AN APPRAISAL OF THE POST – ENLISTMENT PERFORMANCE OF PRODUCE BUYING COMPANY LIMITED ON THE GHANA STOCK EXCHANGE.

by

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MASTER IN BUSINESS ADMINISTRATION (BANKING AND FINANCE)

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DECLARATION

I hereby declare that I have personally, under the supervision of Mr. J.M. Frimpong of the KNUST, school of business, undertaken this study. And that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledge has been made in the text.

Philipina Ampomah (PG 1878507) 15/10/09

Student Name and ID number Signature Date

"I declare that I have supervised the student in undertaken the study submitted herein and approve it for assessment."

.... 19-10-09

Mr. J.M. Frimpong Date

Supervisor

Certified by.................................... 19-10-09

Dean of KNUST School of business

DEDICATION

I dedicate this write up to my father, Mr. K.K. Asoah of the Ghana Education Service-Essam.

ACKONWLEDGEMENTS

My deepest appreciations and thanks go to Almighty God who gives me strength for undertaking this work. And my supervisor, Mr. J.M. Frimpong, whose encouragement, dedication and care, in spite of his tight schedules helped to conduct this study.

Worthy of mention is my parents, Mr. Frederick Mensah of KATH, Mr. J.K. Turkson of KNUST School of business, Michael Nkuah and Hayford Nkansah of NYEP whose support and care made it possible for me to pursue this course.

I cannot conclude without expressing my deep appreciation to Mr. T .O. Danso for his patience and time in typing out the manuscript, Mr. Kofi Kutsoati of PBC Ltd and the various institutions whose officials granted me audience, explanations and supplied figures to assist me come out with this work. My appreciation also goes to Mr. Ekow Afedzie of GSE.

ABSTRACT

The study sets out to assess, the financial performance of post enlistment of Produce Buying Company Ltd. In terms of profitability, liquidity, efficiency and shareholders return and finally make appropriate recommendations aimed at enhancing the performance of PBC Ltd.

The study found among other things that GSE seeks to provide benefits for companies, shareholders, government and all other stakeholders such as potential investors.

The study covered the historical background of PBC Ltd, operational structure of the company, growth of the company and a further analysis of its audited annual financial statements from 1997 – 2008 for comparison of pre-enlistment performances with post-enlistment performances.

The study revealed that the post-enlistment performances of PBC were better in terms of the key performance indicators of the company. The study therefore recommended that PBC Ltd should regain its market share in cocoa purchases as the market leader in the industry.

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CHAPTER ONE
GENERAL INTRODUCTION

1.0 Introduction

This chapter covers key areas in the study; background to the study, problem statement, reasons for conducting this research, justification of the study, areas covered by the study and limitations.

1.1 Background to the study

Every business wants to survive in the present state of the Nations economy, which is characterized by competition, competent management team and strong financial position.

Companies enlisted on the Ghana Stock Exchange do well to improve on their performances to attract investors. To know how a company is performing financially, there is the need to embark on performance appraisal.

Performance appraisal has received much attention from corporate mangers in both small and large companies. Managers of these firms use various techniques to appraise their performances. The board of directors of many companies today are recognising the need for a formal and effective programme to evaluate the financial performance of their companies. As any company's survival depends on its financial position.

Performance appraisal is therefore, a valuable tool for recognizing a firm's strengths and weakness, developing contingency plans and is an essential component of the business plan.

It is a powerful tool to calibrate, refine and reward the performance of the employee. It helps to analyze his actual achievement to the overall organizational goals. Management also undertake appraisal to know how each department or sector or region within the company has performed. Lenders, suppliers and investors decisions are mainly influenced by a company's financial performance.

Any company listed on the Stock Exchange need to undertake performance appraisal regularly and take the necessary actions on deviations to attract potential investors and satisfy stakeholders.

This study therefore, seeks to evaluate the performance of Produce Buying Company Limited after its enlistment on the Ghana Stock Exchange to derive the benefits, problems and the necessary actions to improve its performance.

1.2 Problem statement

Produce Buying Company Limited (PBC LTD) is one of the subsidiaries of the Ghana Cocoa Board, which is one of the major sectors mobilising funds for the state. However, besides the benefits offered by the company, PBC Ltd has some challenges particularly with initial seed fund for cocoa purchases and other logistics difficulties. The company enlisted on the Ghana Stock Exchange in May, 2000 to enable it secure equity funds to support its operations. The researcher therefore, wants to evaluate the performance of PBC Ltd after its enlistment on the Ghana Stock Exchange.

1.3 Objectives of the study

The study aims at the financial performance of Produce Buying Company Limited since its enlistment on the Ghana Stock Exchange and financial ratio analysis of the financial statements to appraise its performance.

Specifically, the objectives of the study are as follows:

1. To examine the significance of its enlistment on the Ghana Stock Exchange.
2. To compare and contrast the performance of PBC Ltd since its enlistment on the Stock Exchange from the following perspectives:
   (i) Profitability analysis.
   (ii) Liquidity analysis.
   (iii) Efficiency analysis.
   (iv) Shareholders return.
3. To assess whether the enlistment was beneficial in the short-run (2000-2002).
4. To assess the company's performance in the medium term (2003-2008).
5. To make the appropriate recommendations necessary.

1.4 Justification of the study

The evaluation of a company's performance is of key interest to shareholders who are directly affected by the company's performance.

Appraisal also helps to develop expectations concerning future performance. An appraisal of financial performance show early warning signal for management to take remedial action to prevent the company from liquidating.

This study will help the government in formulating policies.

It is also for the proximity of the case study and accessibility of information.

Again, it will contribute to knowledge in the related field of study. Finally it will also fulfill the requirements for the award of MBA degree at the KNUST School of Business.

1.5 Hypothesis

H0: Pre-stock exchange performance is the same as post-stock exchange performance.

H1: Pre-stock exchange performance is not the same as pos-stock exchange performance.

1.6 Scope of the study

The research will be conducted in Ghana but cover the cocoa growing areas. This is due to the holistic nature of the company. The company prepares one financial statement for all the regions.

The study also focuses on appraising the performance of PBC by using financial ratio analysis of the financial statements and the growth of the key performance indicators of the company to assess its performance on profitability, liquidity, efficiency and shareholder return.

1.7 Limitations of the study

The key problem encountered was access to information. It was also quite expensive to fund trips to and from Accra for data and time constraints.

1.8 Organization of the study

The study is divided into five chapters. Chapter one deals with the general introduction which covers background of the study, problem statement, objectives, scope, justification and limitations of the study. Chapter two reviews the literature in the area of study. Chapter three covers the methodology used to conduct the study and the organizational profile of PBC Ltd. Chapter four present the analysis of the data gathered. And chapter five deals with the conclusions, findings and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

1.0 Introduction

This chapter reviews the literature in the area of study. The literature that is relevant in undertaking the study.

2.1 The Concept of Performance Appraisal

The Oxford Dictionary defines appraisal as 'a formal evaluation of the performance of an employee over a period'.

Performance appraisal is the evaluation of employees' job performance and contributions to their organization. (Jones et al, 2004:391). Performance appraisal is also known as performance job evaluation, performance review, and merit rating and performance audit.

The performance of employees are appraised according to two sets of reasons; development and evaluative. Development objectives are used as the basis of decisions that improve future performance. Evaluative objectives are used as basis of administrative decision that reward or punish past performance.

As a distinct and formal management procedure used in the evaluation of work, performance appraisal dates back to the time of the Second World War. The term 'performance appraisal' is often used to describe the structured formal interaction between a subordinate and superior usually in the form of periodic interviews in which the work performance of the subordinate is examined and discussed with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.(Archer North and Associate, 2006)

There are diverse opinions as to the usefulness of performance appraisal of any kind. Lawrie 1990, views performance as potentially 'the most crucial aspect of organizational life'.

Derven 1990 however, holds that the performance appraisal process is so inherently flawed that it may be impossible to perfect it.

As regards the appraisal of financial performance, (Pandey 2003) maintains that the appraisal of financial performance of a firm can de done through the analysis of its financial statement which gives an insight about it financial strengths and weaknesses. Ratio analysis, according to him, is a powerful tool for financial analysis, where a ratio can be used as a benchmark for evaluating the financial position and performance of a firm.

2.2 Financial Ratio Analysis

Groppelli et al, (2000) says, in finance, a financial ratio is a ratio of two selected numerical value taken from an enterprise's financial statements. There are many standard ratios used to try to evaluate the overall financial condition of an organization. Financial ratios may b e used by managers within a firm, by current and potential shareholders of a firm and by a firm's creditors.

