

PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR HALF YEAR ENDED 31ST MARCH, 2013

1. ACCOUNTING POLICIES

A. REPORTING ENTITY

PBC LIMITED is a company registered and domiciled in Ghana.

The company is authorised to buy, collect, store, transport and otherwise deal in cocoa, coffee and sheanuts produced in Ghana on behalf of Ghana Cocoa Board.

B. BASIS OF PREPARATION

(i) Statement of Compliance

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

(ii) Basis of measurement

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

(iii) Functional and presentational currency

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

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

C. DEPRECIATION

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

The estimated rates of depreciation 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.

D. INTANGIBLE ASSETS

Software acquired by the Company is stated at cost less accumulated impairment losses.

E. INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

F. TRADE AND OTHER RECEIVABLES

Trade receivables are stated at amortised costs, less impairment losses. Specific allowance 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. 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 and is recognised when the significant risk and rewards of the ownership have been transferred to the buyer.

(ii) Sale of Services

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

I. SEGMENT REPORTING

Segmental information is presented in respect of the Company's business segments and is based on the Company's management and internal reporting structure.

The two main business segments are:

Produce - Sale of Cocoa beans

Haulage - transporting of Cocoa beans.

PBC LIMITED

INCOME STATEMENT

FOR HALF YEAR ENDED 31 MARCH, 2013

INCOME STATEMENT	NOTE	2013 GH¢	2012 GH¢
Revenue	4	795,070,037	850,051,417
Cost of Sales		(716,023,561)	(763,800,097)
Gross Profit		79,046,476	86,251,320
Other Income	6	2,824,826	3,115,159
Direct Operating Expenses		(21,907,846)	(24,823,450)
General and Administrative Expenses	5	(16,131,146)	(15,117,166)
Operating profit before financing cost		43,832,310	49,425,863
Net Finance Expenses	7	(34,305,721)	(33,770,971)
Profit before Taxation		9,526,589	15,654,892
Income Tax Expense	8a	(2,381,647)	(3,913,723)
Profit for the period transferred to Income Surplus Account		7,144,942	11,741,169.00
 INCOME SURPLUS ACCOUNT			
		2013 GH¢	2012 GH¢
Balance at 1 October		32,692,630	30,778,491
Net Profit for the half year		7,144,942	11,741,169
Balance at 31 March		39,837,572	42,519,660

KOJO ATTA-KRAH

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KOJO ATTA-KRAH
MANAGING DIRECTOR

J. OSEI MANU

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J. OSEI MANU
DEP. MANAGING DIRECTOR (F&A)

PBC LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

BALANCE SHEET	NOTE	2013 GH¢	2012 GH¢
Non-Current Assets			
Property, plant and equipment	10	67,236,615	39,913,395
Intangible assets	11	978	14,500
Long term investment	9	2,378,183	1,345,455
Total non-current assets		<u>69,615,776</u>	<u>41,273,350</u>
Current Assets			
Inventories	12	74,690,364	110,750,584
Trade and other receivables	13	81,026,960	214,038,543
Short term investments	14	86,581,917	26,969,176
Cash and cash equivalents	15	28,304,816	33,491,998
Total current assets		<u>270,604,057</u>	<u>385,250,301</u>
Total assets		<u>340,219,833</u>	<u>426,523,651</u>
Equity			
Stated Capital	21	15,000,000	15,000,000
Share Deals Account	21	-	-
Retained earnings	21	39,837,572	42,519,660
Other reserves	21	2,147,440	1,115,012
Total equity		<u>56,985,012</u>	<u>58,634,672</u>
Liabilities			
Deferred tax liability	8b	3,815,173	3,278,676
Finance Lease	20	1,365,840	2,245,649
Medium term loan	19a	8,982,105	6,073,795
Long Term Loan	19b	5,262,033	5,262,033
Preference share capital	21	100	100
Total non-current liabilities		<u>19,425,251</u>	<u>16,860,253</u>
Bank Overdraft	17	212,967,237	102,425,575
Short Term Loan	18	40,678,901	237,758,160
Medium term loan (current portion)	19	3,849,473	2,258,802
Finance Lease (current portion)	20	151,899	249,747
Trade and other payables	16	1,939,625	1,431,247
Income Tax liability	8a	4,222,435	6,905,195
Total current liabilities		<u>263,809,570</u>	<u>351,028,726</u>
Total liabilities		<u>283,234,821</u>	<u>367,888,979</u>
Total liabilities and equity		<u>340,219,833</u>	<u>426,523,651</u>

