-Krah	-	Managing Director
	Mabel Oseiwa Quakyi (Mrs.)	-	Director
	Sebastian Kofi Graham	-	Director
	Abraham T. D. Okine	-	Director
	Stephen Baba Kumasi	-	Director
	Hon. Ernest Kofi Yakah (MP)	-	Director
	Hon. Sampson Ahi (MP)	-	Director
	Michael Owusu Manu	-	Director
	Juliana Asante (Mrs.)	-	Director
	Yaw Sarpong	-	Director
SECRETARY	Edem Ama Sekyi (Mrs.)		
TOP MANAGEMENT	Maxwell Kojo Atta-Krah	-	Managing Director
	Joseph Osei Manu	-	DMD-Finance and Administration
	George Kwadwo Boateng	-	DMD-Operations

AUDITORS

PKF
Chartered Accountants
Farrar Avenue
P. O. Box 1219
Accra

SOLICITOR	Edem Ama Sekyi (Mrs.) PBC Limited No. 106, Olusegun Obasanjo Way Dzorwulu Junction Accra
REGISTERED OFFICE	No. 106, Olusegun Obasanjo Way Dzorwulu Junction Accra
BANKERS	Barclays Bank of Ghana Limited Ecobank Ghana Limited Ghana Commercial Bank Limited SG-SSB Bank Limited Standard Chartered Bank Ghana Limited Merchant Bank Agricultural Development Bank Ghana Limited Cal Bank Limited National Investment Bank Ghana Limited Stanbic Bank Ghana Limited

CHAIRMAN'S STATEMENT

It is my pleasure to welcome you once again to the 12th Annual General Meeting of PBC Ltd and to present to you the Annual Report and Statement of Accounts of your Company for the Financial Year Ended 30th September, 2012.

The 2011/12 Financial Year had been a very eventful year during which the Company was faced with a number of operational and financial challenges that impacted on both the Company's profitability and growth.

It is very disheartening to note that your Company which has shown continuous and consistent strong performance and growth for the last four years slided down in the year under review to record not too impressive results. Profit before tax of GH¢13,725 million was recorded in the year under review as against GH¢37.4 million of the previous year, a significant 63% decrease.

Notable among the factors which adversely affected the Company's performance are:

a) The relatively unfavourable weather conditions and its attendant negative effect on national cocoa production
b) Increase in Operating Cost triggered off by the general increase in input cost.
c) The inability of the Regulator of the cocoa industry to increase Buyer's Margin in the midst of general price increase leading to stagnation of the Companies revenue.
d) Higher than expected Finance Cost attributable to the forced reliance on overdrafts at high interest rates for cocoa purchases especially during the second half of the year, when Seed Funds provided had been exhausted.

COCOA PRODUCTION

National cocoa purchases decreased by 13% from 1,011,880 tonnes in 2010/11 to 879,240 tonnes during the year under review due mainly to the unfavourable weather conditions. Similarly, your Company registered decreased purchases by 17% from 374,858 tonnes in 2010/11 to 312,312 tonnes during the year and achieved a market share of 35.5%.

The higher reduction in the Company's total purchases as compared to the reduction in the national output indicate flaws in the operations of the Company at the time, which Management has been tasked to identify and rectify in subsequent years.

OPERATING RESULTS

Dear shareholders, the Company's total revenue decreased from GH¢1.301 billion to GH¢1.162 billion, a decrease of **10.7%** due mainly to decrease in cocoa purchases arising from poor national cocoa production as a results of unfavourable weather conditions. The Company's total operational and administrative expenditure increased marginally by **2.6%** from **GH¢68.422** million to **GH¢70.237** million due to the tighter control measures put up by Management to ensure that expenditure was kept under reasonable limits.

However, finance cost increased by 36.5% from GH¢34.563 million to GH¢47.174 million due to the inadequacies of the traditional source of Cocobod funding which becomes inadequate to meet PBCs needs and hence the Company's reliance on overdrafts and short term loans at very high costs.

The Company's performance during the year resulted in a net profit after tax of GH¢10.073 million, a decrease of 63.6% of the previous year's figure of GH¢27,655 million. The net profit after tax represents 20.6% after tax return on capital employed. Our balance sheet showed a marginal growth in Shareholders Equity by 3.25% from GH¢47.373 million to GH¢48.917 million. Total Company assets grew by 5.4% from GH¢274 million to GH¢289.272 million. This marginal growth was led mainly by a significant increase in trade and other receivables as well as increase in property, plant and equipment.

Basic Earning Per Share (EPS) reduced by 63.5% from GH¢0.0576 in the previous year to GH¢0.0210 indicating unimpressive shareholders earnings arising out of the reduced Total Comprehensive Income for the year.

INVESTMENT

The Company has completed the process of establishing a factory at Buipe to process sheanut into sheabutter for export. With the initial challenges normally associated with start-up businesses gradually being overcome, the Company is to begin the trial tests which will then herald the full operation of the Factory.

The Company continues to invest part of its earnings to rehabilitate and renovate its sheds and depots, a number of which are in deplorable state to provide adequate and reliable storage facilities for its cocoa purchases.

Tremendous effort is being put into strengthening and modernizing the Head Office building to an appreciable standard. Related to this effort is the construction of a drainage system to address the perennial flooding problems of the premises. Also included is the construction of a new access into and out of the premises. Hopefully, the projects will be completed by June 2013.

As part of its programme to diversify its revenue base for sustained profitability and to attain a more meaningful benefit of the Company's Guest House at Nhyiaeso, Kumasi, the Company has initiated its conversion into a 50-room 3-star hospitality facility. This project which will run as an independent profit centred institution is expected to be completed and become operational by April, 2013.

SOCIAL SERVICES

As a Company that operates in the rural communities, it has contributed immensely towards the socio-economic development of these areas under its corporate social responsibility programmes. During the year, the Company committed about

GH¢136,200 to support infrastructure projects as well as donation toward cultural programmes and other humanitarian needs of the people.

Notable among these are:

		GH¢
❖ Support for the Christmas cards project by SOS Children's Village, Ghana	-	10,000.00
❖ Support of the construction of Early Child Centre at Abore, Amansie West District	-	3,000.00
❖ Support of construction of Sefwi-Boinzan Chief's Palace	-	5,000.00
❖ Support of Copal Day Celebration	-	15,000.00
❖ Support of National Farmer's Day	-	50,000.00

The excellent performance achieved by your Company over the last three years culminated in the Company's ranking as the year **2011 No. 1 Company** in the prestigious **GHANA CLUB 100.** In the same vein, the Company was adjudged the **Best Company in the Services Sector.**

It is heartwarming to remark that this is the second consecutive year that your Company has won such an enviable award. These awards have been confirmation of the Company's performance and growth of which the Board and Management has vowed to sustain despite the setbacks experienced in the year under review.

Again, the Managing Director of the Company received the **BEST LEADERSHIP AWARD** from African Magazine Company at a ceremony held in Atlanta, Georgia, USA in October 2012. This award was in recognition of the Managing Director's excellent performance in steering the affairs of PBC Ltd for the last three years. We take the opportunity of the General Meeting to congratulate the Managing Director and urge him on for even better performance to attain higher heights.