Security analysts use financial ratios to compare the strengths and weaknesses in various companies. If shares in a company are traded in a financial market, the market price of the shares is used in certain financial ratios.

Values used in calculating financial ratios may be taken from the balance sheet, income statement, cash flow statement and (rarely) statement of retained earnings. These comprise the firm's "accounting statement" or financial statements.

Ratio may be expressed as a decimal value, such as 0.10, or the equivalent percent value, such as 10%. Some ratios are usually quoted as percentages, especially ratios that are always less than 1, such as earning yield, while others are usually quoted as decimal numbers, ratios that are usually more than 1, such as Price earnings(P/E) ratio; these latter are also called multiples. Given any ratio, one can take its reciprocal; if the ratio was above 1, the reciprocal will be below 1 and conversely. The reciprocal expresses the same information, but may be more understandable: for instance, the earning yield can be compared with bonds yield, while the P/E ratio can not be: for example, a P/E ratio of 20 corresponds to an earnings yield of 5%.
(Groppelli et al).

Financial ratios quantify many aspects of a business and are an integral part of financial statement analysis. Financial ratios categorized according to the financial aspect of the business which the ratio measures. Liquidity ratios measure the availability of cash to pay debt; activity ratios measure how quickly a firm converts non-cash assets to cash assets. Profitability ratios measure the firm's use of its assets and control of its expenses to generate an acceptable rate of return. Market ratios measure investor response to owning a company's stock and the cost of issuing stock.

Financial ratios allow for comparisons;

- Between companies
- Between industries.
- Between different time periods for one company.
- Between a single company and its industry average.

Williams et al, (2008) stipulate that "The ratios of firms in different industries, which face different risks, capital requirement and competition, are not comparable.

Financial ratios are based in summary data presented in financial statements. This summary data is based on the accounting method and standards used by the organization."

2.2.1 Accounting methods and principles

Financial ratios may not be directly comparable between companies that use different accounting methods of follow various standard accounting practices. Most public companies are required by law to use generally accepted accounting principles for their home countries, but private companies, partnerships and sole proprietorship may not use accrual basis accounting. Large multi-national corporations may use International Financial Reporting Standards to produce their financial statements, or generally accepted principles of their home country, Weygandt et al, (1996).

2.2.2 Categories of Ratios

When using ratios for analyzing financial performance, computation and interpretation is assisted if the analyst uses some sort of analytical framework.

Watson et al, suggest that a systematic approach to ratio analysis should initially establish a broad picture, before focusing on areas of concern. A systematic approach to ratio analysis is also facilitated by using a ratio pyramid. The ratios have been divided into groups which are linked to particular areas of concern. There is wide spread agreement on the main ratios included in each category, even though the same category may be given different name by different authors.

- Profitability ratios: return on capital employed, net profit margin, net asset turnover and gross profit margin.
- Liquidity ratios: current ratio and quick ratio.
- Efficiency/Activity ratios: debtor days, creditor days and stock turnover.
- Investor ratios: return on equity, dividend per share, earning per share, dividend cover, price/earning ratio, payout ratio, dividend yield, earnings yield etc.

2.2.3 Profitability Ratios

Profitability ratios measure the firm's use of assets and control of its expenses to generate an acceptable rate of return. Watson et al, fourth edition, defines profitability ratios as the parameters that indicate how successful the managers of a company have been in generating profit.

- Return on capital employed is often referred to as the primary ratio. It determines how much a firm has been able to generate out of it capital employed.

Return on capital employed (ROCE) = Profit before interest and tax/capital employed x 100.

This ratio relates the overall profitability of a company to the finance used to generate it. It is also the product of net profit margin and asset turnover.

ROCE = Net profit margin X Asset turnover.

Profit before interest and tax is often called the operating profit. The meaning of capital employed can create confusion (Watson et al). But it is simply total assets less current liabilities (or shareholders' fund plus long –term debt, which has the same meaning). This ratio is clearly sensitive to investment in fixed assets, to the age of fixed assets and to when assets were last revalued. There is a close link between ROCE and accounting rate of return.

- Net profit margin = Profit before interest and tax /Sales X 100

This ratio also called the operating profit margin indicates the efficiency with which costs have been controlled in generating profit from sales. It does distinguish between operating costs, administrative costs and distribution costs. A fall in ROCE may be due to a fall in net profit margin.

- Net asset turnover =

  Sales or turnover/Capital employed

Capital employed is defined in the same way as for ROCE that is total assets less current liabilities, and so the asset turns over is also sensitive to fixed assets values. This asset gives a guide to productive efficiency.

- Gross profit margin = Gross profit /Sales X 100

This ratio shows how well costs of production have been controlled, as opposed to distribution and administrative costs.

Williams et al (2008), also defines gross profit margin as net sales less cost of goods sold divided by net sales. And operating earnings over net sales.

2.2.4 Liquidity Ratios

Liquidity ratios measure the availability of cash to pay debt.

This category includes the following ratios:

- Current ratio = Current assets /Current liabilities.

This ratio measures a company's ability to meet its financial obligations as thy fall due. It often said that the current ration should be two- to- one, but what is normal will vary from industry to industry; sector averages are a better guide than a rule of thumb.

- Quick ratio = Current assets less stock/Current liabilities

It is argued that the current ratio may overstate the ability to meet financial obligations because it includes stock in the numerator. The quick ratio compares liquid current assets with short term liabilities. The ratio should be one is to one.

2.2.5 Efficiency/Activity Ratios

These ratios show how efficiently a company has managed short term assets and liabilities, that is working capital and they are closely lined to liquidity ratios.

Debtor days = Debtor /Credit sales X 365

The value of credit sales is usually not available and it is common for sales to be used as substitute. The debtor day ratio gives the average period of credit being taken by customers. If it is compared with a company's allowed credit period, it give an indication of the efficiency administration.

- Credit days = Trade creditors / Credit purchases (cost of sales) X 365

Trade credits should compare with credit purchases, but as this information is not always available, cost of sales is often used instead. The creditor days ratio gives the average time taken from suppliers of goods and services to receive payment.

- Stock turnover = Stock/ Cost of sales X 365

This ratio shows how long it takes for a company to turn its stock into sales. Several other ratios can be calculated by separating the total stock figure into its components; raw materials, work-in-progress and finished goods. The shorter the stock turnover ratio, the lower the cost of the company of holding stock. The value of this ratio is very dependent on the need for stock and so will vary significantly depending on the nature of a company's business.

- Cash Conversion Cycle

The cash conversion cycle also called the operating or working capital cycle is found by adding stock turnover and debtor days and then subtracting creditor days. It indicates the period of time for which working capital financing is needed. The longer the cycle, the higher the investment in working capital.

Cash Conversion Cycle (CCC) = (Stock turnover + Debtor days) – Creditor days.

2.2.6 Investor Ratios

Investor ratios are used in finance for a variety of purposes, including assessing the effects of proposed financing, valuing a target company in takeover, analyzing dividend policy and predicting the effect of a right issue.

These ratios include the following:

- Return on Equity = Earnings after tax and preference dividends/ Shareholders' fund

Whereas ROCE looks at overall return to all providers of finance, return on equity compares the earning attributable to ordinary shareholders with the book value of their investment in the business. Shareholders' fund is equal to ordinary share capital plus reserves.

- Dividend Per Share = Total dividend paid to ordinary shareholders/ Number of issued ordinary shares

While the total dividend paid may change from year to year, individual shareholders will expect that dividend per share will not decrease.

- Earning Per share = Earning after tax and preference dividends/ Number of issued of ordinary shares

Earnings per share is regarded as a key ratio by stock market investors.

- Dividend Cover = Earnings per share/Dividend per share

Dividend cover indicates how safe a company's dividend payment is by calculating how many times the total dividend is covered by current earning. The higher the dividends cover, the more likely it is that a company can maintain or increase future dividends.

- Price/ earnings(P/E) Ratio = Market price per share/Earning per share

The price/earnings ratio is also seen as a key ratio by stock market investors. It shows how much an investor is prepared to pay for a company's share given its current earnings per share (EPS). The ratio can therefore, indicate the confidence of investors in the expected future performance of a company; the higher the P/E ratio relative to other companies, the more confident the market is that future earnings will increase. This ratio can also be used to determine the value of a firm.

