



PBC LIMITED

ANNUAL REPORT

2016 - 2017

Premium Quality Service





Accountants &
business advisers

PBC LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

30TH SEPTEMBER 2017

PBC LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

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**PBC LIMITED
BOARD OF DIRECTORS**



**Charles Bernard Ntim
Board Chairman**



**Kofi Owusu Boateng
Chief Executive Officer/Director**



**Prof. Mohammed Salifu
Director**



**Samuel Acquah
Director**



**Thomas Dzoletso Kwami
Director**



**Emmanuel Karikari Gyamfi
Director**



**Matthew Boadu Adjei
Director**



**Stephen Baba Kumasi
Director**



**Prosper Kojo Amewu
Director**



**Joseph Albert Danso Jr.
Director**



**Helen Maku Obeng
Director**

PBC LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of **PBC LIMITED** will be held at the **EBENEZER PRESBYTERIAN CHURCH HALL, OSU** on **WEDNESDAY, 25TH JULY, 2018** at **10:00 A.M.** to transact the following business:-

AGENDA

1. (a) To receive, consider and adopt the Report's of the Directors, Auditors and Financial Statements for the year ended 30th September, 2017
(b) Chief Executive Officer's Report
2. To ratify the appointment of the following Directors
 - i. Mr. Prosper Kojo Amewu - rep. of MoF/GoG
 - ii. Ms. Helen Obeng - rep. of MoF/GoG
3. To approve changes in Directorship by Directors retiring by rotation
 - i. Mr. Emmanuel Karikari Gyamfi
 - ii. Mr. Matthew Boadu Adjei
 - iii. Mr. Thomas Kwami
4. To re-elect the following Directors retired by rotation
 - i. Mr. Emmanuel Karikari Gyamfi
 - ii. Mr. Matthew Boadu Adjei
 - iii. Mr. Thomas Kwami
5. To appoint a new Auditor
6. To authorise the Directors to fix the fees of the Auditor

DATED THIS 11TH DAY OF JUNE, 2018 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, for it to be valid for the purpose of the meeting, 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** or to info@nthc.com.gh so as to reach the Registrar not later than 48 hours before the appointed time of the meeting.

PBC LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

BOARD OF DIRECTORS	<ul style="list-style-type: none"> Charles Bernard Ntim Kofi Owusu Boateng Joseph Albert Danso Jnr. Samuel Acquah Helen Maku Obeng Prosper Kojo Amewu Prof. Mohammed Salifu Matthew Boadu Adjei Thomas Dzoletto Kwami Emmanuel Karikari Gyamfi Stephen Baba Kumasi 	<ul style="list-style-type: none"> - Chairman - CEO/ Director - Director - Director - Director - Director - Director - Director - Director - Director - Director
SECRETARY	Edem Ama Sekyi (Mrs.)	
TOP MANAGEMENT	<ul style="list-style-type: none"> Kofi Owusu Boateng Joseph Osei Manu Alfred Ofori Annye 	<ul style="list-style-type: none"> - Chief Executive Officer (CEO) - DCEO, Finance & Administration - DCEO, Operations
AUDITORS	PKF Chartered Accountants Farrar Avenue P. O. Box 1219 Accra	
SOLICITOR	Edem Ama Sekyi (Mrs.) PBC Limited No. 106, Olusegun Obasanjo Highway Dzorwulu Junction Accra	
REGISTERED OFFICE	No. 106, Olusegun Obasanjo Highway Dzorwulu Junction Accra	
BANKERS	Barclays Bank of (Ghana) Limited Ecobank Ghana Limited GCB Limited Societe Generale Limited Standard Chartered Bank (Ghana) Limited UMB Bank Limited ADB Bank Limited Cal Bank Limited NIB Bank Limited Stanbic Bank (Ghana) Limited UniBank Limited United Bank of Africa (Ghana) Limited Bank of Africa (Ghana) Limited	

CHAIRMAN'S STATEMENT

It is my pleasure to welcome you once again to the 17th Annual General Meeting of PBC Ltd and present to you the Annual Report and Statement of Accounts of your Company for the financial year ended 30th September, 2017.

In the year 2016/17 the Company witnessed yet another slide in both its financial performance and growth. The Company recorded a net loss of GH¢22.442 million as against the loss of GH¢15.924 million reported in the previous year.

Among the key factors that contributed to the dwindling fortune of the Company were:

- a) Reduction in competitive buyers margins resulting in lower revenue;
- b) Increase in operating cost in the midst of general price level increase of inputs and other logistics;
- c) Write off of sheanut found to have high Free Fatty Acid (FFA) due to the long period of storage.
- d) Lack of adequate and timely funding for cocoa purchases leading to lower than expected purchases which impacted revenue for the year.

COCOA PRODUCTION

National Cocoa purchases increased by 25% from 774,226 tonnes in 2015/16 to 969,000 tonnes during the year under review. Similarly, your Company registered increased purchases by 12.78% from 240,297 tonnes in 2015/16 to 271,000 tonnes during the year. This notwithstanding, your company achieved a market share of 27.8% as against 31.0% the year before.

The relatively lower increase in the Company's total purchases as compared to the increase in the national output buttress the fact that the Company experienced challenges in its operations as a result of inadequate and timely funding of cocoa purchases.

OPERATING RESULTS

Dear Shareholders, the Company's total revenue increased from GH¢1.891 billion to GH¢2.360 billion, an increase of 24.8% due mainly to an increase in the quantity of cocoa purchased by the Company.

The total operational and administrative expenditure increased by 37% from GH¢121.503 million to GH¢166.595 million due principally to general increase in the price of inputs, logistics and other administrative costs as well as the write off of sheanut stocks due to high FFA.

Finance costs continued to take a heavy toll on the Company's finances. In spite of a slight reduction of finance cost by 4% from GH¢110.305 million to GH¢105.794 million, it constituted about 45.7% of the total Company's Gross Earnings.

It is noteworthy that the Company's operating profit before financing cost which had always been significantly positive was whittled away by the huge finance cost leading to financial loss.

As per the Consolidated Accounts, the financial position of PBC Ltd and its subsidiary Golden Bean Hotel shows a net loss of GH¢29.876 million.

INVESTMENTS

It will be recalled that, at our previous Annual General Meetings (AGMs), it was indicated that the PBC Shea Ltd had not been fully operational due to technical challenges.

Thankfully, the retooling of the plant with an enhanced capacity has been completed and put into full operation. The factory is potentially a foreign exchange earner for the PBC Group and has great potential as a revenue generating outlet as well. With the retooling of the plant, and its subsequent full operation, it is expected that its contribution in terms of revenue will greatly enhance the corporate effort of the PBC Group in the years ahead.

SUBSIDIARY

The Golden Bean Hotel in Kumasi, a wholly owned subsidiary of PBC Limited has been in operation for the past three years. Although it is yet to return positive results in terms of profitability, it continues to make positive impact on the hospitality industry in Kumasi as one of the well patronized facilities.

Golden Bean Hotel earned a total revenue of GH¢9,957,042, expended GH¢6,341,979 in direct operating expenses and GH¢6,170,607 in administrative and general expenses. This resulted in a direct operating loss of GH¢2,555,545. With the net finance income of GH¢523,236 earned and a provision for income tax credit of GH¢24,415, the Company ended with a net loss of GH¢2,007,894 for the year as compared to GH¢1,725,179 in the previous year.

It is the expectation of Management that, given the measures and strategies put in place, the adverse fortunes of the hotel would be reversed.

OUTLOOK

With the new Management assuming the leadership of the Company, a number of far reaching measures and strategies have been put in place to reverse the downward trend of the Company's fortunes and gear it to a more sustained level of financial stability and profitability.