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

3 SEGMENT REPORTING

Class of Business	PRODUCE		HAULAGE		TOTALS	
	2013 GH¢	2012 GH¢	2013 GH¢	2012 GH¢	2013 GH¢	2012 GH¢
Segment Revenue	<u>787,118,083</u>	<u>842,952,524</u>	<u>7,951,954</u>	<u>7,098,893</u>	<u>795,070,037</u>	<u>850,051,417</u>
Segment Cost	<u>712,842,779</u>	<u>760,960,540</u>	<u>3,180,782</u>	<u>2,839,557</u>	<u>716,023,561</u>	<u>763,800,097</u>
Segment Results	<u>74,275,304</u>	<u>81,991,984</u>	<u>4,771,172</u>	<u>4,259,336</u>	<u>79,046,476</u>	<u>86,251,320</u>
Unallocated expenses					<u>(38,038,992)</u>	<u>(39,940,616)</u>
Results from Operating activities					<u>41,007,484</u>	<u>46,310,704</u>
Other Income					<u>2,824,826</u>	<u>3,115,159</u>
Net Finance Cost					<u>(34,305,721)</u>	<u>(33,770,971)</u>
Corporate tax expense					<u>(2,381,647)</u>	<u>(3,913,723)</u>
Profit for the year					<u>7,144,942</u>	<u>11,741,169</u>

PBC LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 MARCH 2013

	2013 GH¢	2012 GH¢
Cash Flows from Operating Activities		
Profit before taxation	9,526,589	15,654,892
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	4,222,733	3,458,348
Interest Received	(1,944,657)	(1,919,828)
Interest expense	36,250,378	35,690,799
Operating Profit Before Working Capital Changes	48,055,043	52,884,211
Change in inventories	(2,983,608)	(2,094,975)
Change in trade and other receivables	55,759,634	(153,283,846)
Change in trade and other payables	(8,660,305)	(16,302,113)
Cash generated from operations	92,170,764	(118,796,723)
Income taxes paid	(2,000,000)	(3,090,000)
Net cash flow from operating activities	90,170,764	(121,886,723)
Cash flow from investing activities		
Interest Received	1,944,657	1,919,828
Interest paid	(36,250,378)	(35,690,799)
Payments to acquire assets	(15,125,086)	(6,229,120)
Net Cash used in Investing Activities	(49,430,807)	(40,000,091)
Cash flows from Financing Activities		
Short Term Loan	(69,957,001)	87,832,576
Short Term Investment	(85,765,992)	(2,069,137)
Finance Lease	(457,912)	(190,772)
Medium Term Loan	(1,521,682)	900,519
Net Cash used in Financing Activities	(157,702,587)	86,473,186
Net movement in Cash and Cash equivalents	(116,962,630)	(75,413,628)
Cash and Cash equivalents at 1 October	(67,699,791)	(2,437,014)
Cash and Cash equivalents at 31 March	(184,662,421)	(77,850,642)

Analysis of changes in cash and cash equivalents.

	1st October	Cash Flow	31-Mar
	GH ¢	GH ¢	Cash Flow GH ¢
Cash in Hand and at Bank	22,199,991	6,104,825	28,304,816
Bank overdraft	(89,899,782)	(123,067,455)	(212,967,237)
	<u>(67,699,791)</u>	<u>(116,962,630)</u>	<u>(184,662,421)</u>

PBC LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

2 **CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Share Deals	Other Reserves	Total Equity
	GH¢	GH¢	GH¢	GH¢	GH¢
Balance at 01.10.12	15,000,000	32,692,630	-	1,224,103	48,916,733
Total recognised Income and Expenses		7,144,942		923,337	8,068,279
Movement in available for sale asset					-
Balance at 31.03.13	15,000,000	39,837,572	-	2,147,440	56,985,012