- Payout Ratio = Total dividend paid to ordinary shareholders / Earnings after tax and preference dividends X 100

The payout ratio is often used in the analysis of dividend policy. Some companies may choose to pay out a fixed percentage every year as dividends and retain the rest for investments.

2.2.7 Gearing Ratios

Gearing or leverage ratios relate to how a company is financed with respect to debt and equity and can be used to assess the financial risk that arises with increasing debt.(Watson et al fourth edition).

- Capital Gearing Ratio = long-term debt/capital employed x 100.

The purpose of this ratio is to show the proportion of debt finance used by a company.

- Debt Equity Ratio = long-term debt/ share capital + reserves x 100.

This ratio serves a similar purpose to capital gearing. A company could be said to be highly gearing if its debt/equity ratio were greater than 100 percent.

- Interest Cover = Profit before interest and tax / Interest charges.

Interest cover shows how many times a company can cover its current interest payments out of current profits and indicates whether servicing debt may be a problem. An interest cover of more than seven times is usually regarded as safe, and an interest cover of more than three times as acceptable.

2.2.8 Problems with Ratio Analysis

When using ratio analysis to evaluate financial performance, the results must be treated with caution for the following reasons:

1) The balance sheet relates to a company's position on one day of the year. If the balance sheet had been prepared three months earlier, a different picture might have been presented and financial ratios might have had different value.
2) It can different to find a similar company as a basis for inter-company comparisons. No two companies are identical in every aspect and so differences in commercial activity must be allowed for. As a minimum, differences in accounting policies should be considered.
3) The reliability of ratio analysis in the analysis of financial performance naturally depends on the reliability of the accounting information on which it is based. Financial statements have become increasingly complex and are not easy to determine if creative accounting has taken place.

2.3 Multivariate Analysis

The ratios so far considered have been concerned with one particular ratio and comparisons with other years or other companies- Univariate analysis. It is possible to device a method of combining several ratios to produce some sort of index of performance or a prediction of the possible failure of an organization. This is multivariate analysis. (ACCA, Oct. 2000).

Much work in this area has been done on the prediction of corporate failure. The idea is to calculate a 'scope' for a company which has to exceed a certain value if the company is likely to survive, these scores are referred to as Z scores.

One researcher in this area was Professor Altman, who worked on a sample of 66 companies in the USA, 33 of which survived while the rest collapsed. He had to discover the most significant ratios and their relative importance so that weightings could be attached to them. He identified the ratios which together cover the main areas we have been considering- profitability, liquidity, asset turnover and gearing (ACCA June 1996). The five ratios and their weightings are as follows:

RATIO	WEIGHTING
1. $\dfrac{\text{Working capital}}{\text{Total gross assts}}$	0.012
2. $\dfrac{\text{Retained earnings}}{\text{Total gross assets}}$	0.014

3. $\frac{\text{Earnings before interest and tax}}{\text{Total gross assets}}$ 0.033

4. $\frac{\text{Market value of equity}}{\text{Book Value of debt}}$ 0.006

5. $\frac{\text{Sales}}{\text{Total gross assets}}$ 0.010

$(Z = 0.012x + 0.014x2 + 0.033x3 + 0.006x4 + 0.010x5)$

The greatest weightings are given to profitability (ratio 3) and the extent to which earning are retained (ratio 2).

Altman found that all companies with Z score of 3 or better on this basis survived and all companies with Z score of 1.80 or below failed.(ACCA, June 1998).

2.4 Financial Statements

Financial statements provide information of value to company officials as well as to various stakeholders, such as investors and lenders of funds. Publicly owned companies are required to periodically publish general-purpose financial statements that include a balance sheet, an income statement and a statement of cash flows. Some companies also issue a statement of stockholders' equity and a statement of comprehensive income, which provide additional detail on changes in the equity section of the balance sheet (Revsine et al, 1999). Financial statements issued for external distribution are prepared according to generally accepted principles (GAAP), which are the guidelines for the content and format of the statements. In the United States, the Securities and Exchange Commission (SEC) has the legal responsibility for establishing the content of financial statements, but generally defers to an independent body, the Financial Accounting Standards Board (FASB), to determine and promote accepted principles.

2.4.1 The Balance Sheet

The balance sheet, also known as the statement of financial position or condition, presents the assets, liabilities and owner' equity of the company at a specific point in time. The assets are the firm's resources, financial or non financial, such as cash, receivables, inventories, properties and equipment. The total assets equal the sources of funding for those resources: liabilities (external borrowing) and equity (Owners' contributions and earning from the firm operations). The balance sheet is used by investors, creditors and other decision makers to assess the overall composition of resources, the constriction of external obligations and the firm's flexibility and ability to change to meet new requirement.

Firms frequently issue a separate statement of stockholders' equity to present certain changes in equity, rather than showing them on the face of the balance sheet. The statement of stockholders' equity itemizes the changes in equity over the period covered, including investment by owners and other capital contributions, earning for the period and distributions to owners of earnings (dividends). Sometime, companies present a statement of changes in retained earnings. The statement of retained earning details only the changes in earned capital: the net income and the dividends for the period. Then the changes in contributed capital (stock issued, stock options etc) must be detailed on the balance sheet.

2.4.2 The Income Statement

The income statement, also known as the statement of profit and loss, the earnings statement or the operations statement presents the detail of the earnings achieved for the period. The income statement separately itemizes revenues and expenses, which results from the company's ongoing major or central operations, and the gains and losses arising from incidental or peripheral operations. Certain irregular items such as discontinued operations, extraordinary items and effects of accounting changes are presented separately at the end of statement. When revenues and gains exceed expenses and losses, net income is realizes. Net income for the period increases equity. The results of the firm's operating activities for the period as presented in the income statement provide information that can be used to predict the amount, timing and uncertainty of future cash flows. This statement is useful to investors, creditors and other users in determining the profitability of operations. The income statement must also show earning per share (EPS), where the net income is divided by the weighted average number of shares of common stock outstanding. Since EPS scale income by the magnitude of the investment, it allows investors to compare diverse companies of different sizes; hence, investors commonly use it as a summary measurement of firm performance.

In 1998, the FASB required that companies present a separate statement that classifies all items of other comprehensive income by their nature. Other comprehensive income includes all equity changes not recorded in the income statement. In addition to providing a separate statement, companies must display the total of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. The statement of cash flows replaced the statement of changes in financial position in 1987 as a required financial statement for all business enterprises. The statement of cash flow presents cash receipts and payment classified by whether they stem from operating, investing or financing activities and provides definitions of each category. Information about key investing and financing activities not resulting in cash payment in the period must be provided separately. The cash from operating activities reported on the statement of cash flows must be reconciled to net income for the period. Because GAAP requires accrual accounting methods in preparing financial statement, there may be significant difference between net income and cash generated by operations. The cash-flow statement is used by creditors and investors to determine whether cash will be available to meet debt and dividend payment.

Financial statements include notes, which are considered an integral part of the statements. The notes contain required disclosures of additional data, assumption and methodologies employed, and other information deemed useful to users.

The financial statements of publicly owned companies also include and auditor's report, indicating that the statements have been audited by independent auditors. The auditor's opinion is related to fair presentation in conformity with GAAP.

2.4.3 Financial Statements for Not-For-Profit Organizations

The external financial statements required for not-for profit organizations are similar to those for business enterprises, except that there is no ownership component and no income. Not-for-profit organizations present a statement of financial position, a statement of activities and a statement of cash flows (Gross, et al, 1995). The financial statements must classify the organization's net assts and its revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Each of three classes of net assets-permanently, temporarily restricted and unrestricted must be displayed in the statement of financial position and the amount of change in each of those classes of net assets must be displayed in the statement of activities. Engstrom et al (1996) states that governmental bodies, which are guided by the governmental Accounting Standards Board (GASB), present general-purpose external financial statements that are similar to those of other not-for-profit organizations, but they classify their financial statements according to fund entities.

2.5 Tools for Financial Statement Analysis

Most businesses produce annual and monthly financial statements and comply with record keeping requires, yet financial statement analysis is often overlooked or not performed on a systematic and timely basis so as to obtain insight into the financial performance of the business. Other businesses seek to interpret and assess their financial statements yet lack the tools to do so. To assist decision makers, analysis-one provides a structured framework of financial analysis tools to analyse financial statements and deliver actionable insight from business intelligence contained within. (Analysis-one.Com/Financial Analysis Tools, assessed: 23/01/09).