These include:

- i) Prudent cost cutting and control measures to ensure that cost of operations are trimmed.
- ii) A review of the various strategies/options to finance cocoa purchases to ensure timely and adequate funds for purchases. This will help improve farmers' confidence, increase the volume of purchases as well as market share whilst bringing in more revenue.
- iii) A review of the current mode of operations of the Company's secondary fleet of vehicles to introduce more efficiency as a means of generating more revenue.

Additionally, the Company will continue monitoring its investments in the two subsidiaries, Golden Bean Hotel and PBC Shea to ensure optimal returns.

The need to introduce equity capital into the capital structure of the Company cannot be over emphasized looking at the precarious state of its balance sheet. The Board and Management will pursue this issue through serious engagements and consultation with the two major shareholders (i.e. Ministry of Finance & SSNIT).

Finally, I take this opportunity to thank my fellow Directors for their dedication and commitment over the past year and to thank Management, Staff and our loyal and dedicated farmers for their untiring efforts.



CHARLES BERNARD NTIM
BOARD CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

The 2016/17 Financial Year started with the hope that the Company would improve on its performance to ameliorate the continuous financial losses.

Unfortunately, both external and internal factors continued to militate against the realization of this dream, culminating in the Company achieving a loss of GH¢22.442 million as against a loss of GH¢15.924 million for the previous year.

Notable among the causes of the current state of affairs were

- 1) The Company's continued reliance on borrowing from the market to supplement funds for purchases presented it with a cost outlay too heavy to bear. The need for supplementary funds beyond that from the traditional COCOBOD source continued to place the operations of the Company on excessive Short Term borrowings at high interest charges. In the year under review, the Company spent about 45.7% of its Gross Operational Earnings in servicing Finance Cost.
- 2) The general unfavourable economic environment caused by excessive increase in costs of all major operational inputs and logistics.
- 3) Sheanuts had been purchased in 2015/16 for delivery to the PBC Shea Factory, Buipe in anticipation of full operations. However, the long period of storage affected the quality of the nuts resulting in high Free Fatty Acid (FFA), so that about half of the value of the stock of sheanut was written off to reflect its net realizable value.

PERFORMANCE REVIEW

The review focuses on comparing key performance indicators, revenue earned and expenditure incurred to that of the previous year.

Turnover for cocoa operations increased from GH¢1.868 billion to GH¢2.328 billion, an increase of 24.7% due to the increase in quantity of cocoa purchased and delivered. With an increase of 25% in National Cocoa output from 774,226 tonnes in 2015/16 to 969,000 tonnes in 2016/17, the Company's purchases similarly increased by 12.78% from 240,297 tonnes in 2015/16 to 271,000 tonnes in 2016/17.

Turnover for the haulage service increased from GH¢ 22.333 million to GH¢31.707 million, an increase of 41.9% due to the increase in the quantity of cocoa hauled at the secondary level by PBC trucks.

On the subsidiary GBHL, the total revenue earned for the year amounted to GH¢9.957 million, an increase of 6.6% over the previous year's figure of GH¢ 9.337 million as a result of the increased patronage of the services of the facility.

Cost of sales of cocoa operations increased by 26% from GH¢1.687 billion to GH¢ 2.128 billion due to the increase in quality of cocoa purchased and delivered. Direct cost of haulage services increased from GH¢17.402 million to GH¢25.243 million, an increase of 45% due to increase in volumes of cocoa hauled at the secondary level by our articulator and cargo trucks as well as general increase in transport cost such as spare parts, fuel etc.

With regards to the GBH, the cost of sales increased from GH¢4.783 million to GH¢6.342 million due to general price increase of inputs for the various revenue generating activities.

Out of the total revenue and the associated cost of sales, the parent company PBC Limited recorded a Gross Profit of GH¢231.619 million as compared to last year's figure of GH¢204.255 million, an increase of 13.4%.

The Gross Profit of GH¢231.619 million was earned through the following corporate activities:

- i) Cocoa operation - GH¢225.156 million
- ii) Haulage Services - GH¢6.463 million

The GBHL had a Gross Profit of GH¢3.615 million as compared to GH¢4.553 million recorded in the previous year, a reduction of 20.6% due mainly to increase in the cost of inputs and logistics.

Direct Operating Expenses of PBC Limited increased by 17.9% over the previous year's figure of GH¢75.003 million to GH¢88.479 million due to general increase in cost of operational inputs and logistics. The exceptional item of GH¢19.510 million relates to the write off of the value of the sheanut stocks to its net realizable value because of the High Free Fatty Acid.

General and Administrative Expenses which were made up of Staff Cost, Office Cost and Estate Cost rose by 25.9% from GH¢46.499 million to GH¢58.606 million.

The composition of the increase is itemized as follows:

- i) Staff Cost increased by 19.5% from GH¢33.279 million to GH¢39.782 million in the year under review due to increase in staff salaries and other allowances as a means to motivation to the workforce.
- ii) Office Cost also increased by 39.7% from GH¢9.042 million to GH¢12.629 million. Significant composition that contributed greatly to this increase was depreciation and amortization of non-operational assets, electricity and bank charges.
- iii) As a result of the rehabilitation of some sheds and depots to meet the standard for cocoa storage, Estate & Property Cost increased by 48.3% from GH¢4.178 million to GH¢6.194 million. Again, there was considerable rent increase for the various office and sheds occupied by PBC at its operational centre.

Total Expenses (excluding Finance Cost) for PBC increased by 37% from GH¢121.503 million to GH¢166.525 million.

As a result of high operating and administrative cost the Company registered an operating profit of GH¢76.803 million before financing cost compared to the previous year's figure of GH¢93.822 million, which is a decrease of 18.1%.

Net Finance Cost however decreased slightly by 4.08% from GH¢110.305 million to GH¢105.794 million due to prudent financial measures employed by management.

In spite of the slight reduction in the finance cost, it continues to pose a major challenge because of the Company's continuous over reliance on Short Term borrowings to purchases cocoa because of the inadequacy of source of funding from Ghana Cocoa Board.

The finance cost however constituted about 45.7% of the Gross Operational Earnings in the year under review as against 54% in the previous year.

Other income also showed a slight increase from GH¢11.070 million to GH¢11,779 million.

With regard to the GBHL, General Administrative Expenses decreased from GH¢6.325 million in the previous year to GH¢6.171 million, a decrease of about 2.44%. The most significant expenditure under the General Administrative Expenses was the depreciation charge of GH¢3.1 million.

The Parent Company, PBC Ltd recorded a loss of GH¢22.442 million after taking an income tax credit of GH¢6.549 million. With the subsidiary GBHL also registering a loss of GH¢ 2.008 million, the PBC Group Net Loss amounted to GH¢29.876 million.

KEY FINANCIAL PERFORMANCE INDICATORS

Key Financial indicators on the parent Company's activities continue to reduce in line with the significant decrease in the Company's level of profitability and financial state.

- i) Basic Earnings per Share (EPS) decreased by 140.8% from (GH¢0.0333) to (GH¢0.0469).
- ii) Return on Capital Employed increased from (453%) to (21.6%) due to the enhancement, of the equity through a surplus from Assets revaluation.
- iii) The balance sheet also showed a significant increase in shareholders' equity from GH¢3,317,197 to GH¢103,536,403 due to the revaluation reserves of GH¢122,417,938 earned from the revaluation of the Company Assets in the year under review.

For the Subsidiary Golden Bean Hotel Ltd (GBHL)

- i) Basic Earnings per share decreased from (GH¢0.054) to (GH¢0.048)
- ii) Return on Capital Employed (ROCE) also decreased from the previous year's figure of (6.23%) to (5.62%).
- iii) The balance sheet showed an increased growth in Shareholders' equity by 28.8% from GH¢27.712% million to GH¢35.705 million as a result of the introduction of additional equity capital of GH¢10 million.