DIVIDEND

Distinguished Shareholders, in line with the corporate objective of sharing whatever the Company attains with its cherished Shareholders, your Directors have proposed a dividend of GH¢0.0062 per share amounting to a total of GH¢3.022 million for payment.

OUTLOOK

The Board and Management look into the future of the Company with hope and optimism to continue on the path of growth for PBC Ltd to become a prosperous and preferred area of investment despite the challenges and setbacks experienced in the year under review. The Company will continue to pursue the needed strategies to improve upon its operational capacities and efficiency to ensure that such setbacks do not derail the Company from its path.

Again, strategies would be put in place to continuously monitor and effectively and efficiently manage the various investment projects being undertaken by the Company to ensure maximum returns.

Distinguished Ladies and Gentlemen, I wish to conclude by expressing my appreciation to you Shareholders for your faith and confidence in our Company, loyal and dedicated Cocoa Farmers, Management and Staff of the Company for their untiring efforts to improve performance and profitability of the Company, finally to you my Colleagues on the Board for your tremendous support during the year.

Thank you.

DR. JOHN FRANK ABU
CHAIRMAN

PBC LIMITED
REPORT OF THE DIRECTORS
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

In accordance with the requirements of Section 132 of the Companies Code 1963 (Act 179), we the Board of Directors of PBC Limited, present herewith the annual report on the state of affairs of the company for the year ended 30th September, 2012.

Results of Operations

	2012	2011
	GH¢	GH¢
Turnover	**1,162,927,098**	1,301,776,645
Profit before Tax of	**13,725,310**	37,434,833
From which is deducted provision for The estimated income tax liability of	**(3,652,269)**	(9,779,907)
Leaving a Net Profit after tax of	**10,073,041**	27,654,926
To which is added the retained Earnings as at 1 October	**30,778,491**	7,381,947
	40,851,532	35,036,873
Dividend paid during the year	**(8,158,902)**	(4,208,382)
Transfer to share deals account	**0**	(50,000)
Resulting in a balance carried To the Balance Sheet of	**32,692,630**	30,778,491

Dividend

A final dividend of GH¢0.00622 per share amounting to GH¢3.022 million has been proposed by the directors for the year ended 30th September, 2012.

Nature of Business

There was an addition to the nature of authorised business of the Company during the year. The nature of the business which the company is authorised to carry on are;

- to acquire and take over as a going concern the activities and business of the Produce Buying Division of the Ghana Cocoa Marketing Board and all or any of the assets and liabilities of the said Produce Buying Division of Ghana Cocoa Marketing Board;

- to buy, collect, store, transport, process or otherwise deal in cocoa, coffee and sheanuts and shea butter and any other agricultural produce;

- to carry out arrangements, financial or otherwise for the purchase of cocoa and sell same to the Ghana Cocoa Board;

- to carry out arrangements, financial or otherwise for the purchase and sale of coffee, sheanuts, shea butter and other agricultural produce;

- to carry on business related and incidental to agricultural inputs, supply and services and estate development, and

- to appoint agents or enter into arrangement with any company, firm or any person or group of persons with the view to carrying on the business of the company.

Corporate Status

On the 15th of September 1999, the company was incorporated as a Limited liability Company under the Companies Code 1963 (Act 179). On the 19th of May, 2000 the company was listed on the Ghana Stock Exchange and some 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:

Name		Date of Appointment
Dr. John Frank Abu	- Chairman	- 23.10.2009
Mr. Maxwell Kojo Atta-Krah	- Managing	- 01.12.2009
Mrs. Mabel Oseiwa Quakyi		- 23.10.2009
Mr. Sebastian Kofi Graham		- 23.10.2009
Mr. Abraham T. D. Okine		- 25.03.2011
Mr. Stephen Baba Kumasi		- 25.03.2011
Hon. Ernest Kofi Yakah (MP)		- 23.10.2009
Hon. Sampson Ahi(MP)		- 28.03.2012
Mr. Michael Owusu Manu		- 28.03.2012
Mrs. Juliana Asante		- 28.03.2012
Mr. Yaw Sarpong		- 24.04.2009

Auditors

A resolution proposing the re-appointment of the company's auditors, PKF will be put before the Annual General Meeting in accordance with Section 134(5) of the Companies Code, 1963 (Act 179).

Events after Reporting Date

The Directors confirm that no matters have arisen since 30th September, 2012, which materially affect the financial statements of the Company for the year ended on that date.

BY ORDER OF THE BOARD

…………………………..Director **…………………………Director**

ACCRA
18th December, 2012
………………………..

CORPORATE GOVERNANCE OF PBC LIMITED

The Board of Directors makes every effort to adhere to the principles of Good Corporate Governance.

It operated through its Standing Committees per their respective mandates, and from time to time forms relevant committees as necessary and co-opts other members of the Board and/or staff as appropriate. Board Committees are expected to deliberate on relevant issues referred for attention by the Board and report to the full Board at its ensuing regular meeting for decisions to be taken.

PBC Limited as a Company respects the standards of good corporate governance, which includes transparency, accountability and the rights of all Shareholders

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee reviews and makes recommendations to the Board on all aspects of the audit and financial reporting processes of the Company in line with good corporate governance principles. The Committee holds regular meetings to achieve its mandate.

The committee is made up of the following non-executive directors:

Mrs. Juliana Asante	-	Chairperson
Mr. Kofi Graham	-	Member
Mrs. Mabel Oseiwaa Quakyi	-	Member
Mr. Michael Owusu-Manu	-	Member

In attendance at the Audit and Finance committee meetings are:

The Managing Director, Deputy Managing Director (Finance and Administration) and the Senior Manager, Audit.

OPERATIONS COMMITTEE

The Operations Committee of the Board is responsible for the review of the operational report as presented by the Research, Monitoring and Evaluation Department through the Deputy Managing Director (Operations). The Committee also holds spot meetings on emergencies and makes recommendations to the Board.

The Committee is made up of the following non-executive directors:

Dr. John Frank Abu	-	Chairman
Mr. Yaw Sarpong	-	Member
Honorable Kofi Yakah	-	Member
Mr. Stephen Baba Kumasi	-	Member
Mr. Michael Owusu-Manu	-	Member
Honorable Sampson Ahi	-	Member

In attendance at the Operations Committee's Meeting are: The Managing Director and the Deputy Managing Director (Operations).

HUMAN RESOURCE/COMPENSATION AND GOVERNANCE COMMITTEE

The Human Resource/ Compensation and Governance Committee is responsible for establishing the process for identifying, recruiting, appointing and providing on-going development for Directors, Management and Staff. In addition, it is the responsibility of the Committee to identify individuals qualified to become Board Members, consistent with the criteria approved by the Board and the Companies code and to select, or to recommend that the Board select the director nominees' for the next annual meeting for the shareholders.

The Committee also had the responsibility to develop and recommend to the Board a set of corporate governance principles applicable to the Company and to oversee the evaluation of the Board.