Financial ratio analysis is employed for income statement and balance sheet analysis, and is incorporated in the financial scorecard tool, to provide a unique picture of a company's financial position. Key financial ratios measured by analysis-one represent standard performance measures used by the accounting profession on a daily basis, and seek to analyse the income statement and balance sheet from a variety of financial performance perspectives, which include- Profitability, Liquidity, Efficiency, Asset usage and Gearing.

Financial analysis tools within analysis-one include: Financial scorecards, financial ratio analysis, breakeven analysis, Cashflow analysis, Trend analysis, Forecasting, Variance analysis and Sensitivity analysis.

Financial ratio analysis tool includes supporting financial analysis explanations, which assist management to understand the critical numbers driving their business.
The financial scorecard tool assists to monitor performance against specified targets. Each performance metric may be assigned a target value and a weighting, which indicate the importance of the metric. Custom targets may be set to reflect forecast performance or set to reflect industry best practices.
Scorecards assist to visually identify areas if concern and provide and interpretive overview of the financial health of a business. This unique visualization also provides a useful method to communicate performance to all stakeholders. (Analysis-one.com/Financial Analysis Tool: assessed 23/01/09).

Horizontal Analysis or Trend Analysis:

Comparison of two or more year's financial data is known as horizontal analysis, or trend analysis. Horizontal analysis of financial statements can also be carried out by computing *trend percentages*. **Trend percentage** states several years' financial data in terms of a base year. The base year equals 100%, with all other years stated in some percentage of this base.

2.6 Importance of enlisting on the Stock Exchange

(a) Easier Access to Long-term Capital

Going public enables the company to raise long-term capital by issuing securities to the public. Going public thus provides access to numerous individuals who in aggregate have a significant amount of funds to invest. This ability to raise funds from the investing public by the issue of securities is perhaps the most valuable of all the benefits that accrue to public companies. The raising of such capital allows for future expansion and growth.

(b) Improvement in the Financial position of the Company

An immediate benefit enjoyed by a newly registered public company is the considerable improvement in its overall financial position. The injection of substantial equity fund for example, greatly improves the company's balance sheet, with such capital reinforcement and good management, inflow earnings and dividends are almost certain to follow.

(c) Enhanced Status in the Community

Going public will raise the level of the investing community's awareness of the company and its products. This can result for example, in greater ability to attract high caliber employees and increased general business opportunities.

Public companies also benefit from access to the useful information brought to them by their advisers, financial analysts, stockbrokers and shareholders.

(d) Provision of Incentives for Employees

Both for existing employees and those to be recruited, the ability of companies to offer share options and employee share ownership schemes is a key advantage of public companies. The investing public and the existing shareholders also derive some benefits when private companies go public. Below are some of the benefits:

i. *Provision of avenues for investment*: Public companies offer the investing public, including institutional investors and pension funds an attractive avenue for investment by virtue of the liquidity of the issued securities.

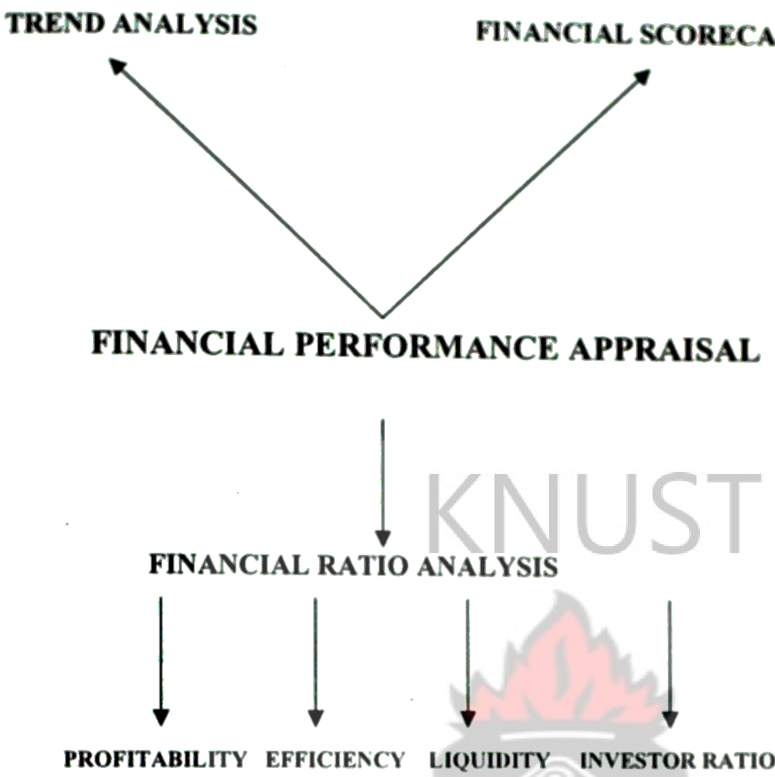
ii. *Freedom to Diversify Investment*: Bu going public, existing shareholders are placed in a position to diversify their interest and invest in other assets elsewhere.

iii. *Transferability of Shares*: A private company restricts the right to transfer its shares. Shares in a private company can generally only be sold to other existing shareholders.

Shares in public companies are on the other hand transferable.

iv. *Realization of Investment*: A key benefit that shareholders in private companies derive from going public is the ability to establish a market value of the shares, thereby enhancing tradability.

2.6 Conceptual Frame work



CHAPTER THREE

METHDOLOGY AND ORGANIZATIONAL PROFILE

3.0 Introduction

This chapter outlines the process through which the research will be carried out. It will also give the profile of PBC Ltd.

Methodology means the methods used in collecting data with regards to stated problems and questions as well as the objectives of a study. It has been defined as the planned and systematic process, a way of investigating either personally or through any techniques used by a researcher in order to collect facts from stipulated number of people on a particular problem (Andre 2004).

3.1 Scope

This study will involve the appraisal of the financial performance of PBC Ltd since its enlistment on the Ghana Stock Exchange to assess its performance using financial ratio analysis of the financial statements.

3.2 Data Sources

Data for the study will be drawn from primary and secondary sources but will be emphasized on the secondary source. The primary source will be obtained from interviewing key personalities in PBC and GSE. The secondary sources will be from the audited financial reports of PBC Ltd from 1997 to 2008.

3.3 Methods of Data Analysis

Financial ratios will be use to assess the company's performance in terms of profitability, liquidity, efficiency and shareholders return; through a trend analysis over the five years for the pre-stock exchange period and post-stock exchange period. We shall through this, find out if there have been improvements in the company's performance after enlistment.

3.4 Population, Sample Size and Sampling technique

The population of the study will be Produce Buying Company Limited.

Key personalities at the national, regional and district levels will be interviewed to determine the performance of the company. Other employees of the company will also be interviewed. The study will employ stratified random sampling technique. The company will be divided into strata and the sample size randomly selected.

3.5 Definition of Key Variables

Performance Assessment

This is the complex process of evaluating a company's performance in terms of the environment; internal operations and external activities. This study concerns itself with the assessment if the internal performance of a company by analyzing accounting statements through the use of financial ratios. The key ratios use by corporate analysts to evaluate different dimensions of financial performance in companies includes profitability ratios, efficiency ratios and liquidity ratios.

i. Profitability Ratios

These ratios measure the operating efficiency of a firm in terms of four widely used measures of profitability in a company which are return on assets, return on capital employed, gross profit margin and net profit margin.

ii. Efficiency Ratios

These ratios indicate how effective a company is managing its short term resources. Some of these ratios are debtor days, creditor days and the cash conversion cycle.

iii. Liquidity Ratios

Liquidity ratios measure the ability of a firm to meet its current obligation. This obligation is very important in a business, since a company's inability to meet its financial obligations can lead to the collapse of the company.

3.5 Profile of PBC Ltd

Cocoa has been the backbone of the Ghanaian economy virtually for a century and shall continue to play this role for some time. Cocoa production and marketing within the West African sub-region and indeed Ghana has undergone a lot of changes, which have dad direct impact in the structure and focus of the Produce Buying Company Limited.

The Produce Buying Company Limited evolved from the Cocoa Purchasing Company, which was established in 1947 as a marketing wing of the Cocoa Marketing Board. The Cocoa Purchasing Company operated alongside cocoa buying firms such as Cadbury & Fry, G.B. Olivant, U.A.C., J. Lyon and U.T.C., which were already purchasing cocoa in the colonial era.