OUTLOOK

Following the continuous abysmal performance of the Company, Management and the Board appointed Messrs Ernst & Young, a Management Consultancy Firm to assess the business operating model of the Company. Management will fully implement the various recommendations as contained in the Consultant's report to get a better operational footing for profitability and growth.

Other funding options for cocoa purchases will be examined to ensure adequate and timely funding for the Company. In other to enable the Company purchase more cocoa to improve its market share, revenue and to stay competitive.

Management will continue to exercise oversight of its subsidiary Companies to ensure profitability and improve group revenue.

The board and management is determined not to relent in their efforts to secure equity funds into the capital structure of the company so that the lack of working capital will not undermine the long term survival and profitability of the company.

I wish to thank the Board of Directors, Management and staff of the Company for their continued support and cooperation.

Thank you.



KOFI OWUSU BOATENG
CHIEF EXECUTIVE OFFICER

PBC LIMITED
REPORT OF THE DIRECTORS
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

In accordance with the requirements of Section 132 of the Companies Act, 1963 (Act 179), we the Board of Directors of PBC Limited, present herewith the annual report on the state of affairs of the company and its subsidiary for the year ended 30th September, 2017.

Results of Operations	Group		Company	
	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Turnover	2,369,982	1,900,674	2,360,025	1,891,337
Loss before tax of	(36,449)	(18,098)	(28,992)	(16,482)
From which is deducted provision for the estimated income tax liability of,	6,573	448	6,549	558
Leaving a net loss after tax of	(29,876)	(17,650)	(22,443)	(15,924)
To which is added the retained loss as at 1 st October of	(18,655)	(1,005)	(14,118)	1,806
Resulting in a balance carried to the balance sheet of	(48,531)	(18,655)	(36,561)	(14,118)

DIVIDEND

No dividends are recommended by the Directors for the year ended 30th September, 2017.

NATURE OF BUSINESS

The nature of the business which the company is authorised to carry on is:

- 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 Act, 1963 (Act 179). On the 19th of May, 2000 the company got listed on the Ghana Stock Exchange. The Social Security & National Insurance Trust and the Government of Ghana through the Ministry of Finance currently hold about 75% whilst various institutions and individuals hold the rest of the 25%.

AUTHORISED SHARE CAPITAL

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

SUBSIDIARY

The Golden Bean Hotel Limited is a company incorporated in Ghana. The Company is permitted by its regulations to carry on the business of owning, operate and managing hotels, carry on the business of hoteliers and other activities related thereto, develop, operate and manage other tourist facilities, carry on the business of tour operators, promoters, contractors and travel agents and own, operate and manage transport in connection with its tourist and hotel operations.

DIRECTORS

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

Names			Date of first appointment	Date of appointment	Date of retirement
Mr. Charles Bernard Ntim	-	Chairman		13.07.2017	-
Mr. Kofi Owusu Boateng	-	CEO/Member		13.07.2017	-
Mr. Joseph Albert Danso Jnr.	-	Member		13.07.2017	-
Mr. Samuel Acquah	-	Member		13.07.2017	-
Ms. Helen Maku Obeng	-	Member		05.10.2017	-
Mr. Prosper Kojo Amewu	-	Member		05.10.2017	-
Prof. Mohammed Salifu	-	Member	11.11.2014	13.07.2017	-
Mr. Stephen Baba Kumasi	-	Member	25.03.2011	24.06.2015	-
Mr. Matthew Boadu Adjei	-	Member	28.03.2014	24.08.2016	-
Mr. Thomas Dzoletto Kwami	-	Member	28.03.2014	28.03.2014	-
Mr. Emmanuel Karikari Gyamfi	-	Member	24.06.2015	24.06.2015	-
Captain Kwadjo Adunkwa Butah(Rtd)	-	Member	28.03.2014	28.03.2014	13.07.2017
Mr. Maxwell Kojo Atta-Krah	-	Member	01.12.2009	01.12.2009	31.12.2016
Prof. Basil Clarence Frans Lokko	-	Member	28.03.2014	24.08.2016	13.07.2017
Mr. Abraham Amaliba	-	Member	28.03.2014	24.08.2016	13.07.2017
Mrs. Mabel Oseiwa Quakyi	-	Member	23.10.2009	24.06.2015	13.07.2017
Mr. Hayford Kofi Nimoh	-	Member	15.04.2014	15.04.2014	13.07.2017


AUDITORS


A resolution proposing the appointment of new Auditors and authorize the directors to fix their fees for the year ending 30th September, 2018 will be put before the Annual General Meeting in accordance with the Companies Act, 1963 (Act 179).

EVENTS AFTER REPORTING DATE

The Directors confirm that no matters have arisen since 30th September, 2017, which materially affect the consolidated financial statements of the Company for the year ended on that date.

BY ORDER OF THE BOARD


.....DIRECTOR


.....DIRECTOR

29th January, 2018
.....

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PBC LIMITED AND ITS SUBSIDIARY (GOLDEN BEAN HOTEL LTD)
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PBC Limited and its subsidiary, which comprise the consolidated statement of financial position as at 30th September 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 30th September, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179), Securities Industry Act, 2016 (Act 929) and Ghana Stock Exchange Membership Regulations, 1991 (LI 1510) as amended.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group and have fulfilled our ethical responsibilities in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

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

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information included in the financial statements

The Directors are responsible for the other information. The other information comprises the Directors Report and Corporate Governance but does not include the consolidated financial statements and Auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Material Uncertainty Related to Going Concern

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 26, 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.

We further draw attention to Note 36 in the financial statements, which indicates that the company and the group had suffered a net loss of GH¢22.44 million and GH¢29.9 million respectively for the year ended 30th September, 2017. At the balance sheet date the company and the group had a net current liability of GH¢243.5 million and GH¢234.4 million respectively. As stated in Note 36, these event or conditions, along with other matters as set forth in Note 36, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), Securities Industry Act, 2016 (Act 929) and Ghana Stock Exchange Membership Regulations, 1991 (LI 1510) as amended and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Companies Act, 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 Deed 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 belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of accounts have been kept by the Group, so far as appear from our examination of those books, and
- iii. The Group's consolidated statement of financial position and consolidated statement of comprehensive income are in agreement with the books of accounts.

The engagement partner on the audit resulting in this independent auditor's report is Frederick Bruce-Tagoe (ICAG/P/1087).

PKF

.....
For and on behalf of
PKF: (ICAG/F/2017/039)
Chartered Accountants
Farrar Avenue
P. O. Box GP 1219,
Accra.

.....
29th January, 2018
.....