The Committee is made up of the following Members:

Mr. A. T. D. Okine	-	Chairman
Mrs. Juliana Asante	-	Member
Dr. John Frank Abu	-	Member
Mrs. Mabel Oseiwaa Quakyi	-	Member
Mr. Yaw Sarpong	-	Member

In attendance at the Committee’s meeting are:

The Managing Director and the Deputy Managing Director (Finance and Administration)

PROJECTS COMMITTEE

The Projects Committee has a mandate to ensure the following:

- Handling and advising the Board on all matters relating to Project execution within the Company, specifically matters from the General Services Department, I.C.T. Department and the Haulage and Technical Department.

- Reviewing and making recommendations to the Board on all aspects of projects undertaken or anticipated by the Company as it may be referred to it by the Board. Evaluating and determining the quality of work on projects undertaken and advising the Board accordingly.

- Supervising and advising on matters regarding the physical assets of the Company and its development.

The Committee is made up of the following members:

1. Mr. Kofi Graham - Chairman
2. Mr. A. T. D. Okine - Member
3. Honorable Kofi Yakah - Member
4. Mr. Stephen Baba Kumasi - Member
5. Honorable Sampson Ahi - Member

In attendance at the Committee’s meeting are:

The Managing Director and the Deputy Managing Director (Operations)

The Solicitor Secretary has the responsibility of administering Board activities as well as perform the statutory responsibilities of a Secretary under the Companies Code, 1963 (Act 179).

PBC LIMITED
STATEMENT OF DIRECTORS RESPONSIBILITIES

The companies code, 1963 (Act 179) requires the Directors to prepare financial statements for each financial period that 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 and Loss for the year.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;

- Make judgments and estimates that are reasonable and prudent;

- State whether applicable accounting standards have been followed, subject 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 in the Report of the Auditors is made with a view to distinguishing for shareholders, the respective responsibilities of the Directors and the Auditors in relation to the financial statement.

Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PBC LIMITED

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

Report on the Financial Statements

We have audited the accompanying financial statements of PBC Limited which comprise the statement of financial position as of 30 September, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Code, 1963 (Act 179) Securities and Exchange Commission Regulations 2003(LI 1728) and Ghana Stock Exchange Membership Regulations 1991(LI 1510) as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not had sight of the Title Deeds for the sheds and buildings ceded to the company by Ghana Cocoa Board as stated in the Company's books to establish the company's ownership of these assets. However as stated in Note 25, the Government has undertaken to ensure that Ghana Cocoa Board takes all steps required of it under the Ceding Agreement of 30th June, 1999 to effectuate the cession of assets to PBC Limited.

Opinion

In our opinion, 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, the financial statements give a true and fair view of the financial position of PBC Limited as of 30th September, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Code, 1963 (Act 179), Securities and Exchange Commission Regulations 2003, LI 1728 and Ghana Stock Exchange Membership Regulations 1991 LI 1510 as amended.

Report on Other Legal and Regulatory Requirements

The Companies Code, 1963, (Act 179) requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

I Except for the Title Deeds of the sheds and buildings ceded to the company by Ghana Cocoa Board, we have obtained all the information and explanations which to the best of our knowledge and beliefs were necessary for the purpose of our audit.

II In our opinion proper books of accounts have been kept by the company, so far as appears from our examination of those books, and

III The company's statement of financial position and statement of comprehensive income are in agreement with the books of accounts.

Pannell Kerr Forster

Chartered Accountants
Farrar Avenue,
Accra.

18th December, 2012
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PBC LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

	NOTES	2012 GH¢	2011 GH¢
Revenue	*6*	**1,162,927,098**	1,301,776,645
Cost of Sales		**(1,044,739,602)**	(1,166,973,347)
Gross Profit		**118,187,496**	134,803,298
Other Income	*8*	**12,948,894**	5,617,754
Direct Operating Expenses		**(43,773,858)**	(43,684,525)
General and Administrative Expenses	*7*	**(26,463,142)**	(24,738,066)
Operating profit before financing cost		**60,899,390**	71,998,461
Net Finance Expenses	*9*	**(47,174,080)**	(34,563,628)
Profit before Taxation		**13,725,310**	37,434,833
Income Tax Expense	*10a*	**(3,652,269)**	(9,779,907)
Profit for the year transferred to			
Income Surplus Account		**10,073,041**	27,654,926
Other Comprehensive Income			
Available -for-Sale Financial Assets		**(370,909)**	370,909
Deferred tax on revaluation		**0**	(18,545)
Total Other Comprehensive Income		**(370,909)**	352,364
Total Comprehensive Income for the year		**9,702,132**	28,007,290
Basic earning per share (GH¢)		**0.0210**	0.0576
Diluted earning per share (GH¢)		**0.0210**	0.0576

PBC LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2012

	NOTES	2012	2011
Non-Current Assets		**GH¢**	GH¢
Property, plant and equipment	***13a***	**56,300,525**	37,135,863
Intangible assets	***14***	**7,738**	21,260
Available for sale financial asset	***12***	**1,454,546**	1,825,455
Total non-current assets		**57,762,809**	38,982,578
Current Assets			
Inventories	***15***	**71,706,756**	117,572,674
Trade and other receivables	***16***	**136,786,594**	60,754,697
Short term investments	***17***	**815,925**	24,900,039
Cash and cash equivalents	***18***	**22,199,991**	32,128,303
Total current assets		**231,509,266**	235,355,713
Total assets		**289,272,075**	274,338,291
Equity			
Stated capital	***24a***	**15,000,000**	15,000,000
Retained earnings	***24c***	**32,692,630**	30,778,491
Other reserves	***24d***	**1,224,103**	1,595,012
Total equity		**48,916,733**	47,373,503
Non-current liabilities			
Deferred tax liability	***11a***	**3,815,173**	3,278,676
Finance lease	***23***	**1,210,580**	2,104,668
Medium term loan	***22a***	**7,831,189**	5,264,290
Long term loan	***22b***	**5,262,033**	5,262,033
Preference share capital	***24b***	**100**	100
Total non-current liabilities		**18,119,075**	15,909,767
Current liabilities			
Bank overdraft	***20***	**89,899,782**	34,565,317
Income tax liability	***10b***	**3,840,788**	5,995,016
Short Term Loan	***21***	**110,635,902**	149,925,584
Medium term loan (current portion)	***22a***	**6,522,071**	2,167,788
Finance lease (current portion)	***23***	**737,794**	581,500
Trade and other payables	***19***	**10,599,930**	17,819,816
Total current liabilities		**222,236,267**	211,055,021
Total liabilities		**240,355,342**	226,964,788
Total liabilities and equity		**289,272,075**	274,338,291

