



**PBC LIMITED**

**UNAUDITED FINANCIAL STATEMENTS FOR THIRD QUARTER  
FOR THE PERIOD ENDING**

**30<sup>TH</sup> JUNE, 2017**

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## PBC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THIRD QUARTER ENDED 30TH JUNE, 2017

#### 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 and sheanut.

Haulage - transporting of Cocoa beans.

**PBC LIMITED**  
**INCOME STATEMENT**  
**THIRD QUARTER ENDED 30TH JUNE, 2017**

INCOME STATEMENT	NOTE	2017 GH¢	2016 GH¢
Revenue	4	2,297,302,691	1,811,639,602
Cost of Sales		(2,067,361,745)	(1,616,010,285)
Gross Profit		229,940,946	195,629,317
Other Income	6	3,682,887	3,988,379
Direct Operating Expenses		(63,780,939)	(59,386,597)
General and Administrative Expenses	5	(43,873,068)	(44,835,740)
Operating profit before financing cost		125,969,826	95,395,359
Net Finance Expenses	7	(108,369,560)	(79,688,405)
Profit/(Loss) before Taxation		17,600,266	15,706,954
Income Tax Expense	8a	(4,400,067)	(3,926,739)
Profit/(Loss) for the period transferred to Income Surplus Account		<u>13,200,199</u>	<u>11,780,215</u>

INCOME SURPLUS ACCOUNT	2016 GH¢	2016 GH¢
Balance at 1 October	(14,117,856)	1,806,310
Net Profit for the period	13,200,199	11,780,215
Balance at 30 June	<u>(917,657)</u>	<u>13,586,525</u>

The Financial statements do not contain any untrue statement, misleading facts or omitted material facts to the best of our knowledge.

*SIGN*  
 .....  
**NANA AGYENIM BOATENG I**  
 AG. CHIEF EXECUTIVE OFFICER

*SIGN*  
 .....  
**JOSEPH OSEI-MANU**  
 DEPUTY CEO (FIN & ADMIN)

**PBC LIMITED**

**BALANCE SHEET AS AT 30TH JUNE, 2017**

BALANCE SHEET	NOTE	2017 GH¢	2016 GH¢
<b>Non-Current Assets</b>			
Property, plant and equipment	10	115,234,768	112,069,560
Investment in Subsidiaries	20	69,805,596	69,805,596
Long term investment	9	3,796,365	2,232,728
<b>Total non-current assets</b>		<b>188,836,729</b>	<b>184,107,884</b>
<b>Current Assets</b>			
Inventories	11	143,072,879	104,691,065
Trade and other receivables	12	285,912,015	81,263,480
Short term investments	13	114,713,287	83,661,507
Cash and cash equivalents	14	5,386,580	26,711,170
<b>Total current assets</b>		<b>549,084,761</b>	<b>296,327,222</b>
<b>Total assets</b>		<b>737,921,490</b>	<b>480,435,106</b>
<b>Equity</b>			
Stated Capital	22	15,000,000	15,000,000
Retained earnings		(917,657)	13,586,525
Other reserves		3,796,365	2,002,325
<b>Total equity</b>		<b>17,878,708</b>	<b>30,588,850</b>
<b>Liabilities</b>			
Deferred tax liability	8b	1,166,584	1,725,042
Income Tax liability	8a	4,400,067	3,907,739
Finance Lease	21	946,725	3,195,289
Medium term loan	18	17,466,825	13,132,784
Long term loan	19	20,062,534	13,976,900
Preference share capital	22	100	100
<b>Total non-current liabilities</b>		<b>44,042,835</b>	<b>35,937,854</b>
Bank Overdraft	16	258,393,739	211,229,414
Short Term Loan	17	387,026,304	196,090,307
Medium term loan (current portion)	18	3,198,767	2,512,157
Finance Lease (current portion)	21	256,700	395,624
Trade and other payables	15	27,124,437	3,680,900
<b>Total current liabilities</b>		<b>675,999,947</b>	<b>413,908,402</b>
<b>Total liabilities</b>		<b>720,042,782</b>	<b>449,846,256</b>
<b>Total liabilities and equity</b>		<b>737,921,490</b>	<b>480,435,106</b>