PBC LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER 2017


		Group		Company	
		2017	2016	2017	2016
	NOTES	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Revenue	6	2,369,982	1,900,674	2,360,025	1,891,337
Cost of Sales		<u>(2,134,748)</u>	(1,691,866)	<u>(2,128,406)</u>	(1,687,082)
Gross Profit		235,234	208,808	231,619	204,255
Other Income	8	6,353	11,070	11,778	11,070
Direct Operating Expenses		(88,715)	(75,098)	(88,478)	(75,003)
Exceptional Item	37	(19,510)	0	(19,510)	0
General and Administrative Expenses	7	(64,598)	(52,729)	(58,606)	(46,499)
Operating profit before financing cost		68,764	92,051	76,803	93,823
Net finance expenses	9	(105,213)	(110,149)	(105,795)	(110,305)
Loss before taxation		(36,449)	(18,098)	(28,992)	(16,482)
Income tax credit	10a	6,573	448	6,549	558
Loss for the year transferred to Income surplus account		(29,876)	(17,650)	(22,443)	(15,924)
Other comprehensive income					
Available -for-sale financial assets	12	44	167	44	167
Total other comprehensive income		44	167	44	167
Total comprehensive income for the year		(29,832)	(17,483)	(22,399)	(15,757)
Basic earning per share (GH¢)		(0.0625)	(0.0369)	(0.0469)	(0.0333)
Diluted earning per share (GH¢)		(0.0625)	(0.0369)	(0.0469)	(0.0333)

PBC LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2017

	NOTES	Group		Company	
		2017 GH¢'000	2016 GH¢'000	2017 GH¢'000	2016 GH¢'000
Non-current assets					
Property, plant and equipment	13a	270,132	146,179	243,506	116,506
Intangible Asset	16	297	458	0	0
Investment in Subsidiaries	14a	123,898	115,404	166,148	147,654
Available for sale financial assets	12	2,909	2,865	2,909	2,865
Deferred tax asset	11a	5,119	0	5,389	0
Total non-current assets		402,355	264,906	417,952	267,025
Current assets					
Inventories	15	82,439	64,087	80,696	62,187
Account receivables	17	113,076	66,934	114,323	73,178
Short term investments	18	25,470	2,972	23,160	1,972
Current Tax	10b	31	30	1	0
Cash and cash equivalents	19	33,126	60,254	31,451	58,511
Total current assets		254,142	194,277	249,631	195,848
Total assets		656,497	459,183	667,583	462,873
Equity					
Stated capital	25a	15,000	15,000	15,000	15,000
Retained earnings	25c	(48,531)	(18,655)	(36,561)	(14,118)
Other reserves	25d	2,679	2,635	2,679	2,635
Revaluation Reserves	25e	122,418	0	122,418	0
Total equity		91,566	(1,020)	103,536	3,517
Non-current liabilities					
Deferred tax liability	11a	0	1,461	0	1,167
Finance lease	24	188	1,891	188	1,891
Medium term loan	23a	338	7,216	338	7,216
EDAIF Loan	23b	9,588	9,000	9,588	9,000
Long term loan	23c	60,823	59,514	60,823	59,514
Total non-current liabilities		70,937	79,082	70,937	78,788
Current liabilities					
Bank overdraft	21	297,867	292,147	297,749	292,147
Short Term Loan	22	180,187	70,065	180,187	70,065
Medium term loan (current portion)	23a	4,086	6,514	4,086	6,514
Finance lease (current portion)	24	1,167	1,167	1,167	1,167
Account payables	20	10,687	11,228	9,921	10,675
Total current liabilities		493,994	381,121	493,110	380,568
Total liabilities		564,931	460,203	564,047	459,356
Total liabilities and equity		656,497	459,183	667,583	462,873

Approved by the Board on 30th December 2017.


..... Director


..... Director

PBC LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

CAPITAL AND RESERVES

Group	Stated Capital	Retained Earnings	Other Reserves	Revaluation Reserves	Total Equity
2017	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 st October	15,000	(18,655)	2,635	0	(1,020)
Loss for the year	0	(29,876)	0	0	(29,876)
Movement in available for sale asset	0	0	44	0	44
Revaluation Surplus	0	0	0	122,418	122,418
Balance at 30th September	15,000	(48,531)	2,679	122,418	91,566
2016					
Balance at 1 st October	15,000	(1,005)	2,468	0	16,463
Loss for the year	0	(17,650)	0	0	(17,650)
Movement in available for sale asset	0	0	167	0	167
Balance at 30th September	15,000	(18,655)	2,635	0	(1,020)

Company

2017					
Balance at 1 st October	15,000	(14,118)	2,635	0	3,517
Profit for the year	0	(22,443)	0	0	(22,443)
Movement in available for sale asset	0	0	44	0	44
Revaluation Surplus	0	0	0	122,418	122,418
Balance at 30th September	15,000	(36,561)	2,679	122,418	103,536
2016					
Balance at 1 st October	15,000	1,806	2,468	0	19,274
Profit for the year	0	(15,924)	0	0	(15,924)
Movement in available for sale asset	0	0	167	0	167
Balance at 30th September	15,000	(14,118)	2,635	0	3,517

PBC LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cash flows from operating activities				
Loss before taxation	(36,449)	(18,098)	(28,992)	(16,482)
<u>Adjustment for:</u>				
Depreciation and Amortisation charges	17,545	17,624	14,284	14,407
Interest Received	(30,279)	(1,942)	(30,279)	(1,742)
Profit on Property, Plant and Equipment Disposals	(128)	(453)	(5,553)	(453)
Accrued Interest on Long Term Loan	1,309	3,330	1,309	3,330
Interest expense	136,074	112,091	136,074	112,047
Operating profit before working capital changes	88,072	112,552	86,843	111,107
Changes in inventories	(18,352)	(3,548)	(18,509)	(2,799)
Changes in trade and other receivables	(46,142)	18,066	(35,720)	36,207
Changes in Investment in Subsidiaries	(8,494)	0	(18,494)	(18,945)
Changes in trade and other payables	(541)	(2,730)	(754)	(2,602)
Cash generated from operations	14,543	124,340	13,366	122,968
Income taxes paid	(8)	(30)	(8)	0
Net cash flow from operating activities	14,535	124,310	13,358	122,968
Cash flow from investing activities				
Interest Received	30,279	1,942	30,279	1,742
Proceeds from disposal of Assets	376	780	376	780
Payments to acquire Property, Plant and Equipment	(19,167)	(30,735)	(19,114)	(30,484)
Net Cash used in Investing Activities	11,488	(28,013)	11,541	(27,962)
Cash flows from Financing Activities				
Interest paid	(136,074)	(112,091)	(136,074)	(112,047)
Changes in Short Term Loan	110,122	(53,536)	110,122	(53,536)
Changes in Finance Lease (Current and Non-current)	(1,703)	(1,588)	(1,703)	(1,588)
Changes in EDAIF Term Loan	588	(722)	588	(722)
Changes in Medium Term Loan (Current and Non-current)	(9,306)	9,000	(9,306)	9,000
Net Cash flows from Financing Activities	(36,373)	(158,937)	(36,373)	(158,893)
Net Decrease in Cash and Cash equivalents	(10,350)	(62,640)	(11,474)	(63,887)
Cash and Cash equivalents at 1st October	(228,921)	(166,281)	(231,664)	(167,777)
Cash and Cash equivalents at 30th September	(239,271)	(228,921)	(243,138)	(231,664)
Cash and Cash Equivalents.				
Cash in Hand and at Bank	33,126	60,254	31,451	58,511
Bank overdraft	(297,867)	(292,147)	(297,749)	(292,147)
Treasury Bills/Call Deposits	25,470	2,972	23,160	1,972
	(239,271)	(228,921)	(243,138)	(231,664)

PBC LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

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 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.

2.0 BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants Ghana (ICAG).

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 the 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/revaluation less accumulated depreciation and impairment losses.

Cost/revaluation includes expenditures that are directly attributable to the acquisition of the asset. The cost/revaluation amount 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).

(ii) 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) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30th September, 2017, and have not been applied in preparing these financial statements. These are disclosed as follows:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the completed version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1st January, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1st January, 2017 with early adoption permitted. The company is currently assessing the impact of IFRS 15.

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 a 6-month period are not discounted as the carrying values 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:

- Produce – purchase and sale of cocoa beans and shea nuts
- Haulage – transporting of cocoa beans

The company does not have a geographical segment.