Approved by the Board on ……………………………….2012

……………………………Director **……………………………… Director**

PBC LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

CAPITAL AND RESERVES	Stated Capital	Retained Earnings	Share Deals	Other Reserves	Total Equity
2012	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 1 October	15,000,000	30,778,491	0	1,595,012	47,373,503
Dividend paid during the year	0	(8,158,902)	0	0	(8,158,902)
Total recognised Income and Expenses	0	10,073,041	0	0	10,073,041
Movement in available for sale asset	0	0	0	(370,909)	(370,909)
Balance at 30 September	15,000,000	32,692,630	0	1,224,103	48,916,733
2011					
Balance at 1 October	15,000,000	7,381,947	0	1,242,648	23,624,595
Dividend paid during the year	0	(4,208,382)	0	0	(4,208,382)
Transfer to Share Deals Account	0	(50,000)	50,000	0	0
Payment for Share Buy back	0	0	(50,000)	0	(50,000)
Total recognised Income and Expenses	0	27,654,926	0	0	27,654,926
Movement in available for sale asset	0	0	0	370,909	370,909
Deferred tax on Other Reserves	0	0	0	(18,545)	(18,545)
Balance at 30 September	**15,000,000**	**30,778,491**	**0**	**1,595,012**	**47,373,503**

PBC LIMITED

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

	2012	2011
	GH¢	GH¢
Cash flows from operating activities		
Profit before taxation	**13,725,310**	37,434,833
Adjustment for:		
Depreciation and Amortisation charges	**6,845,467**	5,700,989
Interest Received	**(2,409,054)**	(1,364,353)
Profit on Property, Plant and Equipment Disposals	**(153,189)**	(423,393)
Interest expense	**49,583,134**	35,927,981
Operating profit before working capital changes	**67,591,668**	77,276,057
Change in inventories	**45,865,918**	(20,367,966)
Change in trade and other receivables	**(76,031,897)**	(28,198,718)
Change in trade and other payables	**(7,219,886)**	8,505,825
Cash generated from operations	**30,205,803**	37,215,198
Income taxes paid	**(5,270,000)**	(7,565,965)
Net cash flow from operating activities	**24,935,803**	29,649,233
Cash flow from investing activities		
Interest Received	**2,409,054**	1,364,353
Proceeds from disposal of Assets	**171,737**	436,119
Payments to acquire Property, Plant and Equipment	**(26,015,155)**	(13,408,416)
Net Cash used in Investing Activities	**(23,434,364)**	(11,607,944)
Cash flows from Financing Activities		
Interest paid	**(49,583,134)**	(35,927,981)
Payment for Share Buy Back	**0**	(50,000)
Dividend paid during the year	**(8,158,902)**	(4,208,382)
Short Term Loan (Paid)/Received	**(39,289,682)**	49,336,922
Finance Lease Repayment	**(737,794)**	(580,500)
Medium Term Loan Received	**6,921,182**	440,302
Long Term Loan	**0**	5,262,033
Net Cash flows from Financing Activities	**(90,848,330)**	14,272,394
Net (Decrease)/Increase in Cash and Cash equivalents	**(89,346,891)**	32,313,683
Cash and Cash equivalents at 1 October	**22,463,025**	(9,850,658)
Cash and Cash equivalents at 30 September	**(66,883,866)**	22,463,025
Cash and Cash Equivalents.		
Cash in Hand and at Bank	**22,199,991**	32,128,303
Bank overdraft	**(89,899,782)**	(34,565,317)
Treasury Bills/Call Deposits	**815,925**	24,900,039
	(66,883,866)	22,463,025

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

1.0. Reporting entity

PBC Limited is a company registered and domiciled in Ghana. The address of the company's registered office can be found on page 1 of the annual report. The company is authorised;

to acquire and take over as a going concern the activities and business of the Produce Buying Division of the Ghana Cocoa Marketing Board and all or any of the assets and liabilities of the said Produce Buying Division of Ghana Cocoa Marketing Board;

to buy, collect, store, transport, process or otherwise deal in cocoa, coffee and sheanuts and shea butter and any agricultural produce;

to carry out arrangements, financial or otherwise for the purchase of cocoa and seIl same to the Ghana Cocoa Board;

to carry out arrangements, financial or otherwise for the purchase and sale of coffee, sheanuts, shea butter and other agricultural produce;

to carry on business related and incidental to agricultural inputs, supply and services and estate development, and;

to appoint agents or enter into arrangement with any company, firm or any person or group of persons with the view to carrying on the business of the company.

2.0 Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

b. Basis of measurement

The financial statements are prepared on the historical cost basis except for financial instruments and other assets that are stated at fair values.

c. Functional and presentational currency

The financial statements are presented in Ghana Cedis (GH¢) which is the company's functional currency.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in notes 4 and 29.

3.0 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the company.

a. Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

Non-derivative financial instruments are categorised as follows:

Loans and receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

Financial liabilities measured at amortised cost - this relates to all other liabilities that are not designated at fair value through profit or loss.

Available-for-sale financial assets - The Company's investments in shares are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(ii) Off setting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(iv) Stated capital (Share capital)

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference share capital is classified as equity if it is non-redeemable or is redeemable but only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by Board of Directors.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary.

Dividends thereon are recognised as distributions within equity upon approval by Board of Directors.

Repurchase of stated capital (treasury shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on transaction is transferred to/from retained earnings.

(b) Leases

(i) Classification

Leases that the company assumes substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases.

(ii) Lease Payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and as reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	-	3%
Plant and Machinery	-	20%
Motor vehicles	-	20%
Operational Vehicles	-	10%
Furniture and equipment	-	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Gains and losses on disposal of property, plant and equipment are included in the income statement.

(d) Intangible Assets

Software

Software acquired by the company is stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for doubtful debts are made for receivables of which recovery is doubtful.

Other receivables are stated at their cost less impairment losses.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and these are carried at amortised cost in the balance sheet.

(h) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in the income statement when they are due.

(i) Revenue

(i) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, taxes and volume rebates. Revenue is recognised when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

(ii) Sale of services

Revenue from services rendered is recognised in the income statement when the service is performed.

(j) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised in the

income statement using the effective interest method. Dividend income is recognised in the statement of comprehensive income statement on the date that the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.
Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the income statement using the effective interest method.

(k) Impairment

(i) Financial assets

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

(l) Income tax

Income tax expense comprises current and deferred tax. The company provides for income taxes at the current tax rates on the taxable profits of the company.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Dividend

Dividend payable is recognised as a liability in the period in which they are declared.

(n) Event after reporting date

Events subsequent to the balance sheet date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

(o) Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information based on the internal reports regularly reviewed by the company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the company presents segment information in respect of its business segments (see note 5). Under the management approach, the company will present segment information in respect of marketing and haulage.