In 1956, the Jibowu Committee, which was instituted to review the operation and administration of internal marketing of cocoa, recommended among other things the dissolution of the Cocoa Purchasing Company. The Company was therefore abolished alongside the other expatriate buying firms. The United Ghana Farmers Co-operative Council was subsequently formed as the sole Licensed Buying Agency for the Cocoa Marketing Board. It operated for ten years up to 1966.

With the change in government in 1966, the internal marketing of cocoa was again liberalized. This saw the re-emergence of multiple buying systems with firms like Sama, Ghana Co-operative Marketing Association competing alongside the Produce Buying Agency (PBA), a subsidiary of the then Ghana Cocoa Marketing Board.

In 1977, after problems of non-payment of farmers and irregularities in the internal market, the Produce Buying Agency absorbed the Ghana Co-operative Marketing Association and the other private buying companies into the Produce Buying Division, a Division of the Cocoa Marketing Board.

The Produce Buying Division was incorporated into a Limited Liability Company in 1981 and changed its name to Produce Buying Company Limited (PBC) in 1983 as a wholly owned subsidiary of the Ghana Cocoa Board. PBC remained a monopolist in the internal market until the 1992/93 Main Crop Season.

In June 1993, the Agricultural Sector Adjustment Credit (AGSAC) programme was implemented by government to pave way for re-introduction of competition into the internal marketing of cocoa. Private Buying Companies were thus licensed to buy cocoa alongside PBC. As at the beginning of the 2003/04 Main Crop Season about 23 companies competed with PBC.

The reforms in the cocoa sector continued with the divestiture/privatization of PBC Limited in mid 1999. In December 1999, the Minister of Finance launched the initial Public Offer for the commencement of sale of shares to the public. The company was successfully listed on the Ghana Stock Exchange on 9th May, 2002 as a Public Company with Government as a majority shareholder.

The intensity of competition in the internal marketing of cocoa, change in status of PBC, and the determination of the current government to improve the standard of living for cocoa farmers, require a paradigm shift of the Company's mission and vision to adopt new strategies to ensure that the Company achieves its objectives and continues to provide the needed leadership in the internal marketing of cocoa in Ghana.

i) **VISION:**

- To develop the Produce Buying Company Limited into a leading cocoa dealer in Ghana

ii) **MISSION:**

- To purchase high quality cocoa beans from farmers, store and ensure prompt delivery of the graded and sealed beans to designated Take-over Centres in the most efficient and profitable manner.

iii) **OBJECTIVES:**

- To satisfy cocoa farmers through quality service delivery and other incentive packages

- To capture and maintain at least 50 per cent share of the internal cocoa market
- To provide adequate and well-maintained storage facilities for cocoa purchased
- To ensure prompt, efficient and cost-effective evacuation system
- To recruit and retain a well-developed and motivated workforce
- To encourage research institutions to develop technologically improved methods of cocoa production to increase yield
- To conduct the Company's business in the most efficient and profitable manner to the satisfaction of shareholders and other stakeholders.

PBC Ltd has its head office at Dzorwulu Junction, Accra.

3.6.1 Listing of PBC Shares for Trading on GSE

As a prelude to the listing of the PBC on the GSE, the PBC Board was restructured. Following the release of final results of the Government of Ghana (GoG) offer for sale of 384 million PBC shares, it was confirmed that preparations had been concluded for the listing of the PBC shares on the GSE for trading on May 19, 2000. All Applicants for shares had been fully allotted and share certificates have been mailed to entitled shareholders.

3.6.2 Ownership

The government of Ghana and the Social Security and National Insurance Trust (SSNIT) each holds twenty percent. The other sixty percent consists of one special rights preference share and ordinary shareholders. The public holds thirty point two percent of the shares.

3.6.2 Corporate Governance

The board is responsible for the overall corporate governance. This involves charting the direction of the company by setting objectives, formulating strategies and establishing policy guidelines. The board further exercises responsibility for monitoring management activities as far as running of the business of the company to ensure that its operations are within the legal frame work of the nation. The board therefore, empowers the managing director to see to the day to day administration of the company.

3.7 Organizational Structure of Produce Buying Company Limited

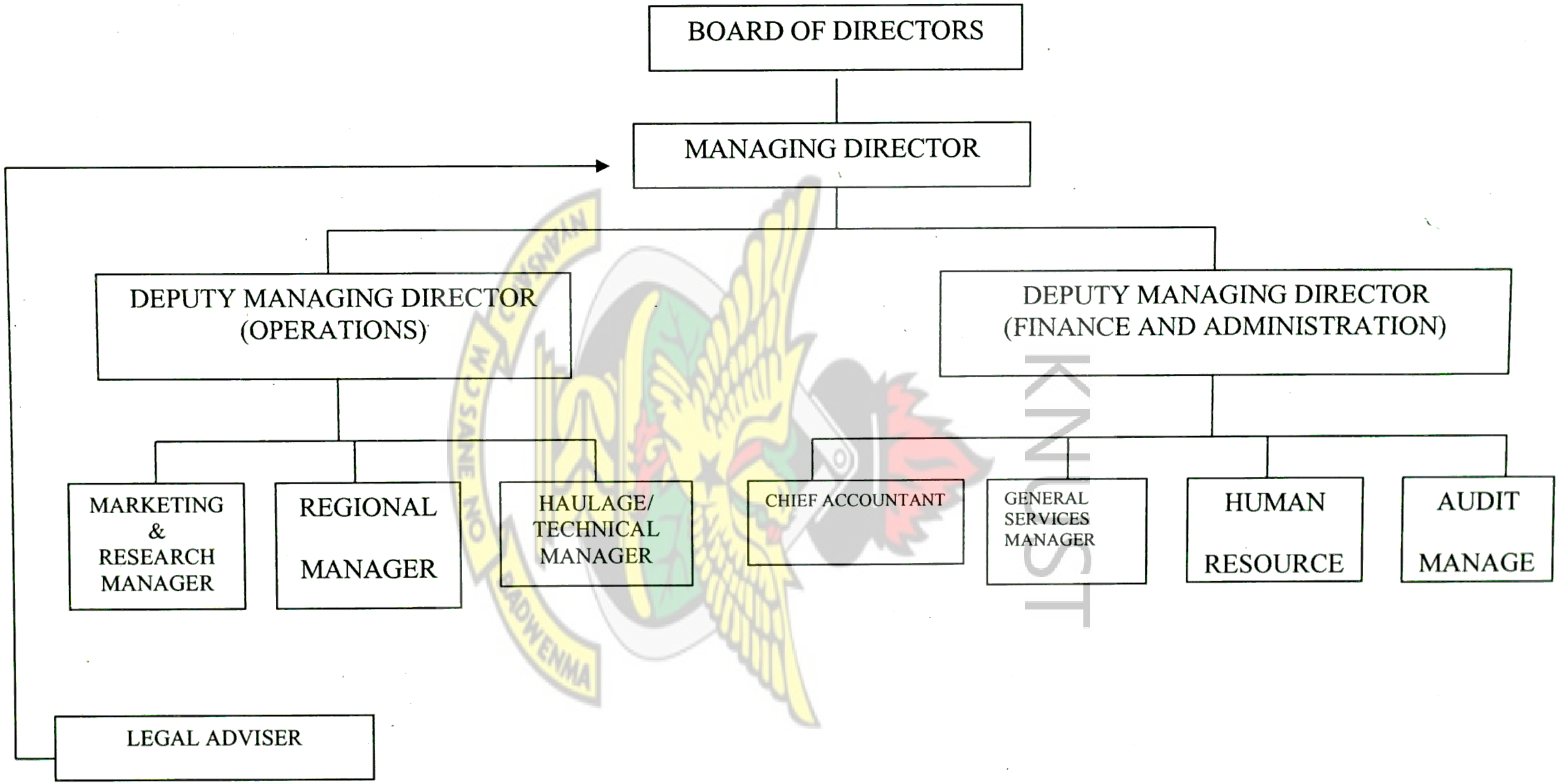
The company operates a four-tier system as enclosed. These are Head Office, Regional Offices, District and Society levels.

An eight-member Board of Directors appointed by the government, the majority shareholder, governs the Company at the Head Office.