**PBC LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

	2017 GH ¢	2016 GH ¢
<b>Cash Flows from Operating Activities</b>		
Profit/(loss) before taxation	17,600,266	15,706,954
<u>Adjustment for:</u>		
Depreciation and Amortisation charges	13,100,754	11,578,269
Interest Received	(14,754,407)	(10,613,658)
Interest expense	123,123,967	90,302,063
<b>Operating Profit Before Working Capital Changes</b>	<b>139,070,580</b>	<b>106,973,630</b>
Change in inventories	(80,655,565)	(45,302,957)
Change in trade and other receivables	(175,114,703)	44,192,339
Change in trade and other payables	16,449,082	(9,595,100)
<b>Cash generated from operations</b>	<b>(100,250,606)</b>	<b>96,267,912</b>
Income taxes paid	-	(19,000)
<b>Net cash flow from operating activities</b>	<b>(100,250,606)</b>	<b>96,248,912</b>
<b>Cash flow from investing activities</b>		
Interest Received	14,754,407	10,613,658
Interest paid	(123,123,967)	(90,302,063)
Payments to acquire assets	(11,829,805)	(22,891,606)
<b>Net Cash used in Investing Activities</b>	<b>(120,199,365)</b>	<b>(102,580,013)</b>
<b>Cash flows from Financing Activities</b>		
Short Term Loan	316,961,670	72,489,215
Finance Lease	(1,854,680)	(1,055,151)
Medium Term Loan	(2,064,146)	1,193,093
Changes in Long Term Loan	777,750	624,301
<b>Net Cash used in Financing Activities</b>	<b>313,820,594</b>	<b>73,251,458</b>
<b>Net Increase in Cash and Cash equivalents</b>	<b>93,370,623</b>	<b>66,920,357</b>
<b>Cash and Cash equivalents at 1 October</b>	<b>(231,664,495)</b>	<b>(167,777,094)</b>
<b>Cash and Cash equivalents at 30 June</b>	<b>(138,293,872)</b>	<b>(100,856,737)</b>

**Analysis of changes in cash and cash equivalents.**

	1st October 2016 GH ¢	Cash Flow GH ¢	Cash Flow GH ¢
Cash in Hand and at Bank	58,510,558	(53,123,978)	5,386,580
Bank overdraft	(292,147,095)	33,753,356	(258,393,739)
Short term Investment	1,972,042	112,741,245	114,713,287
	<b>(231,664,495)</b>	<b>93,370,623</b>	<b>(138,293,872)</b>

**PBC LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

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**CAPITAL AND RESERVES**

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Other Reserves	Total Equity
	GH¢	GH¢	GH¢	GH¢
Balance at 01.10.16	15,000,000	(14,117,856)	2,635,053	3,517,197
Total recognised Income and Expenses		13,200,199		13,200,199
Movement in available for sale asset			1,161,312	1,161,312
<b>Balance at 30.06.17</b>	<b>15,000,000</b>	<b>(917,657)</b>	<b>3,796,365</b>	<b>17,878,708</b>



PBC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017

3 SEGMENT REPORTING Class of Business	PRODUCE		HAULAGE		SHEANUT		TOTALS	
	COCOA							
	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢	2017 GH¢	2016 GH¢
Segment Revenue	2,272,522,401	1,793,403,791	24,780,290	16,829,811	1,406,000	1,811,639,602	2,297,302,691	1,811,639,602
Segment Cost	(2,053,123,725)	(1,602,347,825)	(14,238,020)	(12,454,060)	(1,208,400)	(1,616,010,285)	(2,067,361,745)	(1,616,010,285)
Segment Results	219,398,676	191,055,966	10,542,270	4,375,751	197,600	195,629,317	229,940,946	195,629,317
Unallocated expenses							(107,654,007)	(104,222,337)
Results from Operating activities							122,286,939	91,406,980
Other Income							3,682,887	3,988,379
Net Finance Cost							(108,369,560)	(79,688,405)
Corporate tax expense							(4,400,067)	(3,926,739)
Profit for the year							13,200,199	11,780,215

**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

	2017	2016
	GH ¢	GH ¢
<b>4 REVENUE</b>		
Sale of Cocoa	2,272,522,401	1,793,403,791
Services (Haulage)	24,780,290	16,829,811
Sheanut	-	1,406,000
	<u>2,297,302,691</u>	<u>1,811,639,602</u>
<b>5 ADMINISTRATIVE AND GENERAL EXPENSES</b> including the following:		
Depreciation and amortisation	1,339,804	823,986
Auditors Remuneration	45,000	37,500
Directors emoluments	292,166	126,147
Subscriptions and Donations	175,979	126,918
	<u>1,852,949</u>	<u>1,114,551</u>
<b>6 OTHER INCOME</b>		
Rent Income	63,362	76,385
Recoveries from Shortages/Haulages	3,028,849	3,796,920
Sale of Unserviceable items	-	115,074
Input Sales - Surplus	590,676	-
	<u>3,682,887</u>	<u>3,988,379</u>
<b>7 NET FINANCE EXPENSES</b>		
Interest Income	14,754,407	10,613,658
Bank and Produce loan interest	(123,123,967)	(90,302,063)
	<u>(108,369,560)</u>	<u>(79,688,405)</u>