(p) Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Borrowing cost

Borrowing costs shall be recognised as an expense in the period in which they are incurred, except to the extent that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when: expenditures for the asset are being incurred; borrowing costs are being incurred; and activities that are necessary to prepare the asset for its intended use or sale are in progress

Capitalisation of borrowing cost shall be suspended during extended periods in which active development is interrupted. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

(r) The following standards, amendments and interpretations were also applicable for the year ended 30th September 2012 and were either not relevant to PBC Limited or had no impact on the Company's Financial Statements:

	Amendments/Improvements	Effective date
IFRIC 14	IAS 19. The limit on a Define Benefit Assets. Minimum Funding Requirements and their Interaction.	1 January 2011
IAS 12	IAS 12 Deferred Tax; Recovery of Underlying Assets	1 January 2012
IAS 34	IAS 34. Interim Financial Reporting	1 January 2011
IFRIC 13	IFRIC 13. Consumer Loyalty Programmes	1 January 2011
IFRS 7	IFRS 7. Disclosure – Transfers of Financial Assets	1 July 2011
IFRS 1	IFRS 1. Server Hyperinflation and Removal of Fixed Dates for First – time Accounts.	1 July 2011
IAS 24	IAS (revised). Related Party Disclosures - The revisions provide a partial exemption from the disclosure requirements for government-related entities and simplify the definition of a related party.	1 January 2011

(s) New standards and interpretations not yet adopted

	Amendments/Improvements	Effective date
IFRS 9	IFRS 9. Financial Instruments – Classification and Measurement.	1 January 2013
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects.	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities.	1 January 2013
IAS 28	Investments in Associates – Reissued as IAS 28, Investments in Associates and Joint Ventures (as amended in 2011)	1 January 2013

4.0 DETERMINATION OF FAIR VALUES

A number of the company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as the carrying values of approximate their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity period of 6 months are not discounted as their carrying values approximate their fair values.

(iii) Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

5 SEGMENT REPORTING

Segmental information is presented in respect of the company's business segments. The primary format and business segments, is based on the company's management and internal reporting structure.

The company's results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses which are managed centrally.

The two main business segments are:

- Marketing – sale of cocoa beans
- Haulage – transporting of cocoa beans

The company does not have a geographical segment.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

5b SEGMENT REPORTING

Class of Business

	PRODUCE		HAULAGE		TOTALS	
	2012	2011	**2012**	2011	**2012**	2011
	GH¢	GH¢	**GH¢**	GH¢	**GH¢**	GH¢
Segment Revenue	**1,147,270,287**	1,284,887,584	**15,656,811**	16,889,061	**1,162,927,098**	1,301,776,645
Segment Cost	**(1,036,228,705)**	(1,158,671,000)	**(8,510,897)**	(8,302,347)	**(1,044,739,602)**	(1,166,973,347)
Segment Results	**111,041,582**	126,216,584	**7,145,914**	8,586,714	**118,187,496**	134,803,298
Unallocated expenses					**(70,237,000)**	(68,422,591)
Results from Operating activities					**47,950,496**	66,380,707
Other Income					**12,948,894**	5,617,754
Net Finance Cost					**(47,174,080)**	(34,563,628)
Corporate tax expense					**(3,652,269)**	(9,779,907)
Profit for the year					**10,073,041**	27,654,926
Total Assets	**253,900,297**	244,366,094	**35,371,778**	29,972,197	**289,272,075**	274,338,291
Total Liabilities	**224,053,708**	219,846,542	**16,301,634**	10,118,246	**240,355,342**	226,964,788
Other Segment Items						
Depreciation & Amortisation	**2,895,983**	2,130,077	**3,949,484**	3,570,912	**6,845,467**	5,700,989

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		NOTES	2012	2011
6	**REVENUE**		**GH¢**	GH¢
	Sale of Produce		**1,147,270,287**	1,284,887,584
	Services (Haulage)		**15,656,811**	16,889,061
			1,162,927,098	1,301,776,645
7	**ADMINISTRATIVE AND GENERAL EXPENSES** include the following:-			
	Depreciation and amortisation		**636,921**	514,211
	Auditors Remuneration		**33,000**	32,000
	Directors emoluments		**307,036**	167,791
	Subscriptions and Donations		**205,307**	169,596
8	**OTHER INCOME**			
	Rent Income		**2,663,563**	1,490,536
	Recoveries from Shortages		**1,445,256**	1,952,887
	Sundry Income		**470,496**	484,873
	Asset Disposal Gain	**13c**	**153,189**	423,393
	Cocoa Sweeping Proceeds		**1,047,004**	1,256,502
	Commission on Fertilizer Sales		**7,159,823**	0
	Staff Loan Discount Recycle		**9,563**	9,563
			12,948,894	5,617,754
9	**NET FINANCE EXPENSES**			
	Interest Income		**2,409,054**	1,364,353
	Bank and Produce loan interest		**(49,583,134)**	(35,927,981)
			(47,174,080)	(34,563,628)
10a	**INCOME TAX EXPENSE**			
	Current tax expense	**10b**	**3,115,772**	8,992,317
	Deferred tax expense	**11a**	**536,497**	787,590
			3,652,269	9,779,907

Deferred tax expense relates to the origination and reversal of temporary differences.

PBC LIMITED

NOTE TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

10b TAXATION

Year of Assessment	Balance at 1 October	Payments during the year	Charge for the year	Balance at 30 September
Corporate Tax	**GH¢**	**GH¢**	**GH¢**	**GH¢**
1995-2002	5,500	0	0	**5,500**
2003-2007	392,051	0	0	**392,051**
2008	119,892	0	0	**119,892**
2009	(554,072)	0	0	**(554,072)**
2010	725,401	0	0	**725,401**
2011	(6,683,788)	2,000,000	0	**(4,683,788)**
2012	0	3,270,000	(3,115,772)	**154,228**
	(5,995,016)	5,270,000	(3,115,772)	**(3,840,788)**

Tax liabilities up to and including the 2005 year of assessment have been agreed with the tax authorities. The remaining liabilities are however subject to agreement with the tax authorities.

10c Reconciliation of effective tax rate

	2012	2011
	GH¢	GH¢
Profit before tax	**13,725,310**	37,434,833
Income tax using the domestic tax rate	**3,431,328**	9,358,708
Non-deductible expenses	**1,823,175**	1,743,834
Tax exempt revenue	**(38,297)**	(105,848)
Tax incentive not recognised in the income statement	**(2,100,433)**	(2,004,377)
Deferred tax	**536,497**	787,590
Current tax charges	**3,652,270**	9,779,907
Effective tax rate (%)	**26.61**	26.13

PBC LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

11a DEFERRED TAX

	2012	2011
	GH¢	GH¢
Balance at 01 October	**3,278,676**	2,472,541
Charge to the Income Statement	**536,497**	787,590
Charge to Other Reserves	**0**	18,545
Balance at 30 September	**3,815,173**	3,278,676

11b RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

	2012			2011		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	GH¢	**GH¢**	**GH¢**	GH¢	GH¢	GH¢
Property, plant and equipments	**0**	**3,771,838**	**3,771,838**	0	3,235,341	3,235,341
Other Reserves	**(25,744)**	**69,079**	**43,335**	(25,744)	69,079	43,335
	(25,744)	**3,840,917**	**3,815,173**	(25,744)	3,304,420	3,278,676

12 AVAILABLE FOR SALE FINANCIAL ASSET

	GH¢	GH¢
Quoted Equity Investments	**1,454,546**	1,825,455

This represent 727,273 of equity shares of no par value held in Ghana Commercial Bank Limited