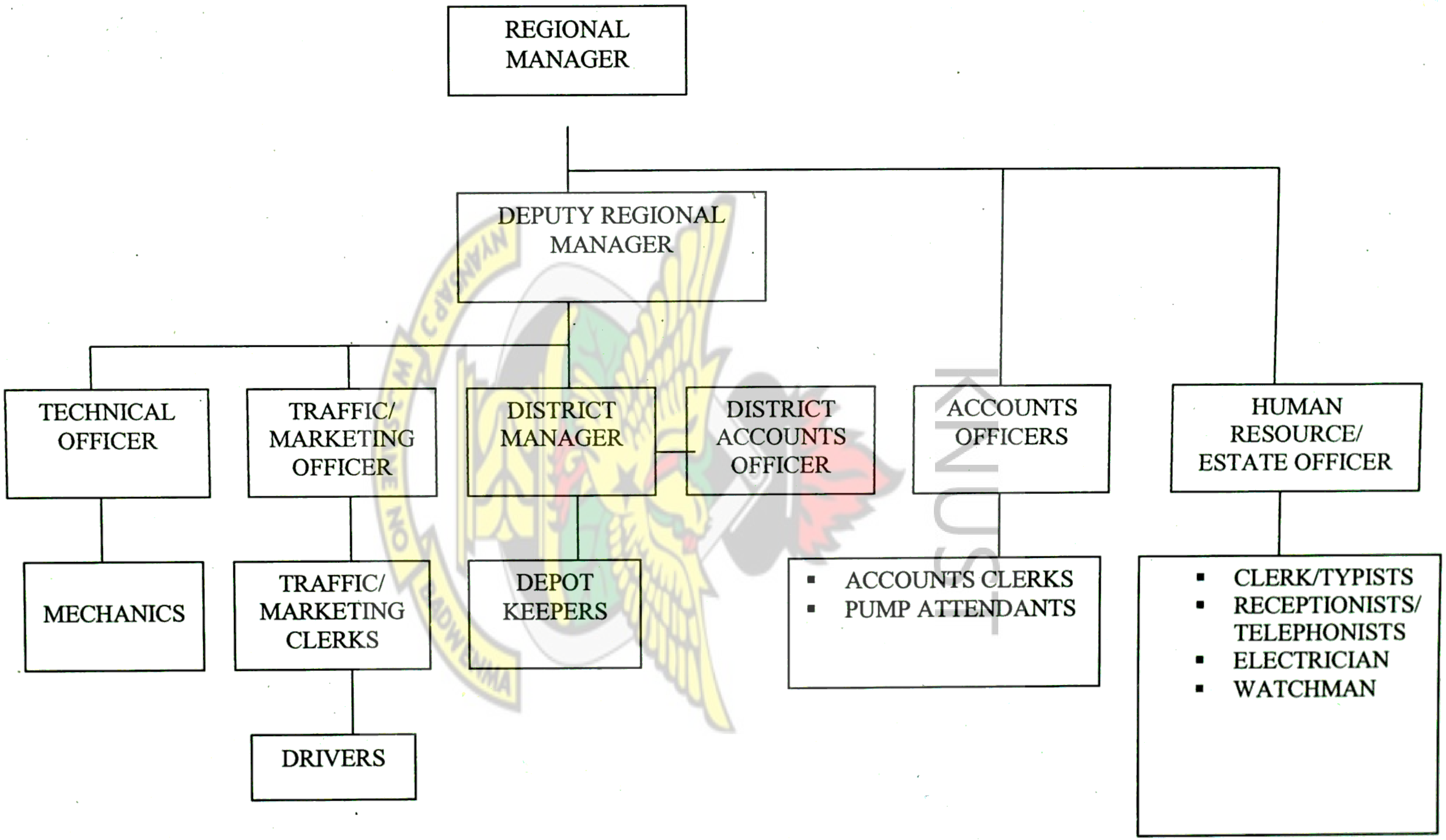
The regional structures co-ordinate activities of the districts. There are seven regional divisions headed by Regional Managers and a Senior Marketing Officer, who operate in six political regions of the country. For operational and administrative purposes, Western Region, which is the largest cocoa producing region, has been divided into Western-North and Western-South.

The Company operates at the ports of Tema, Takoradi, and Kaase - Inland Port in Kumasi with a Port Manager heading operations at each port.

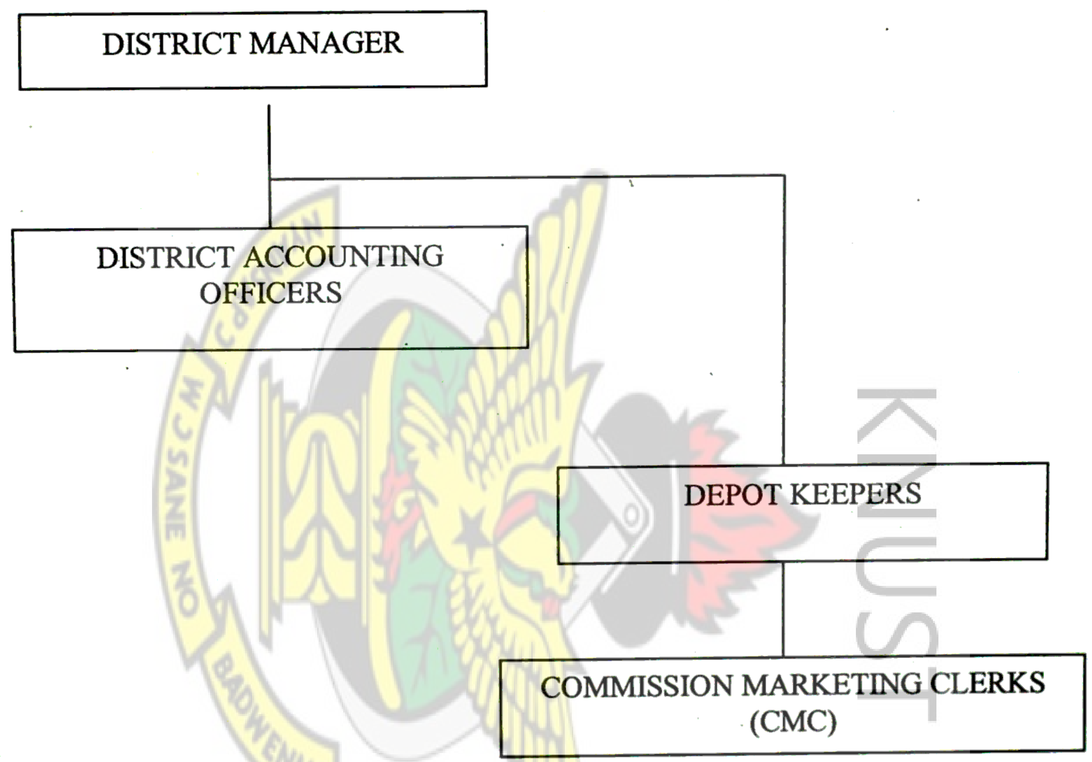
HEAD OFFICE STRUCTURE



REGIONAL STRUCTURE



DISTRICT STRUCTURE



3.7.1 Board of Directors And Management

PBC Ltd has an eight-member board. The board comprises of:

Nana Timothy Aye Kusi - Chairman

Anthony Osei Boakye - Ag.Managing Director

Dr. Y A Duodu

Alhaji Yakubu Ziblim

Hon. Mrs. Angelina Baiden-Amissah

Robert Kwabena Poku Kyei

Andrew Antwi Boasiako

J Boatsie

The board meets every three months to formulate policies, approve the company's quarterly and annual budgets as well as specific management decisions. The day to day management of PBC is in the hand of the managing director and his departmental heads, comprising of operations and finance and administration.

3.7.2 Operations

This section consists of haulage and traffic, monitoring, evaluation and research. They are in charge of the entire operations in PBC; vehicles, activities of the regions and districts.

3.7.3 Finance and Administration

This Section provides financial, legal, human resources and general services to PBC. It prepares financial projections and evaluates to assist management and the board in decision making and policy formulation. It institutes financial controls and reports periodically on operational performance. The section also provides legal services, recruitment, training and other personnel services. And general services such as maintenance and repairs.

3.7.4 Regional and District Officials

The managers in charge oversee the operations in their various regions and districts. The departmental heads implement the same activities as the national heads.

Depot Clerks are in charge of the cocoa beans purchased from villages or societies before taken to the ports. The commission clerks purchase the cocoa beans from farmers. They are the first point of contact for the farmers. They work on commission basis.