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

5b SEGMENT REPORTING CLASS OF BUSINESS	COCOA		SHEANUT		HAULAGE		HOTEL		TOTALS	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Segment Revenue	2,328,319	1,867,598	0	1,406	31,706	22,333	9,957	9,337	2,369,982	1,900,674
Segment Cost	(2,103,162)	(1,668,475)	0	(1,205)	(25,244)	(17,402)	(6,342)	(4,784)	(2,134,748)	(1,691,866)
Segment Results	225,157	199,123	0	201	6,462	4,931	3,615	4,553	235,234	208,808
Unallocated expenses										
Results from Operating activities									(172,823)	(127,827)
Other Income									62,411	80,981
Net Finance Cost									6,353	11,070
Corporate tax expense									(105,213)	(110,149)
Loss for the year									6,573	448
									(29,876)	(17,650)
Total Assets	561,492	369,414	58,145	53,230	36,860	38,561	656,497	461,205		
Total Liabilities	557,996	406,244	5,779	13,730	1,156	10,849	564,931	407,466		
Other Segment Items										
Depreciation & Amortisation	8,575	9,172	5,709	5,235	3,261	3,056	17,545	12,514		

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	NOTES	Group		Company	
		2017	2016	2017	2016
6 REVENUE		GH¢'000	GH¢'000	GH¢'000	GH¢'000
Sale of Produce		2,328,319	1,869,004	2,328,319	1,869,004
Services (Haulage)		31,706	22,333	31,706	22,333
Service (Hotel)		9,957	9,337	0	0
		<u>2,369,982</u>	<u>1,900,674</u>	<u>2,360,025</u>	<u>1,891,337</u>
7 GENERAL AND ADMINISTRATIVE EXPENSES	include the following:-				
Depreciation and amortisation		4,772	4,517	1,469	1,423
Auditors Remuneration		95	85	65	60
Directors emoluments		674	310	595	265
Subscriptions and Donations		480	567	480	364
		<u>480</u>	<u>567</u>	<u>480</u>	<u>364</u>
8 OTHER INCOME					
Rent Income		90	103	90	103
Recoveries from Shortages		2,331	2,453	2,331	2,453
Sundry Income		94	184	94	184
Certification Programme Income		3,400	3,672	3,400	3,672
Dividend Income		254	237	254	237
Asset Disposal Gain	13c	128	453	5,553	453
Cocoa Sweeping Proceeds		0	3,810	0	3,810
Exchange Gain		49	152	49	152
Staff Loan Discount Recycle		7	6	7	6
		<u>6,353</u>	<u>11,070</u>	<u>11,778</u>	<u>11,070</u>
9 NET FINANCE EXPENSES					
Interest Income		30,861	1,942	30,279	1,742
Bank and Produce loan interest		(136,074)	(112,091)	(136,074)	(112,047)
		<u>(105,213)</u>	<u>(110,149)</u>	<u>(105,795)</u>	<u>(110,305)</u>
10a INCOME TAX EXPENSE					
Current tax expense	10b	(7)	0	(7)	0
Deferred tax credit	11a	6,580	448	6,556	558
		<u>6,573</u>	<u>448</u>	<u>6,549</u>	<u>558</u>

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

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
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10b CURRENT TAX

Group

Year of Assessment	Balance at 1st October	Tax paid /refund	Charge for the year	Balance at 30th September
Corporate Tax	GH¢'000	GH¢'000	GH¢'000	GH¢'000
2015	18	0	0	18
2016	12	0	0	12
2017	0	8	(7)	1
	<u>30</u>	<u>8</u>	<u>(7)</u>	<u>31</u>

Company

Year of Assessment	Balance at 1st October	Tax paid /refund	Charge for the year	Balance at 30th September
Corporate Tax	GH¢'000	GH¢'000	GH¢'000	GH¢'000
2016	0	0	0	0
2017	0	8	(7)	1
	<u>0</u>	<u>8</u>	<u>(7)</u>	<u>1</u>

Tax liabilities up to and including the 2012 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

The tax charge in the Income Statement differs from the hypothetical amount that would arise using the statutory income tax rate. This is explained as follows:

	Group		Company	
	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Loss before tax	(36,449)	(18,098)	(28,992)	(16,482)
Income tax using the domestic tax rate	(7,695)	(4,525)	(7,248)	(4,121)
Non-deductible expenses	4,358	4,424	4,266	3,676
Tax exempt revenue	(1,033)	(544)	(1,388)	(151)
Tax effect of negative chargeable income not taxable	4,370	644	4,370	595
Tax effect on rent income	(7)	0	(7)	0
Deferred tax credit	6,580	448	6,556	558
Current tax credit	6,573	448	6,549	558
Effective tax rate (%)	(18.03)	(2.47)	(22.59)	(3.38)

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
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11a DEFERRED TAX	Group		Company	
	2017	2016	2017	2017
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1 st October	(1,461)	(1,909)	(1,167)	(1,725)
Credit to the Income Statement	6,580	448	6,556	558
Balance at 30 th September	<u>5,119</u>	<u>(1,461)</u>	<u>5,389</u>	<u>(1,167)</u>

11b RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following

Group	2017			2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
PPE	9,525	(4,406)	5,119	5,947	(4,486)	1,461
Others	43	0	43	43	0	43
	<u>9,568</u>	<u>(4,406)</u>	<u>5,162</u>	<u>5,990</u>	<u>(4,486)</u>	<u>1,504</u>

Company

	2017			2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
PPE	9,501	(4,112)	5,389	5,604	(4,437)	1,167
Others	43	0	43	43	0	43
	<u>9,544</u>	<u>(4,112)</u>	<u>5,432</u>	<u>5,647</u>	<u>(4,437)</u>	<u>1,210</u>

12 AVAILABLE FOR SALE FINANCIAL ASSET

	Group		Company	
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Quoted Equity Investments	<u>2,909</u>	<u>2,865</u>	<u>2,909</u>	<u>2,865</u>

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

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017

13a PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and Buildings GH¢'000	Plant and Machinery GH¢'000	Motor Vehicles GH¢'000	Furnit./Fitt. & Equip. GH¢'000	Capital W.I.P GH¢'000	Total GH¢'000
Cost/revaluation						
Balance at 1.10.2016:	52,544	20,587	82,349	14,614	49,976	220,070
Additions during the year	45	1,521	5,343	683	11,575	19,167
Revaluation Surplus	122,418	0	0	0	0	122,418
Disposals	0	0	(587)	(29)	0	(616)
Balance at 30.9.2017	52,589	22,108	87,105	15,268	61,551	361,039
Depreciation						
Balance at 1.10.2016:	4,765	14,545	45,846	8,735	0	73,891
Charge for the year	890	1,872	10,942	3,680	0	17,384
Released on Disposals	0	0	(340)	(28)	0	(368)
Balance at 30.9.2017	5,655	16,417	56,448	12,387	0	90,907
Carrying amounts						
At 30.9.2017	46,934	5,691	30,657	2,881	61,551	270,132
At 30.9.2016	47,779	6,042	36,503	5,879	49,976	146,179

The Board of Directors commissioned a revaluation of the company's landed properties which had been incorporated in the company's financial statements for the financial year ending 30th September, 2017. The revaluation was done by Messrs. Prestige Property and the General Services Department of the company.

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
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13b PROPERTY, PLANT AND EQUIPMENT

COMPANY	Land and Buildings	Plant and Machinery	Motor Vehicles	Furnit./Fitt. & Equip.	Capital W.I.P	Total
Cost	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Balance at 1.10.2016	27,390	20,134	81,862	4,433	49,976	183,795
Additions during the year	45	1,521	5,343	630	11,575	19,114
Revaluation Surplus	122,418	0	0	0	0	122,418
Disposals	(9)	0	(587)	(29)	0	(625)
Balance at 30.9.2017	149,844	21,655	86,618	5,034	61,551	324,702
Depreciation						
Balance at 1.10.2016	4,040	14,315	45,652	3,282	0	67,289
Charge for the year	890	1,872	10,942	580	0	14,284
Released on Disposals	(9)	0	(340)	(28)	0	(377)
Balance at 30.9.2017	4,921	16,187	56,254	3,834	0	81,196
Carrying amount						
At 30.9.2017	144,923	5,468	30,364	1,200	61,551	243,506
At 30.9.2016	23,350	5,819	36,210	1,151	49,976	116,506

The Board of Directors commissioned a revaluation of the company's landed properties which had been incorporated in the company's financial statements for the financial year ending 30th September, 2017. The revaluation was done by Messrs. Prestige Property and the General Services Department of the Company.