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

13a PROPERTY, PLANT AND EQUIPMENT

2012	Land and Buildings GH¢	Plant and Machinery GH¢	Motor Vehicles GH¢	Furnit./Fitt. & Equip. GH¢	Building W.I.P GH¢	Total GH¢
Cost						
Balance at 1.10.2011:	9,023,729	7,441,498	38,741,397	1,695,061	775,048	57,676,733
Additions during the year	806,196	2,100,092	6,706,996	401,287	16,000,584	26,015,155
Transfers	1,486,320	0	0	0	(1,486,320)	0
Disposals	0	0	(136,756)	0	0	(136,756)
Balance at 30.9.2012	**11,316,245**	**9,541,590**	**45,311,637**	**2,096,348**	**15,289,312**	**83,555,132**
Depreciation						
Balance at 1.10.2011:	1,412,759	4,913,418	13,119,343	1,095,350	0	20,540,870
Charge for the year	341,488	1,431,755	4,776,791	281,911	0	6,831,945
Released on Disposals	0	0	(118,208)	0	0	(118,208)
Balance at 30.9.2012	**1,754,247**	**6,345,173**	**17,777,926**	**1,377,261**	**0**	**27,254,607**
Carrying amounts						
At 30.9.2012	**9,561,998**	**3,196,417**	**27,533,711**	**719,087**	**15,289,312**	**56,300,525**
At 30.9.2011	7,610,970	2,528,080	25,622,054	599,711	775,048	37,135,863

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

13b PROPERTY, PLANT AND EQUIPMENT

2011	Land and Buildings GH¢	Plant and Machinery GH¢	Motor Vehicles GH¢	Furnit./Fitt. & Equip. GH¢	Building W.I.P GH¢	Total GH¢
Cost						
Balance at 1.10.2010:	4,570,111	6,270,398	30,129,352	1,246,298	2,648,566	44,864,725
Additions during the year	136,720	1,171,100	9,208,453	448,763	2,443,380	13,408,416
Transfer	4,316,898	0	0	0	(4,316,898)	0
Disposals	0	0	(596,408)	0	0	(596,408)
Balance at 30.9.2011	9,023,729	7,441,498	38,741,397	1,695,061	775,048	57,676,733
Depreciation						
Balance at 1.10.2010:	1,140,046	3,768,723	9,660,941	867,375	0	15,437,085
Charge for the year	272,713	1,144,695	4,042,084	227,975	0	5,687,467
Released on Disposals	0	0	(583,682)	0	0	(583,682)
Balance at 30.9.2011	1,412,759	4,913,418	13,119,343	1,095,350	0	20,540,870
Carrying amount						
At 30.9.2011	**7,610,970**	**2,528,080**	**25,622,054**	**599,711**	**775,048**	**37,135,863**
At 30.9.2010	3,430,065	2,501,675	20,468,411	378,923	2,648,566	29,427,640

13c Profit on disposal of Property, Plant and Equipment

	2012 GH¢	2011 GH¢
Cost	**136,756**	596,408
Accumulated Depreciation	**(118,208)**	(583,682)
Net Book Value	**18,548**	12,726
Sale Proceeds	**(171,737)**	(436,119)
Profit on Disposal	**153,189**	423,393

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		2012	2011
14	**INTANGIBLE ASSETS**	**GH¢**	GH¢
	Balance at 1 October	**67,608**	67,608
	Acquisition	**0**	0
	Balance at 30 September	**67,608**	67,608
	Amortisation		
	Balance at 1 October	**46,348**	32,826
	Amortisation for the year	**13,522**	13,522
	Balance at 30 September	**59,870**	46,348
	Carrying amount		
	At 30 September	**7,738**	21,260

This relate to the cost of computer software.

15	**INVENTORIES**		
	Trading		
	Cocoa	**56,887,295**	115,029,545
	Sheanut	**9,854,145**	0
	Non-Trading		
	Spare Parts	**124,007**	263,044
	Tarpaulin Stocks	**1,229,265**	993,342
	Technical Stores	**1,160,780**	65,482
	Printing Stationery	**370,071**	364,496
	Fuel and Lubricants	**584,524**	429,937
	Other Stock/Matchets	**4,450**	4,450
	Tyres and Batteries	**1,490,387**	420,170
	Stencil Ink	**1,832**	2,208
		71,706,756	117,572,674

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		2012	2011
		GH¢	GH¢
16	**ACCOUNTS RECEIVABLE**		
	Trade receivables due from customers	**88,032,022**	46,656,471
	Other receivables	**43,349,642**	13,048,762
	Staff Loans and Advances	**3,632,522**	787,343
	Prepayments	**1,782,121**	281,397
	Staff Loans Discounted	**(9,713)**	(19,276)
		136,786,594	60,754,697

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 GH¢3,632,522 (2011 - GH¢787,343).

		GH¢	GH¢
17	**SHORT TERM INVESTMENTS**		
	Call	**105,955**	24,222,469
	Treasury Bills	**709,970**	677,570
		815,925	24,900,039
18	**CASH AND CASH EQUIVALENTS**		
	Bank Balances	**6,221,481**	7,093,124
	RCPA Account and Cash Balances	**15,978,510**	25,035,179
		22,199,991	32,128,303
19	**ACCOUNTS PAYABLE**		
	Non-trade payables and accrued expenses	**9,067,598**	15,823,426
	Accrued Charges	**1,532,332**	1,996,390
		10,599,930	17,819,816

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		2012	2011
		GH¢	GH¢
20	**BANK OVERDRAFT**		
	Ecobank Ghana Limited	**5,959,205**	6,880,427
	Ghana Commercial Bank	**44,575,912**	231,358
	Barclays Bank Ghana Limited	**4,200,925**	0
	SG-SSB Limited	**27,287,434**	7,115,453
	The Trust Bank	**106,278**	100,319
	Stanbic Bank	**7,770,028**	20,237,760
		89,899,782	34,565,317

Ecobank Ghana Limited

The company has an overdraft facility of GH¢5,000,000 with Ecobank Ghana Limited at an interest rate of 23.0% and the facility expires on 31st October, 2013.

Standard Chartered Bank

The company has an overdraft facility of GH¢30,000,000 with the bank. Interest rate is at 17.0% per The facility expires on 31st March, 2013.

Ghana Commercial Bank

The company has an overdraft facility of GH¢60,000,000 with the bank. The facility expires on August, 2013 at an interest rate of 23.0%.

Barclays Bank Ghana Limited

The company has an overdraft facility of GH¢35,000,000 with Barclays Bank Ghana Limited. Interest rate is at 4.75% per annum above the 91-day weighted average Treasury Bill Rate calculated after every ninety one days with effect from the date the facility becomes available to the borrower.

SG-SSB Bank

The company has an overdraft facility of GH¢25,000,000 with the bank. Interest rate is at 17.0% per annum. The facility expires on 30th September 2013.

The Trust Bank

The company has an overdraft facility of GH¢25,000,000 with The Trust Bank. The facility expires on January, 2013 at an interest rate of 18.5%, thus the bank's prevailing rate of 23.5% (p.a) minus 5%.