3.8. Impact of Economic Programmes

According to GSE Fact Book, 2002, the year 2001 saw the economy stabilizing through firm financial discipline with the following results:

- Decline in rate of inflation from 40.9 per cent in December 2000 to 21.3 per cent by the end of December 2001.
- The cedi stabilized at around ¢7,300 per US dollar during 2001, depreciating by 3.7 per cent as against 49.5 per cent in 2000.
- Overall budget deficit reduced from 8.5 per cent of GDP in 2000 to 4.4 per cent in 2001.
- Gross international reserves increased from US$ 336 million in December 2001.
- Growth of the stock of reserve money declined from 57.9 per cent in 2000 to 27.4 per cent in 2001.
- Domestic primary balance surplus equivalent to 4.7 per cent of GDP.

- Net international reserves of the Bank of Ghana at US$ 144.1 million.

Government has declared its intentions through the 2002 budget to sustain the stability achieved so far and promote further economic growth.

The following key macro economic objectives have been set for the year, which represents the first year of the implementation of the Ghana Poverty Reduction Strategy (GPRA real GDP growth of at least 4.5 per cent which is expected to increase over the next 3 years.

- A reduction in the rate of inflation from 21 per cent to 13 per cent by the end of 2002
- An overall budget deficit equivalent to 6.9 per cent of GDP
- A domestic primary budget surplus of 4.2 per cent of GDP
- Rebuilding of gross official reserve holdings to equivalent of 2.6 months of imports of goods and services
- Maintaining the stability of the cedi against major currencies.

3.9 Policy Initiatives for the Cocoa Industry

Against the background of a stable macro economic environment, any policy initiative to improve the cocoa industry will have positive effect on the well-being of cocoa farmers and increase yield of cocoa output.

In pursuance of its commitment to improve the cocoa industry through increased farmer incomes and improved husbandry methods, Government has taken the following initiatives:

- Increase of producer price by 41 per cent from ¢4,384,000 to ¢6,200,000 in 2002 in a bid to accelerate the payment of 70 per cent of FOB price of farmers by 2004/05.
- Continuation of Cocoa Disease and Pest Control Project by earmarking ¢178.4 billion in 2002.
- Provision of ¢8.9 billion to the Road Fund for the rehabilitation of cocoa roads.
- Increase of Cocoa Board Scholarship fund by ¢5 billion for farmers wards in schools.
- Commitment to continue the liberalization of the external marketing of cocoa by allowing qualified LBCs to export 30 per cent of cocoa purchased directly.
- Provision of incentives to increase the share of cocoa beans processed locally from 20 per cent to 40 per cent within the next 3 years.

3.10 Organizational Weaknesses

Since the liberalization of the internal marketing of cocoa in 1992, PBC's market share has continued to fall year after year. The percentage of the Company's market share has fallen from 100 per cent during the pre-liberalization period to 37 per cent as at the end of the 2001/2002 season.

The Company's profit naturally begun to decrease and in 1997 it started to record losses, which increased astronomically year after year. While the Company has lost about 60 per cent of the market, the cost of purchasing cocoa and other ancillary administrative costs have shot up and keep on increasing. Factors responsible for this trend of affairs constitute the organizational weaknesses of the Company among which are those outline below:

- lack of motivation
- lack of adequate working capital
- inadequate seed fund for cocoa purchases
- poor public relations
- poor storage facilities
- over-aged vehicles
- under-utilization of vehicles and warehouses
- bad/unprogressive cultural practices
- shortages of cocoa

But for the purposes of this study, emphasis would be on those that necessitated going public.

3.10.1 Lack of Motivation

There is lack of motivation of the workforce due to low remuneration and inadequate career progression and development opportunities in the organization. Even though staff conditions were supposed to be the same as those prevailing at Cocobod, it is not so in reality, Cocobod's are comparatively better.

Opportunities for career development and progression are not easily accessible for some categories of staff. Incentives in the form of housing loans do not exist. These, coupled with low remuneration have made the workforce frustrated and disillusioned.

Commissioned Marketing Clerks are dissatisfied, aggrieved and harbour ill-feelings for low remuneration, non-payment of regular commission, handling charges and delays in receiving commission. As a result, some Commission Marketing Clerks use the Company's resources to purchase cocoa for other LBCs.

3.10.2 Lack of Adequate Working Capital

Lack of adequate working capital has been the major constraint in the operations of the Company. The divestiture arrangement failed to provide adequate working capital for the Company. Interest rates are high and available funds at any given time are not adequate to procure some essential logistics and off-season purchases.

Even though Cocobod has ceded a number of landed properties to PBC, they are yet to transfer the title deeds to the Company. This has created impediments in the use of some of these properties as collateral to secure loans.

3.10.3 Inadequate Seed Fund for Cocoa Purchases

The Ghana Cocoa Board is the main source of providing financing to LBCs for cocoa purchases in the country. After the liberalization of the internal marketing of cocoa in 1992, funding of LBCs has been based on the arrangement of syndicated receivables-backed pre-export facilities from offshore banks with limited participation of local banks. These loans are advanced to LBCs, after providing Bank guarantees, as seed fund at the beginning of every season for the purchase and delivery of cocoa to Cocobod.

All other things being equal, the current funding arrangement should provide adequate financing to LBCs for the purchases of cocoa every crop season. In practice, however, PBC experiences perennial cash shortage during the peak of the season, which compels the Company to resort to bank borrowing at very high cost.

Basically, financing gaps in cocoa purchases arise out of:

- inability of banks to provide adequate guarantees for initial Cocobod seed fund due to restrictive prudential requirement for exposure limits for banks.
- lack of liquidity during the season to promptly pay LBCs Cocoa Taken Over Receipts (CTOR) to generate funds for recycling.
- it has also been discovered that some districts submit bloated returns on purchases to Head Office in order to get more money. Seed funds for purchases are allocated directly to banks by Head Office, based on the bloated purchases from the field.

Some monies for disbursement for the districts are often locked up in the banks due to liquidity problems and delays in transferring funds to their branches due to poor communication network. There is some latent mistrust between Head Office and the Regions in the disbursement of funds. Sometimes funds allocated for specific purposes do not get to the intended beneficiaries in the field.

Constant farmers agitations during the peak of the cocoa season for payment of their cocoa sold to PBC attest to the shortfall in financing of cocoa purchases.

PBC's profitability factors and their growth rates are shown in Table3.4. Also included is the purchasing trend of the Company which is a key to its profitability.

3.11 Scope of Operations(Branches)

The company has branches in most of the regions and districts in Ghana. Especially the cocoa growing areas. The company has strategically position itself in such a way in order to reach most of the people in the country. PBC is now a house hold name in the cocoa sector.

3.12 Growth of PBC Ltd

PBC Ltd has witnessed growth since its enlistment on the Ghana Stock Exchange. There have been growths in profitability, sales and fixed assets

Table 1: Trends in PBC Ltd Growth variables (in millions of cedis).

Year	Sales	Gross Profit	Net Profit	Fixed Assets
2000	499,654.499	69,125.934	(5,581)	27,796
2001	600,699.781	93,159.181	5,581	24,064
2002	716,837	99,901.636	5,472	24,177
2003	1,595,200	196,914.842	27,061	31,159
2004	2,296,821	206,760.584	38,133	33,360
2005	2,304,175	196,422.799	(31,155)	30,934
2006	2,486,622	186,601.659	(10,985)	26,243

Year	Sales	Gross Profit	Net Profit	Fixed Asset
2007	1,931,828	221,183	1,245	59,143
2008	2,454,785	307,091	21.105	147,435

(Source: Ghana Stock Exchange Fact Book, 2007 and PBC Ltd Annual Audited Report: 2000 - 2008).

3.13 Future of PBC Ltd

The company is planning to extend its operations to the northern part of the country, by dealing in sheanuts.

CHAPTER FOUR

ANALYSIS OF FINDINGS OF THE STUDY

4.0 Introduction

This chapter deals with the analysis of the study with emphasis on post enlistment performance of Produce Buying Company Limited. The analysis is based on the information and data gathered at the primary level on views of two directors, five regional managers, ten district managers and ten employees of the company who were interviewed in the pursuit of this study as well as information from secondary sources namely; dictionaries, text books, annual report of the company from 1997-2008, GSE fact book, newspapers, business and financial times, websites and libraries. PBC's financial analysis has been to determine how well the company has been performing over the eight years of its enlistment in terms of profitability, liquidity, activity and shareholders return.

4.1 Analysis on PBC: Financial Ratios

As part of analysis on PBC, table 4.1 presents information on financial ratios used to determine PBCs performance on profitability, liquidity, efficiency and investor ratios to determine the success or otherwise of the company for both pre and post enlistment eras.