**PBC LIMITED**  
**NOTE TO THE FINANCIAL STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

**8a TAXATION**

Year of Assessment Corporate Tax	Balance at 1 October GH ¢	Payments during the year GH ¢	Charge for the period GH ¢	Balance at 31-Mar GH ¢
Third Quarter 2017	-	-	4,400,067	4,400,067
	-	-	4,400,067	4,400,067

**8b DEFERRED TAX**  
 Balance at June 2015

2017	2016
1,166,584	1,725,042

**PBC LIMITED**  
**NOTE TO THE FINANCIAL STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

9	2017	2016
LONG TERM INVESTMENTS	GH¢	GH¢
Quoted Equity Investments	<u>3,796,365</u>	<u>2,232,728</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 THIRD QUARTER ENDED 30TH JUNE, 2017

10 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings GH c	Plant and Machinery GH c	Motor Vehicles GH c	Furniture & Fitting & Fitting GH c	Building W.I.P GH c	Total GH c
<b>COST</b>						
Balance at 1.10.2017	27,390,609	20,134,496	81,861,573	4,432,682	49,975,488	183,794,848
Additions during the period	44,570	1,415,933	-	532,235	9,837,067	11,829,805
Transfer to Asset						
	<u>27,435,179</u>	<u>21,550,429</u>	<u>81,861,573</u>	<u>4,964,917</u>	<u>59,812,555</u>	<u>195,624,653</u>
<b>Balance at 30.06.2017</b>						
<b>Depreciation</b>						
Balance at 1.10.2016:	4,040,313	14,315,268	45,651,696	3,281,854	-	67,289,131
Charge for the period	595,066	3,416,867	8,344,083	744,738	-	13,100,754
Released on Disposals						
	<u>4,635,379</u>	<u>17,732,135</u>	<u>53,995,779</u>	<u>4,026,592</u>	<u>-</u>	<u>80,389,885</u>
<b>Balance at 30.06.2017</b>						
Carrying amounts						
At 30.06.17	22,799,800	3,818,294	27,865,794	938,325	59,812,555	115,234,768
At 30.06.16	15,885,448	3,854,788	34,704,033	904,974	56,720,317	112,069,560

**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

11 INVENTORIES	2017	2016
<u>Trading:</u>	<u>GH ¢</u>	<u>GH ¢</u>
Cocoa	98,454,694	60,627,525
Sheanut	41,172,985	41,172,985
Non-Trading	3,445,200	2,890,555
	<u>143,072,879</u>	<u>104,691,065</u>

**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

	2017 GH ¢	2016 GH ¢
<b>12 ACCOUNTS RECEIVABLE</b>		
Trade receivables due from customers	220,934,277	51,010,886
Other receivables	60,082,298	26,671,806
Staff Loans and Advances	4,230,500	3,029,588
Staff Loans Discounted	(225,560)	(205,500)
Prepayments	890,500	756,700
	<u>285,912,015</u>	<u>81,263,480</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 period did not exceed GH¢4,230,500 (2014- GH¢3,029,588)

	<u>GH ¢</u>	<u>GH ¢</u>
<b>13 SHORT TERM INVESTMENTS</b>		
Call & Fixed Deposits	112,563,287	83,661,507
Treasury Bills	2,150,000	-
	<u>114,713,287</u>	<u>83,661,507</u>
<b>14 CASH AND CASH EQUIVALENTS</b>		
Bank Balances	5,381,040	26,702,670
Cash Balances	5,540	8,500
	<u>5,386,580</u>	<u>26,711,170</u>
<b>15 ACCOUNTS PAYABLE</b>		
Trade payables	24,282,687	858,800
Non-trade payables and accrued expenses	1,576,500	1,256,500
Accrued Charges	1,265,250	1,565,600
	<u>27,124,437</u>	<u>3,680,900</u>

**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

16	BANK OVERDRAFT	2017 GH ¢	2016 GH ¢
	Ecobank Ghana Limited	3,179,594	7,945,183
	UMB	32,198,359	-
	Ghana Commercial Bank	101,553,303	84,865,314
	Barclays Bank	19,987,672	20,495,945
	SG-GH Limited	14,999,160	25,402,217
	adb	61,571,372	-
	NIB	-	51,454,694
	Bank of Africa	9,979,734	6,951,818
	UBA	14,924,545	14,114,243
		<u>258,393,739</u>	<u>211,229,414</u>