Stanbic Bank

The company has an overdraft facility of GH¢20,000,000 with Stanbic Bank. Interest rate is at 17.5% per annum. The facility expires on November, 2012.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		2012	2011
		GH¢	GH¢
21	**SHORT TERM LOANS**		
	Standard Chartered Bank	**30,000,000**	28,626,452
	Cal Bank	**0**	20,000,000
	Ecobank Ghana Limited	**30,000,000**	91,884,375
	Stanbic Bank Ghana Limited	**15,000,000**	0
	First Banc Ghana Limited	**31,000,000**	0
	Produce Loan (Seed Fund)	**5,372,187**	10,549,132
		111,372,187	151,059,959
	Processing Fee	**(736,285)**	(1,134,375)
		110,635,902	149,925,584

Standard Chartered Bank

The company has a Short Term Loan facility of GH¢30,000,000 with the bank at an interest rate is at 17.0% per annum. The facility is due to expires on 30th September 2013.

Ecobank Ghana Limited

The Company has been granted a Short Term facility of GH¢30,000,000 by Ecobank Ghana Limited. The facility expires on 31st October, 2013.

Stanbic Bank Ghana Limited

The Company has been granted a Short Term facility of GH¢15,000,000 by Stanbic Bank Ghana Limited. The facility expires on 28th September, 2012. Interest rate is at the Bank's Ghana Cedi base rate currently 22.0% per annum.

First Banc Ghana Limited

The Company has been granted a Short Term Loan facility of GH¢31,000,000 by the financial institution to expire on 31st October,2012.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

		2012	2011
		GH¢	GH¢
22a	**MEDIUM TERM LOAN**		
	Barclays Bank Ghana Limited	**0**	375,000
	Ecobank Limited	**3,202,767**	5,159,893
	National Investment Bank	**7,173,068**	1,915,088
	SG-SSB Limited	**4,032,425**	0
		14,408,260	7,449,981
	Processing Fee	**(55,000)**	(17,903)
		14,353,260	7,432,078
	Current portion payable within 12 months	**6,522,071**	2,167,788
	Long term portion payable after 12 months	**7,831,189**	5,264,290

Ecobank

The bank granted a medium term loan facility of GH¢8,000,000 to the company. The facility is due to expire in November, 2013 and interest rate was at bank's Base Rate (current 24.0%) minus a spread of 3.75% per annum payable monthly in arrears.

An additional loan of GH¢3,500,000 (USD2,413,793.10) was granted by the bank to the company. The interest rate is at the bank's Dollar Base Rate of 8.0% per annum minus a spread of 3.0% payable monthly in arrears. The facility is for a tenor of 60 months expiring on November 2015.

National Investment Bank

The company has a medium term facility of GH¢3,500,000 (equivalent of USD2,413,793.10) The facility is to be repay by a monthly installments over a period of sixty (60) months and will expires in November 2015. Interest rate is at 8.0%.

An additional loan of GH¢5,500,000 was granted by the bank to the company at an interest rate of 16.0%. The facility is for a tenor of 60 months expiring in November 2016.

SG-SSB Bank

The company has a medium term facility of GH¢10,000,000 with the bank. Interest rate is at 17.5% per annum. The facility expires on 30th September, 2017.

		2012	2011
22b	**LONG TERM LOAN**	**GH¢**	GH¢
	Ghana Cocoa Board	**5,262,033**	5,262,033

The company was granted a long term loan of US$10,000,000 by Ghana Cocoa Board, towards the establishment of PBC Shea Limited a subsidiary of the company. The facility is for a period of eight year with a two year moratorium, and it is secured by Cocoa Take Over receivables, Butter proceeds from the factory and charge over the plant and equipment of PBC Shea Limited. Interest rate is at 8.5% on reducing balance basis.

		2012	2011
23	**FINANCE LEASE**	**GH¢**	GH¢
	Current portion payable within 12 months	**737,794**	581,500
	Long term portion payable after 12 months	**1,210,580**	2,104,668
		1,948,374	2,686,168

SG-SSB Bank

The company has been granted a Finance Lease by SG-SSB of GH¢4,000,000 for the purchase of 5 TGM (4x2) cargo trucks, 10 articulator trucks and 15 BMC cargo trucks. The facility is for a period of (7) years. The interest rate is at the bank's base rate of 20.75% less 2.5% (18.25%). The total Lease rental payable at the prevailing rate of 18.25% shall be GH¢6,606,778.62, and the Bank has granted six (6) months moratorium for the repayment of the principal amount granted.

24 STATED CAPITAL

			2012		2011
a	**Ordinary shares**	**No. of Shares**	**Proceeds**	No. of Shares	Proceeds
			GH¢		GH¢
	Authorised Ordinary Shares of no par value	**20,000,000,000**		20,000,000,000	
	Issued and fully paid				
	For cash	**2,005,000**	**1,586,800**	2,005,000	1,586,800
	For consideration other than cash	**477,995,000**	**13,413,200**	477,995,000	13,413,200
		480,000,000	**15,000,000**	480,000,000	15,000,000

The holders of the ordinary shares are entitled to receive dividend declared from time to time and are entitled to one vote per share at meetings of the company.

b	**Preference shares**				
	No. of preference shares	**1**	**100**	1	100
	Total stated capital		**15,000,100**		15,000,100

The preference shares are redeemable (golden cocoa share) allotted to the Ministry of Finance on behalf of Government of Ghana.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

c Retained earning/(Income surplus)

This represents the residual of cumulative annual profits that are available for distribution to shareholders.

d Other reserves

This represent gains arising from fair value changes of available for sale financial asset held in Ghana Commercial Bank Limited.

	2012	2011
	GH¢	GH¢
Balance at 1st October	**1,595,012**	1,242,648
Revaluation	**(370,909)**	370,909
Deferred tax current year	**0**	(18,545)
Balance at 30th September	**1,224,103**	1,595,012

e Share in treasury

Shares in Treasury as at 30th September, 2012:-1,907,170 (2011 - 2,057,170).

25 TITLE DEEDS

a Included in the ordinary shares issued for consideration other than cash is an amount of GH¢954,000 which represents part of the value of Property, Plant and Equipment 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 :

b "The Government has taken over the interest of the Ghana Cocoa Board (Cocobod) in PBC and accordingly undertakes to ensure that 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".

c "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 PBC in the said assets".

26 EARNINGS PER SHARE

Basic and Diluted earnings per share

The calculation of basic and diluted earnings per share at 30th September 2012 was based on the profit attributable to ordinary shareholders of GH¢10,073,041 (2011; GH¢27,654,926) and a weighted average number of ordinary shares outstanding of 480 million (2011 ; 480 million)

27 DIVIDEND

Final dividend of GH¢0.0062 per share amounting to GH¢3.022 million has been proposed for the year ended 30th September, 2012.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

28 FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments;

Credit risk
Liquidity risk
Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has established the Audit and Finance committee, which are responsible for developing and monitoring the company's risk management policies in their specified areas. The team includes selected members of executive management and report regularly to the Board of Directors on their activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

The company's Audit and Finance Committee is responsible for monitoring compliance with the company's risk management policies and procedures, and for reviewing the adequacy of risk management framework in relation to the risks faced by the company. This committee is assisted in these functions by a risk management structure in all the units of the company which ensures a consistent assessment of risk management control and procedures.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Trade and other receivables

The company's exposure to credit risk is minimised as all sales are made to one individual customer. The company has transacted business with this customer over the years, there has not been much default in payment of outstanding debts.