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

	2013	2012
4 REVENUE		GH¢
Sale of Produce	787,118,083	842,952,542
Services (Haulage)	7,951,954	7,098,893
	<u>795,070,037</u>	<u>850,051,435</u>
5 ADMINISTRATIVE AND GENERAL EXPENSES including the following:		
Depreciation and amortisation	421,380	335,069
Auditors Remuneration	19,200	16,000
Directors emoluments	143,334	67,383
Subscriptions and Donations	121,047	122,153
	<u>704,961</u>	<u>540,605</u>
6 OTHER INCOME		
Rent Income	38,339	29,980
Recoveries from Shortages/Haulage	1,846,630	2,287,977
Sundry Income	24,310	89,878
Sale of Unserviceable vehicle	37,490	
Car park proceeds	878,057	707,324
	<u>2,824,826</u>	<u>3,115,159</u>
7 NET FINANCE EXPENSES		
Interest Income	1,944,657	1,919,828
Bank and Produce loan interest	(36,250,378)	(35,690,799)
	<u>(34,305,721)</u>	<u>(33,770,971)</u>

PBC LIMITED
NOTE TO THE FINANCIAL STATEMENT

TAXATION					
8a	Year of Assessment Corporate Tax	Balance at 1 Oct GH ¢	Payments during the period GH ¢	Charge for the period GH ¢	Balance at 31 Mar GH ¢
	Half year 2013	(3,840,788)	2,000,000	(2,381,647)	(4,222,435)
		<u>(3,840,788)</u>	<u>2,000,000</u>	<u>(2,381,647)</u>	<u>(4,222,435)</u>

DEFERRED TAX			
8b	Balance at 31 Mar	<u><u>3,815,173</u></u>	<u><u>3,278,676</u></u>

PBC LIMITED
NOTE TO THE FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

9	LONG TERM INVESTMENTS	2013	2012
	Quoted Equity Investments	<u>2,378,183</u>	<u>1,345,455</u>

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

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

10 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings GH ¢	Plant and Machinery GH ¢	Motor Vehicles GH ¢	Furniture & Fitting GH ¢	Building W.I.P GH ¢	Total GH ¢
COST						
Balance at 1.10.2012:	11,316,245	9,541,590	45,311,637	2,193,955	15,289,312	83,652,739
Additions during the period		2,048,570	465,410	322,402	12,288,704	15,125,086
Disposals	-	-	-	-		-
Balance at 31.03.2013	11,316,245	11,590,160	45,777,047	2,516,357	27,578,016	98,777,825
Depreciation						
Balance at 1.10.2011:	1,754,247	6,345,173	17,777,926	1,437,131	-	27,314,477
Charge for the period	169,744	1,243,442	2,561,911	251,636	-	4,226,733
Released on Disposals	-	-	-	-	-	
Balance at 31.03.2013	1,923,991	7,588,615	20,339,837	1,688,767	-	31,541,210
Carrying amounts						
At 31.03.13	9,392,254	4,001,545	25,437,210	827,590	27,578,016	67,236,615
At 31.03.12	7,897,030	3,484,523	26,535,225	635,210	1,361,407	39,913,395

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

	<u>2013</u>	<u>2012</u>
	<u>GH¢</u>	<u>GH¢</u>
11 INTANGIBLE ASSETS		
Balance at 1 October	67,608	67,608
Acquisition	-	-
Balance at 31 March	<u>67,608</u>	<u>67,608</u>
Amortisation		
Balance at 1 October	59,870	46,348
Amortisation for the period	<u>6,760</u>	<u>6,760</u>
Balance at 31 March	<u>66,630</u>	<u>53,108</u>
Carrying amount		
At 31 March	<u>978</u>	<u>14,500</u>
This relate to the cost of purchased computer software.		
 12 INVENTORIES		
<u>Trading:</u>		
Cocoa	62,350,559	109,479,020
Sheanut	9,777,555	-
Non-Trading	<u>2,562,250</u>	<u>1,271,564</u>
	<u><u>74,690,364</u></u>	<u><u>110,750,584</u></u>