	Group		Company	
	2017	2016	2017	2016
Profit on disposal of Property, Plant and 13c Equipment	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Cost	616	712	625	712
Accumulated Depreciation	(368)	(385)	(377)	(385)
Net Book Value	248	327	248	327
Sale Proceeds	(376)	(780)	(5,801)	(780)
Profit on Disposal	128	453	5,553	453

PBC LIMITED
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	Group		Company	
	2017	2016	2017	2016
14a INVESTMENT IN SUBSIDIARIES	GH¢'000	GH¢'000	GH¢'000	GH¢'000
PBC Shea Limited	123,898	115,404	123,898	115,404
Golden Bean Hotel Limited	0	0	42,250	32,250
Balance at 30th September	123,898	115,404	166,148	147,654

This represents PBC Limited investment in two subsidiaries, namely PBC Shea Limited and Golden Bean Hotel Limited. The PBC Shea Limited is a state of the art factory established to process sheanut into shea butter for export and it is located at Buipe in the Central Gonja District. The Golden Bean Hotel is a 50 Room hospitality facility located at Nyjaeso in the Kumasi Metropolis.

14b INVESTMENT IN PBC SHEA LIMITED

The Company's investment in PBC Shea Limited as indicated in the previous year's financial statement had been restated as follow:

Balance a 01 st October	115,404	37,556	115,404	37,556
Interest for the period	8,494	7,101	8,494	7,101
Loan from Cocobod wrongly treated	0	40,229	0	40,229
Current Account figure transferred to investment	0	30,518	0	30,518
Balance at 30th September	123,898	115,404	123,898	115,404

Part of the loan from the Ghana Cocoa Board COCOBOD (USD\$6,696,741) was transferred directly for the purchase of the equipment without passing through PBC. This had previously been treated as a direct loan between the factory and COCOBOD. This has now been noted as erroneous since PBC had guaranteed the whole of the loan and also owns 100% of the factory. This note also relates to the long term loan in NOTE 23c. Also, in previous years material amount spent were included in other Receivables as a Current Account. The Board had resolved to include the current account into the investments.

15 INVENTORIES

Trading

Cocoa	49,598	7,653	49,598	7,653
Sheanut	18,738	38,248	18,738	38,248
Agro Inputs	2,913	6,766	2,913	6,766
Food and Beverage	132	355	0	0

Non-Trading

Spare Parts	4,624	2,934	4,624	2,934
Tarpaulin Stocks	620	1,449	620	1,449
Technical Stores	1,743	1,644	132	99
Printing and Stationery	563	506	563	506
Fuel and Lubricants	2,051	948	2,051	948
Tyres and Batteries	1,452	3,570	1,452	3,570
Stencil Ink	5	14	5	14
	82,439	64,087	80,696	62,187

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
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	Group		Company	
	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
16 INTANGIBLE ASSETS				
Balance at 1 st October	803	793	0	0
Additions during the year	0	10	0	0
Balance at 30th September	803	803	0	0
Amortisation				
Balance at 1st October	345	185	0	0
Amortisation for the year	161	160	0	0
Balance at 30th September	506	345	0	0
Carrying amount at 30th September	297	458	0	0

This relates to Computer Software and amortisation is recognised in administrative and general expenses.

17 ACCOUNTS RECEIVABLES

Trade receivables due from customers	85,852	22,158	84,563	21,288
Other receivables	24,678	37,834	27,231	45,020
Staff Loans and Advances	1,688	3,923	1,671	3,895
Prepayments	876	3,031	876	2,987
Staff Loans Discounted	(18)	(12)	(18)	(12)
	113,076	66,934	114,323	73,178

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¢1,688,000** (2016 - GH¢3,923,000).

18 SHORT TERM INVESTMENTS

Fixed Deposit	22,202	1,080	19,892	80
Treasury Bills	0	1,887	0	1,887
Call	3,268	5	3,268	5
	25,470	2,972	23,160	1,972

19 CASH AND CASH EQUIVALENTS

Bank Balances	11,941	9,262	10,266	7,521
RCPA Account and Cash Balances	21,185	50,992	21,185	50,990
	33,126	60,254	31,451	58,511

20 ACCOUNTS PAYABLES

Trade Payables	186	42	0	0
Non-Trade Payables and Accrued Expenses	8,136	8,713	7,650	7,195
Accrued Charges	2,365	2,473	2,271	3,480
	10,687	11,228	9,921	10,675

PBC LIMITED
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FOR THE YEAR ENDED 30TH SEPTEMBER 2017

	Group		Company	
	2017	2016	2017	2016
21 BANK OVERDRAFT	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Ecobank Ghana Limited	51,594	3,046	51,594	3,046
GCB Bank limited	104,927	159,992	104,927	159,992
Barclays Bank Ghana Limited	0	20,468	0	20,468
Societe Generale	14,952	15,537	14,952	15,537
Cal Bank Ghana Limited	17	0	17	0
Standard Chartered Bank	0	5	0	5
Energy Bank Ghana Limited	0	1	0	1
Zenith Bank Ghana Limited	0	1,316	0	1,316
UMB Bank Ltd.	40,606	19,932	40,606	19,932
United Bank for Africa Ghana Limited	13,859	14,696	13,859	14,696
ADB Bank Ghana Limited	61,319	0	61,319	0
NIB Bank Limited	337	49,996	337	49,996
Bank of Africa Ghana Limited	10,138	7,158	10,138	7,158
Others	118	0	0	0
	297,867	292,147	297,749	292,147

Ecobank Ghana Limited

The Company had an overdraft facility of GH¢50,000,000 with Ecobank Ghana Limited. The facility expired on 31st October, 2017 at an interest rate of 28.95%.

GCB Bank Limited

The Company had an overdraft facility of GH¢100,000,000 with GCB Bank Limited. The facility is to support Cocoa purchases. The facility expires on 30th September, 2018 at an interest rate of 25.5%.

Societe Generale

The Company had an overdraft facility of GH¢15,000,000 with Societe Generale. The facility expired on 30th September, 2017 at an interest rate of 27.5%.

Cal Bank Ghana Limited

The Company had an overdraft facility of GH¢25,000,000 with Cal Bank Ghana Limited. The Interest rate was at 27.5% per annum. The facility expired on 30th September, 2017.

UMB Bank Limited

The Company had an overdraft facility of GH¢42,000,000 with Universal Merchant Bank Ghana Limited. The Interest rate was at 27.0% per annum. The facility expires on 30th September, 2018.

United Bank for Africa Ghana Limited

The Company had an overdraft facility of GH¢15,000,000 with United Bank for Africa Ghana Limited. The Interest rate was at 28.82% per annum. The facility expired on 30th September, 2017.

ADB Bank Ghana Limited

The Company had an overdraft facility of GH¢10,000,000 with ADB Bank Ghana Limited. The Interest rate was at 27.66% per annum. The facility expired on 30th September, 2017.

Bank of Africa Ghana Limited

The Company had an overdraft facility of GH¢10,000,000 with Bank of Africa Ghana Limited. The Interest rate was at 28.15% per annum. The facility expired on 30th September, 2017.