Allowances for impairment

The company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of risk and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but not yet been identified. The collective loss allowance is determined based on historical data of payment for similar financial assets.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

	2012	2011
	GH¢	GH¢
Available for sale Financial Assets	**1,454,546**	1,825,455
Loans and Receivables	**136,786,594**	60,754,697
Cash and Cash Equivalents	**22,199,991**	32,128,303
	160,441,131	94,708,455

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was;

Public Institutions	**88,032,022**	46,656,471

Impairment Losses

	2012		2011	
	Gross	**Impairment**	Gross	Impairment
	GH¢	**GH¢**	GH¢	GH¢
Past due 0 - 180 days	**88,032,022**	**0**	46,656,471	0

The movement in the allowance in respect of trade receivables during the year was as follows

	2012	2011
	GH¢	GH¢
Balance at 1 October	**88,032,022**	46,656,471
Impairment loss recognised	**0**	0
	88,032,022	46,656,471

Based on historical default rates, the company believes that no impairment is necessary in respect of trade receivables past due up to 180 days.

Liquidity risk

Liquidity risk is the risk that the company either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. The company's approach to managing liquidity is to ensure that it will maintain adequate liquidity to meet its liabilities when due.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

The following are contractual maturities of financial liabilities;

30th September, 2012

Non-derivative financial liability	**Amount**	**6 mths or less**	**6-12 mths**	**1-3 years**
	GH¢	**GH¢**	**GH¢**	**GH¢**
Secured bank loans	132,199,569	113,869,894	3,629,932	14,303,802
Trade and other payables	10,599,930	10,599,930	0	0
Bank overdraft	89,899,782	89,899,782	0	0
Balance at 30th September, 2012	**232,699,281**	**214,369,606**	**3,629,932**	**14,303,802**

30th September, 2011

Secured bank loans	165,305,863	151,300,228	1,374,644	12,630,991
Trade and other payables	17,819,816	17,819,816	0	0
Bank overdraft	34,565,317	34,565,317	0	0
Balance at 30 September 2011	217,690,996	203,685,361	1,374,644	12,630,991

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The company is not exposed to currency risk as there are no transactions and balances denominated in currencies other than the functional currency.

Interest rate risk

Profile

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was;

	Carrying amount	
	2012	2011
Variable rate instrument	**GH¢**	GH¢
Financial liabilities	**222,099,351**	199,871,180

Fair value sensitivity analysis for fixed rate instrument

The company did not have fixed rate instrument at 30th September 2012 and also at 30th September 2011

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2011

29 FAIR VALUES

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet are as follows;

	30 September 2012		30 September 2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Loans and Receivables	**GH¢**	**GH¢**	GH¢	GH¢
Trade and Other Receivables	**136,786,594**	**136,786,594**	60,754,697	60,754,697
Cash and Cash Equivalents	**22,199,991**	**22,199,991**	32,128,303	32,128,303
Short Term Investments	**815,925**	**815,925**	24,900,039	24,900,039
	159,802,510	**159,802,510**	117,783,039	117,783,039
Available for Sale				
Long Term Investment	**1,454,546**	**1,454,546**	1,825,455	1,825,455
Other Financial Liabilities				
Secured Bank Loan	**132,199,569**	**132,199,569**	165,305,863	165,305,863
Trade and Other Payables	**10,599,930**	**10,599,930**	17,819,816	17,819,816
Bank Overdraft	**89,899,782**	**89,899,782**	34,565,317	34,565,317
	232,699,281	**232,699,281**	217,690,996	217,690,996

30 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at the balance sheet date and at 30th September , 2012

31 EMPLOYEE BENEFITS

Deferred Contribution Plans

Pension Contributions

Under a National Deferred Benefit Pension Scheme, the company contributes 13.5% of employee basic salary to pay for the first and Second tiers employee pension. The company's obligation is limited to the relevant contribution, which were settled on due dates. The pension liabilities and obligations however, rest with SSNIT.

Provident Fund

The company has two provident fund schemes for the staff under which the company contribute a total of 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settles on the dates to the fund manager.

32 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2012

33 SHAREHOLDING DISTRIBUTION

Category	Total Holding	Percentage Holding (%)
1 - 1,000	5,942,314	1.24
1,001 - 10,000	20,437,696	4.26
Over 10,001	453,619,990	94.50
Total	**480,000,000**	**100.00**

34 DIRECTORS SHAREHOLDING

The Directors named below held the following number of shares in the company as at 30th September, 2012.

Names	2012	2011
Dr. John Frank Abu	**16,631**	2,000
Mr. Yaw Sarpong	**31,959**	31,959
Mr. Kojo Attah-Krah	**9,750**	9,750
Mrs. Mabel Oseiwa Quakyi	**4,000**	0
Mr. Abraham T. D. Okine	**19,500**	0
Hon. Ernest Kofi Yakah (MP)	**250**	0
Mr. Michael Owusu-Manu	**1,000**	-
	83,090	43,709

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

35 TWENTY LARGEST SHAREHOLDERS

	Shareholders	Number of Shares	Percentage Holding (%)
1	Social Security & National Insurance Trust	182,879,412	38.10
2	Ministry of Finance - Government of Ghana	176,112,259	36.69
3	African Tiger Mutual Fund Limited	38,000,000	7.92
4	NTHC/Institutional Investor Consortium	19,050,719	3.97
5	SCBN/Standchart Mauritius Re Fleming Africa Fund Limited	5,863,105	1.22
6	Current PBC Employees/Commission Agents	5,140,575	1.07
7	NTHC Limited	4,891,934	1.02
8	GCCSFA/Farmers - Individuals	1,547,307	0.32
9	GCCFA/Farmers - Association	1,250,000	0.26
10	Yirenkyi Samuel Ernest Mr.	1,014,172	0.21
11	SCBN/Mauritius Re Fleming Africa Fund Limited	1,000,000	0.21
12	SCBN/SSB Eaton Vance Tax-Manager Emerging Market Fund	650,000	0.14
13	SCBN/SSB Eaton Vance Structured Emerging Market Fund	582,428	0.12
14	STD Noms TVL PTY/BNYM SANV/Em'ing Mkt Eqty Mgr Port 1-P'mtric	516,618	0.11
15	STD Noms TVL PTY/Databank Ark Fund	400,000	0.08
16	Hoffmann Gerhard Ernest	215,000	0.04
17	SCBN/JP Morgan Chase Offshore 6178C	162,500	0.03
17*	STD Noms TVL PTY/BNYM SANV/Wilmington Multi-Manager Int. Fund	162,500	0.03
17*	STD Noms TVL PTY/BNYM SANV/Wilmington Int. Equity Fund Select	162,500	0.03
18	MTHL/Aluworks Staff Provident Fund	158,800	0.03
19	Manu Joseph Osei	150,000	0.03
19*	Boateng George Kwadwo	150,000	0.03
19*	Omega JBA Company Limited	150,000	0.03
20	Merban Investment Holdings Limited	147,634	0.03
Total Holding by twenty largest Shareholders		**440,357,463**	**91.72**
Totals of others		**39,642,537**	**8.28**
		480,000,000	**100.00**

Most Prestigious Company in Ghana 2010 & 2011

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