**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

	2017 GH ¢	2016 GH ¢
<b>17 SHORT TERM LOANS</b>		
Produce Loan (Seed Fund)	67,078,723	19,423,640
CAL BANK	100,000,000	100,000,000
ECOBANK	-	36,666,667
SCB CONSORTIUM	179,947,581	-
ZENITH BANK	40,000,000	40,000,000
	<u>387,026,304</u>	<u>196,090,307</u>

**SCB Consortium Loan**

The Company was granted a loan facility of GH¢.154 million following a bond issued to a Consortium of banks and pension Funds Institutions led by Standard Chartered Bank. The facility is for a period of twelve months with an interest rate of of 24% per annum fixed over the period.

**18 MEDIUM TERM LOAN**

SG Ltd	1,907,026	2,980,148
EDAIF	12,112,500	-
NIB	-	448,601
SCB Ltd	6,646,066	12,216,192
	<u>20,665,592</u>	<u>15,644,941</u>
Current portion payable within 12 months	3,198,767	2,512,157
Long term portion payable after 12 months	<u>17,466,825</u>	<u>13,132,784</u>

**19 LONG TERM LOAN**

	2017 GH¢	2016 GH¢
Ghana Cocoa Board	<u>20,062,534</u>	<u>13,722,978</u>

The company was granted a long term loan of US\$3,000,000 by Ghana Cocoa Board for civil works at the Buipe site towards the establishment of the PBC Shea Ltd. A subsidiary of the Company.

The facility is for a period of eight years with a two year moratorium, and it is secured by Cocoa Taken Over receivables. Interest rate is at 8.5% on reducing balance basis.

Similarly, the Company guaranteed a long term loan facility of \$7,000,000 from Ghana Cocoa Board on behalf of PBC Shea Ltd, for the acquisition of a processing plant for the Buipe Shea factory.

The facility is for a period of eight years with a two year moratorium, and it is secured by Cocoa Taken Over receivables, butter proceeds from the factory and take over of plants and equipments of PBC Shea Ltd. Interest rate is at 8.5% on reducing balance basis.

**20 INVESTMENT IN SUBSIDIARIES**

	2017 GH¢	2016 GH¢
	<u>69,805,596</u>	<u>69,805,596</u>

PBCLTD has invested a total amount of about GH¢69.806 million in its two subsidiaries, namely Buipe Shea Nut Company and Golden Bean Hotel. The Buipe Shea Nut Factory is a state of an art factory established to process sheanut into shea butter for export. It is located at Buipe in the Central Gonja District.

The Golden Bean Hotel is a 50 Room hospitality facility located at Nyiaeso in the Kumasi Metropolis. These investments were carried out as part of the Companies desire to diversify its revenue base.

The breakdown of the investment is as follows:

	2017 GH¢	2016 GH¢
Buipe SheaNut Factory	37,555,596	37,555,596
Golden Bean Hotel	32,250,000	32,250,000
	<u>69,805,596</u>	<u>69,805,596</u>

**PBC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

**21 FINANCE LEASE**

	2017 GH¢	2016 GH¢
Current portion payable within 12 months	256,700	395,624
Long term portion payable after 12 months	946,725	3,195,289
	1,203,425	3,590,913

**PBC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30TH JUNE, 2017**

**22 STATED CAPITAL**

	2016		2015	
	No. of Shares	Proceeds GH¢	No. of Shares	Proceeds GH¢
<b>a Ordinary shares</b>				
<b>Authorised Ordinary</b>				
Shares of no par value	20,000,000,000		20,000,000,000	
	<u>20,000,000,000</u>		<u>20,000,000,000</u>	
<b>Issued and fully paid</b>				
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
	<u>480,000,000</u>	<u>15,000,000</u>	<u>480,000,000</u>	<u>15,000,000</u>

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.

	2016		2015	
	No. of Shares	Proceeds	No. of Shares	Proceeds
<b>b Preference shares</b>				
No. of preference shares	1	100	1	100
	<u>1</u>	<u>100</u>	<u>1</u>	<u>100</u>
<b>Total stated capital</b>				
		<u>15,000,100</u>		<u>15,000,100</u>

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 THIRD QUARTER ENDED 30TH JUNE, 2017**

**c Share in treasury**

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

**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