PBC LIMITED
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	Group		Company	
	2017 GH¢'000	2016 GH¢'000	2017 GH¢'000	2016 GH¢'000
22 SHORT TERM LOANS				
Ecobank Ghana Limited	0	60,000	0	60,000
Zenith Bank Ghana Limited	5,133	11,963	5,133	11,963
Standard Chartered Bank Ghana Limited	5,934	0	5,934	0
Convertible Commercial Paper	169,335	0	169,335	0
	<u>180,402</u>	71,963	<u>180,402</u>	71,963
Processing Fee	(215)	(1,898)	(215)	(1,898)
	<u>180,187</u>	<u>70,065</u>	<u>180,187</u>	<u>70,065</u>

Ecobank Ghana Limited

The Company had been granted a Revolving Short Term Loan facility of GH¢60,000,000 by Ecobank Ghana Limited. The facility expired on 30th November, 2017.

Zenith Bank Ghana Limited

The Company had been granted a Short Term Loan facility of GH¢40,000,000 by Zenith Bank Ghana Limited. The facility expired on 30th November, 2017.

Standard Chartered Bank Ghana Limited

The Company had been granted a Credit facility of GH¢32,000,000 by Standard Chartered Bank Ghana Limited. The facility expired on 31st October, 2017.

Convertible Commercial Paper

The Company issued a convertible commercial paper for an amount of GH¢400,000,000 dated 11th October, 2016 on the Ghana Fixed Income Market which was arranged by Databank Brokerage Limited and was invested by SBGN/Databank Ark Fund for a period of 365 days at an interest/coupon rate of 26.85%. The purpose was to fund the purchase of cocoa.

PBC LIMITED
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
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	Group		Company	
	2017	2016	2017	2016
23a MEDIUM TERM LOAN	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Standard Chartered Bank Ghana Limited	4,424	10,481	4,424	10,481
National Investment Bank	0	299	0	299
Societe Generale	0	2,950	0	2,950
	<u>4,424</u>	<u>13,730</u>	<u>4,424</u>	<u>13,730</u>
Current portion payable within 12 months	<u>4,086</u>	<u>6,514</u>	<u>4,086</u>	<u>6,514</u>
Long term portion payable after 12 months	<u>338</u>	<u>7,216</u>	<u>338</u>	<u>7,216</u>

Standard Chartered Bank Ghana Limited

The bank granted a medium term loan facility of GH¢32,000,000 to the company. The facility expired in November 2017 at an interest rate of 28% and subject to changes in line with market conditions.

NIB Bank Limited

The company had a medium term facility of GH¢5,500,000. The facility was for a tenor of 60 months which expired in November 2016. The Interest rate was at 16.0%.

Societe Generale

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

	2017	2016	2017	2016
	GH¢	GH¢	GH¢	GH¢
23b EXIM BANK GHANA LIMITED				
EDAIF Loan	<u>9,588</u>	<u>9,000</u>	<u>9,588</u>	<u>9,000</u>

The Company has a medium term facility of GH¢11,400,000 (equivalent of USD\$3,000,000). The facility was to expire within 48 months from date of disbursement with a 6 months moratorium on the principal only. The loan was used to purchase and install the solvent extraction plant and Deoiled cake fired boiler at the PBC Shea Limited. The Interest rate was at 12.5% per annum.

23c LONG TERM LOAN

Ghana Cocoa Board	<u>60,823</u>	<u>59,514</u>	<u>60,823</u>	<u>59,514</u>
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The company was granted a long term loan of US\$10,000,000 by the Ghana Cocoa Board, towards the establishment of PBC Shea Limited, a subsidiary of the company. The facility was for a period of eight years with a two year moratorium, and it was secured by Cocoa Take Over Receivables, Butter proceeds from the factory and a charge over the plant and equipment of PBC Shea Limited. The Interest rate was at 8.5% on a reducing balance basis. The facility expires on 30th September, 2019.

PBC LIMITED
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	Group		Company	
	2017	2016	2017	2016
24 FINANCE LEASE	GHC'000	GHC'000	GHC'000	GHC'000
Current portion payable within 12 months	1,167	1,167	1,167	1,167
Long term portion payable after 12 months	188	1,891	188	1,891
	<u>1,355</u>	<u>3,058</u>	<u>1,355</u>	<u>3,058</u>

Societe Generale

The Company was granted a Finance Lease by Societe Generale of GH¢6,191,946. The facility was used to re-finance the purchase of twenty (20) Articulated Tractor Unit Heads and twenty (20) Massey Ferguson Tractors and Trailers purchased by PBC Limited with their own Funds. The facility was for a period of (60) months from initial drawing of the facility with an interest rate of 24% per annum fixed over the tenor.

The Company was on 30th August, 2013 granted a Finance Lease by Societe Generale of GH¢4,000,000 for the purchase of 5 TGM (4x2) cargo trucks, 10 articulator trucks and 15 BMC cargo trucks. The facility was for a period of 7 years. The interest rate was 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 a 6 months moratorium for the repayment of the principal amount granted.

25 STATED CAPITAL

a Ordinary shares

	2017		2016	
	No. of Shares 000	Proceeds GHC'000	No. of Shares 000	Proceeds GHC'000
Authorised Ordinary Shares of no par value	<u>20,000,000</u>		<u>20,000,000</u>	
Issued and fully paid				
For cash	2,005	1,587	2,005	1,587
For consideration other than cash	477,995	13,413	477,995	13,413
	<u>480,000</u>	<u>15,000</u>	<u>480,000</u>	<u>15,000</u>

The holders of the ordinary shares are entitled to receive dividends 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	<u>1</u>	<u>100</u>	<u>1</u>	<u>100</u>
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The preference share is redeemable (golden cocoa share) allotted to the Ministry of Finance on behalf of Government of Ghana.

c Retained earning/(Income surplus)

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

PBC LIMITED
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d Other reserves

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

	2017	2016
	GH¢,000	GH¢,000
Balance at 1 st October	2,635	2,468
Revaluation	44	167
Balance at 30 th September	2,679	2,635

e Revaluation Reserves

This represent gains arising from revaluation of the company's landed properties at the various locations in the country. The revaluation were done by Messrs Prestige Property and the General Services Department of the company.

	122,418	0
	122,418	0

f Shares in treasury

Shares in Treasury as at 30th September 2017:-1,427,370 (2016 - 1,877,370).

26 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 PBC 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 18th November, 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 Limited and accordingly undertakes to ensure that Cocobod takes all steps required of it under the Ceding Agreement of 30th June, 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 Limited".

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 Limited in the said assets".

27 BASIC EARNINGS PER SHARE

Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the

Loss attributable to equity holders (GH¢'000)	(29,876)	(17,650)
Weighted average number of ordinary shares ('000)	478,123	478,123
Basic earnings per share (Ghana cedis per share)	(0.0625)	(0.0369)

28 DIVIDEND

No dividends are recommended by the Directors for the year ended 30th September, 2017.

PBC LIMITED
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29 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 is 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 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.

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.

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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;

	Group		Company	
	2017	2016	2017	2016
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
Available for sale Financial Assets	2,909	2,865	2,909	2,865
Investment in Subsidiaries	123,898	37,556	166,148	69,806
Loans and Receivables	113,076	104,553	114,323	110,797
Cash and Cash Equivalents	33,126	60,254	31,451	58,511
	273,009	205,228	314,831	241,979

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

Public Institutions	85,852	22,158	84,563	21,288
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Impairment Losses

	2017		2016	
	Gross GH¢'000	Impairment GH¢'000	Gross GH¢'000	Impairment GH¢'000
Past due 0 - 180 days	85,852	0	22,158	0

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

	2017 GH¢'000	2016 GH¢'000
Balance at 1 st October	85,852	22,158
Impairment loss recognised	0	0
	85,852	22,158

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.