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

	2013 GH¢	2012 GH¢
13 ACCOUNTS RECEIVABLE		
Trade receivables due from customers	53,226,210	207,846,712
Other receivables	25,650,500	5,579,061
Staff Loans and Advances	2,156,000	590,500
Staff Loans Discounted	(5,750)	(29,250)
Prepayments		51,520
	<u>81,026,960</u>	<u>214,038,543</u>

a. Prepayments represent the unexpired portion of certain expenditure spread on time basis.

b. The maximum amount due from employees of the Company during the quarter did not exceed GH¢2,156,000 (2011- GH¢590,500)

	<u>GH¢</u>	<u>GH¢</u>
14 SHORT TERM INVESTMENTS		
Call & Fixed Deposits	86,581,917	25,425,952
Treasury Bills	-	1,543,224
	<u>86,581,917</u>	<u>26,969,176</u>
15 CASH AND CASH EQUIVALENTS		
Bank Balances	28,303,316	33,488,498
Cash Balances	1,500	3,500
	<u>28,304,816</u>	<u>33,491,998</u>
16 ACCOUNTS PAYABLE		
Trade payables due to related parties	125,675	76,250
Non-trade payables and accrued expenses	1,657,450	1,295,197
Accrued Charges	156,500	59,800
	<u>1,939,625</u>	<u>1,431,247</u>

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

17	BANK OVERDRAFT	2013 GH¢	2012 GH¢
	Ecobank Ghana Limited	41,031,608	-
	Standard Chartered Bank	19,357,409	24,870,821
	Ghana Commercial Bank	-	58,447,841
	Barclays Bank	49,734,357	-
	SG-SSB Limited	21,041,644	-
	HFC	25,627,302	-
	Unibank	15,399,252	-
	Stanbic	40,775,665	19,106,913
		<u>212,967,237</u>	<u>102,425,575</u>

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

	2013 GH¢	2012 GH¢
18 SHORT TERM LOANS		
Produce Loan (Seed Fund)	40,678,901	117,758,160
Stanchart	-	40,000,000
Barclays	-	80,000,000
	<u>40,678,901</u>	<u>237,758,160</u>
19a MEDIUM TERM LOAN		
Ecobank Limited	3,284,724	4,679,807
SG-SSB	7,030,125	
NIB	2,646,341	3,697,240
Processing Fees	(129,612)	(44,450)
	<u>12,831,578</u>	<u>8,332,597</u>
Current portion payable within 12 months	3,849,473	2,258,802
Long term portion payable after 12 months	<u>8,982,105</u>	<u>6,073,795</u>
	2013 GH¢	2012 GH¢
19b LONG TERM LOAN		
Ghana Cocoa Board	<u>5,262,033</u>	<u>5,262,033</u>

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

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

21 STATED CAPITAL

	2013		2012	
a Ordinary shares	GH¢		No. of Shares	Proceeds GH¢
Authorised Ordinary Shares of no par value			20,000,000,000	
Issued and fully paid				
For cash	2,005,000	1,586,800	2,005,000	1,586,800
For consideration other than cash	477,995,000	13,413,200	477,995,000	13,413,200
	480,000,000	15,000,000	480,000,000	15,000,000

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

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

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

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 2013

	2013	2012
	GH¢	GH¢
20 FINANCE LEASE		
Current portion payable within 12 months	151,899	249,747
Long term portion payable after 12 months	1,365,840	2,245,649
	1,517,739	2,495,396

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

PBC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31ST MARCH, 201

c Share in treasury

Shares in Treasury as at 31March 2013:-,1,907,170 (2012 - 1,907,170).

d Income surplus (Retained earning)

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

e Share deals

This represents the net effect of shares which the company repurchased into treasury that are available for reissue for the consideration of GH¢1,982 and reclassification of the proceeds of redeemable preference shares of GH¢100 from equity.

f Other reserves

This represents the gain arising from fair value changes of long term investment in Ghana Commercial Bank Limited shares

22 TITLE DEED

- 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 fixed assets ceded to PBC LIMITED by Ghana Cocoa Board.

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

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

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