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The following are contractual maturities of financial liabilities;

30th September 2017

Non-derivative financial liability	Amount GH¢'000	6 mths or less		1-3 years GH¢'000
		6-12 mths GH¢'000	GH¢'000	
Secured bank loans	256,377	182,814	2,627	70,937
Trade and other payables	10,687	10,687	0	0
Bank overdraft	297,867	297,867	0	0
Balance at 30th September 2017	564,931	491,368	2,627	70,937

30th September 2016

Secured bank loans	115,138	73,906	3,841	37,392
Trade and other payables	11,228	11,228	0	0
Bank overdraft	292,147	292,147	0	0
Balance at 30th September 2016	418,513	377,281	3,841	37,392

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 exposed to currency risk. Foreign currency risk refers to the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Company is exposed to foreign currency risk as a result of future transactions, foreign borrowings and investments in foreign companies, denominated in other foreign currencies. The Company does not hedge foreign exchange fluctuations. Foreign exchange exposures are reviewed and controlled by management on a regular and frequent basis.

Interest rate risk

Profile

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

Variable rate instrument	Carrying amount	
	2017 GH¢'000	2016 GH¢'000
Financial liabilities	554,244	407,285

Fair value sensitivity analysis for fixed rate instrument

The company did not have a fixed rate instrument at 30th September 2017 nor at 30th September, 2016.

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30 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 th September 2017		30 th September 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	GH¢'000	GH¢'000	GH¢'000	GH¢'000
<i>Loans and Receivables</i>				
Trade and Other Receivables	113,076	113,076	104,553	104,553
Cash and Cash Equivalents	33,126	33,126	60,254	60,254
Short Term Investments	25,470	25,470	2,972	2,972
	<u>171,672</u>	<u>171,672</u>	<u>167,779</u>	<u>167,779</u>
<i>Available for Sale</i>				
Available for sale financial assets	2,909	2,909	2,865	2,865
Investment in Subsidiaries	123,898	123,898	37,556	37,556
	<u>126,807</u>	<u>126,807</u>	<u>40,421</u>	<u>40,421</u>
<i>Other Financial Liabilities</i>				
Secured Bank Loan	256,377	256,377	115,138	115,138
Trade and Other Payables	10,687	10,687	11,228	11,228
Bank Overdraft	297,867	297,867	292,147	292,147
	<u>564,931</u>	<u>564,931</u>	<u>418,513</u>	<u>418,513</u>

31 CAPITAL COMMITMENTS

There were no commitments for capital expenditure at the balance sheet date and at 30th September, 2017.

32 EMPLOYEE BENEFITS

Deferred Contribution Plans

Tier 1 - Social Security Scheme (Mandatory Contributions Scheme) - 13.0%

Under a National Deferred Benefit Pension Scheme, the company contributes 12.5% (under PNDCL 247) and 13% of employee basic salary to the Social Security and National Insurance Trust (SSNIT) in respect of Tier 1 under the new National Pension Scheme. The company's obligation was limited to the relevant contributions, which were to be settled on due date. The pension liabilities and obligation however rest with SSNIT.

Tier 2 - Occupational Pension Scheme - 5%

The Company has provident fund scheme for the staff under which the company contributes a total of 5% of staff basic salary. The scheme is being privately administered by the Enterprise Trustees Limited (ETL), a Nation Pension Regulatory Authority accredited company. This obligation under the scheme is limited to the relevant contribution and is settled by the fund manager.

Tier 3 - Provident Fund Pension Scheme - 10%

The Company has a provident fund scheme for its staff under which the company contributes a total of 10% of staff basic salary. The obligation under the plan is limited to the relevant contribution and these are settled on due dates by the fund manager.

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	2017	2016
	GH¢'000	GH¢'000
33. RELATED PARTY TRANSACTIONS	4,574	4,574
Receivable	<u>4,574</u>	<u>4,574</u>

This represents cumulative operational expenses on behalf of Golden Bean Hotel Limited which is a wholly owned subsidiary. The Company is into the hospitality industry. The amounts owed by the subsidiary are unsecured, interest free, and have no fixed term of repayment. The balance will be settled in cash. No guarantees have been given or received.

Remuneration of Executive Director and other key management personnel

Salaries and other short term benefits	2,639	2,344
Employer social security charges on emoluments	193	173
	<u>2,832</u>	<u>2,517</u>

34. NUMBER OF SHARES IN ISSUE

Earning and dividend per share are based on 478,122,630, (2016; 478,122,630).

35. CONTINGENT LIABILITIES

Claims that could arise from pending suits against the company at the year-end amounted to GH¢ 384,236 (2016; GH¢ 180,000.00)

Claims that could arise from pending suits in favour of the company at the year-end amounted to GH¢ 562,480 and USD\$2,351,297.70 (2016; Nil)

36. GOING CONCERN

The Company and the group had suffered a net loss of GH¢22.44 million and GH¢29.9 million respectively for the year ended 30th September, 2017. At the balance sheet date the Company and the group had a net current liability of GH¢ 243.5 million and GH¢234.4 million respectively. However the Company and the group had a positive net worth of GH¢103.5 million and GH¢91.6 million respectively. The positive net worth is attributable to gain from the revaluation of the landed properties of the Company during the year of GH¢122.4 million.

37. EXCEPTIONAL ITEM

	<u>19,510</u>	<u>0</u>
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This relates to raw sheanuts purchased and delivered to the PBC Shea Limited in anticipation of its full operations after the technical challenges had been resolved. After some period of storage, the quality of the nuts deteriorated resulting in high Free Fatty Acid (FFA). A value of the sheanut stock worth GH¢19,510,027 was written off to reflect its net realizable value.

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38 SHAREHOLDING DISTRIBUTION

Category	Number of Shareholders	Total Holding	Percentage Holding (%)
1 - 1,000	14,149	5,427,610	1.13
1,001 - 5,000	2,284	6,186,383	1.29
5,001 - 10,000	1,903	14,547,523	3.03
10,001 - 20,000	474	6,514,490	1.36
20,001 - 40,000	123	3,598,757	0.75
40,001 - 50,000	7	770,606	0.16
Over 50,001	46	442,954,631	92.28
Total		<u>480,000,000</u>	<u>100.00</u>

39 DIRECTORS SHAREHOLDING

The Director named below held the following number of shares in the company as at 30th September, 2017.

Names	2017	2016
Mr. Thomas Dzoletso Kwami	<u>184,637</u>	184,637
	<u>184,637</u>	<u>184,637</u>

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40 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	14,050,719	2.93
5 STD Noms /BNYM SANV/New Century Partners, LP	11,008,105	2.29
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 Equity Focus Company Limited	737,800	0.15
11 SCBN/SSB Eaton Vance Tax-Managed Emerging Market Fund	650,000	0.14
12 Oduro-Mintah Samuel	599,300	0.12
13 SCBN/SSB Eaton Vance Structured Emerging Market Fund	582,428	0.12
14 STD Noms TVL PTY/Databank Ark Fund.	540,000	0.11
15 Ansah, Micheal Owusu	411,725	0.09
16 Nanka-Bruce, Richard Henry Morton	315,400	0.07
17 Manu, Joseph Osei	300,000	0.06
18 Nana Agyenim Boateng I	300,000	0.06
19 STD Noms/BNYM SANV/Wilmington Multi-Manager INTL Fund	288,000	0.06
20 Kwami Thomas & Janet.	184,637	0.04
Total Holding by twenty largest Shareholders	439,789,601	91.62
Totals of others	40,210,399	8.38
	480,000,000	100.00



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