RATIO	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	PRE- ENLISTMENT			POST-ENLISTMENT								
				SHORT-TERM			MEDUIM-TERM					
PROFITABILITY												
ROCE	-1.01	-9.33	-37.77	-15.94	16.03	25.08	68.64	67.06	-57.29	-29.51	84.77	74.15
Gross Profit Margin	18.15	14.96	13.74	13.83	15.5	13.93	12.34	11.17	9.84	10.5	11.5	12.51
Net Profit Margin	-0.05	-0.34	-2.15	-0.96	0.95	1.44	2.58	2.48	-1.33	-0.5	3.41	4.52
Asset Turnover	20.47	4.16	17.56	16.58	16.82	17.4	26.56	26.93	42.88	58.17	24.83	16.39
LIQUIDITY												
Current Ratio	1.11	0.1	1.16	1.12	1.5	1.97	1.57	1.22	1.09	1.11	1.07	1
Quick Ratio	0.31	0.31	0.77	0.73	0.86	1.07	0.87	0.37	0.48	0.63	0.88	0.46
EFFICIENCY												
Debtor Collection Days	3	2	9	5	3	1	3	4	17	12	16	19
Stock Turnover	17	13	6	5	10	9	10	35	26	11	11	48
Creditor Collection Days	6	9	10	2	6	7	4	14	3	1	20	13
Cash Conversion Cycle	15	6	5	8	7	3	9	25	40	22	7	54
INVESTOR RATIO												
Return on Equity	-1.59	-18.38	-37.77	-15.9	15.6	13.2	45.1	44.7	-58	-25.7	2.5	28.7
Dividend per share							14.97	93.69	0.0063	0.32		0.0015
Earning per share				-10	11.62	11.4	56.37	79.44	-64.9	-22.88	2.59	43.97
Dividend cover							3.77	0.85	-10384	-71.5		29312.5
Price Earnings Ratio				-50	38.73	34.21	23.06	45.32	-46.22	-122.38	10.81	50.03
Share Price				500	450	390	1300	3600	3000	2800	2800	2200
GEARING RATIO												
Capital gearing											35.88	50.88
Debt/Equity											55.97	103.62
Interest Cover											1.06	1.36

Table 4.1 above shows the pre and post enlistment financial analysis of PBC ltd in terms of profitability, liquidity, efficiency investor and gearing positions.

4.1.1 Profitability Analysis

PBC's overall profitability has been encouraging in the post enlistment era. ROCE of the company recorded it highest in 2003, 2004, 2007 and 2008, thus in the medium term of the analysis. Even though in the short run, the ROCE was low there have been a significant change form negative figures recorded in the per-enlistment era. Gross profit margin has been improving due to increases in turnover over the period under review. However, net profit margin registered low and negative returns in 2005 and 2006 respectively, due to increases in total expenses of the company.

Asset turnover rate was also encouraging during the post-enlistment period. In the medium term, high turnover rate was caused by fall in the ROCE.

4.1.2 Liquidity Analysis

The company's liquidity performance in the post-enlistment period has been encouraging for both short-term and medium-term. Both current and quick ratios rises from pre-enlistment era to a peak in 2002 of 1.97 and 1.07, then keep on falling in subsequent years. Even though the standard current ratio of 2:1 and quick ration of 1:1 was not met, this implies the ability of the company to meet its short term debt as they fall due.

Falling liquidity performance results from increases in current liabilities in the medium term.

4.1.3 Activity/ efficiency Analysis

There have been improvements in managing working capital resources over the period under review. The company was able to collect funds before paying its owings to others.

Stock turnover days was favourable in the short-run but in the medium-term it rises due to increases in the stock figures. The cash conversion cycle also increases because of falling creditor days.

4.1.4 Investment Performance

The company has greatly improved on its stock market performance since enlistment. Return on equity recorded negative figures in pre-enlistment period. In the medium term, 2005 and 2006 also recorded negative figures due losses incurred during those periods. It however, improved in 2007 and 2008. Dividend payment was also improving during the period under review. Earnings per share gas been improving in post-enlistment era as compared to negative figure recorded in pre-enlistment era. Except for 2005 and2006, the periods noted for losses, but there were improvement in 2007 and 2008. The price earnings ratio after enlistment shows positive returns. This means that there will higher earnings growth in future. Therefore, renewing investors' interest in the company.

4.1.5 Gearing Analysis

The company was mainly financed by credit facilities from banks and does not rely on any long-term finance making the company less financially risky in the pre and some periods in the post enlistment eras. As the company will not have to any interest obligation on long-term loans or the possibility of losing its assets on a secured loan. However, it does not take advantage of interest deductible in the payment of taxes. In 2007 and 2008, thus the later part of the medium-term, there were long-term debt in the company. The company was highly geared in 2008 with a capital gearing and debt/equity ratios of 51% and 103.62%. The interest cover was not also favourable for interest payment.

4.2 Analysis on PBC: Growth Rate of Key Profitability Factors

Table **4.2** shows the key profitability of the company and their growth rate from 1997-2008.

Table 4.2

		PRE-ENLISTMENT		
Particulars	Remarks	1997	1998	1999
National cocoa output	tonnage	322,488	409,383	397,654
Variance	percentage		26.95	2.87
PBCs Purchases	tonnage	220,659	279,695	231,274
Variance	percentage		26.25	17.31
Market share	percentage	68	68	58
Variance	percentage		0	10
Producer price	Per ton	1,200,000	1,800,000	2,250,000
Variance	percentage		50	25
Turnover	m	348,997	595,269	613,260
Variance	percentage		70.57	3.02
Cost of sales	m	286,660	506,148	528,974
Variance	percentage		77.19	4.51
Gross Profit	m	63,336	89,121	84,286
Variance	percentage		40.71	-5.43
Total expenses	m	66,170	100,585	106,801
Variance	percentage		52.01	6.18
Profit before tax	m	-172	-1,335	-13,193
Variance	percentage		-176.16	-888.25
Profit after tax	m	-172	-2,036	-13,193
Variance	percentage		-10.77	-551.18
Staff Strength	Number	3,289	3,155	3,068
Variance	percentage		-4.07	-2.76
Share Prices	cedis	0	0	0
Variance				
Competitors	Number	4	8	12

Particulars	Remarks	Medium term 2003	2004	2005	2006	2007	2008
National cocoa output	tonnage	496,793	739,894	599,318	740,548	614,532	680,385
Variance	percentage	45.87	48.93	-19	23.56	-17.02	10.72
PBCs Purchases	tonnage	167,998	244,597	225,358	242,473	186,051	208,482
Variance	percentage	22.67	45.6	-7.86	7.59	-23.27	12.06
Market share	percentage	33.81	33.06	37.60	33.00	30.40	31.00
Variance	percentage	-6.4	-0.75	4.54	-4.6	-2.6	0.6
Producer price	per ton	8,500,000	9,000,000	9,000,000	9,000,000	12,000,000	16,320,000
Variance	percentage	60.62	5.88	0	0	33.33	36
Turnover	m	1,595,200	2,296,821	2,304,175	2,486,622	1,931,828	2,454,785
Variance	percentage	122.53	44	0.32	7.91	-22.31	27.07
Cost of sales	m	1,398,385	2,040,198	2,077,311	2,225,304	1,710,645	2,147,694
Variance	percentage	126.66	45.89	-1.61	10.86	-23.13	25.55
Gross profit	m	196,915	256,623	226,864	261,318	221,183	307,091
Variance	percentage	97.11	30.32	-11.6	15.19	-15.36	38.84
Total expenses	m	165,723	212,885	277,350	290,305	174,923	215,547
Variance	percentage	634.13	28.46	30.28	4.67	-39.75	23.22
Profit before tax	m	41,216	57,188	-30,782	-12,614	3,878	29,494
Variance	percentage	299.03	38.75	-153.83	-59.02		660.55
Profit after tax	m	27,061	38,133	-31,155	-10,985	1,245	21,105
Variance	percentage	394.54	40.91	-181.7	-64.74		
Staff strength		650	450	450	450	450	450
		-2.99	30.77	0	0		
Share price	cedis	1,300	3,600	3,000	2,800	2800	2200
Variance		233.33	176.92	-16.67	-6.67		
Competitors	Number	25	23	23	23	23	23

Below are the charts showing PBC's key performance indicators:

PURCHASES

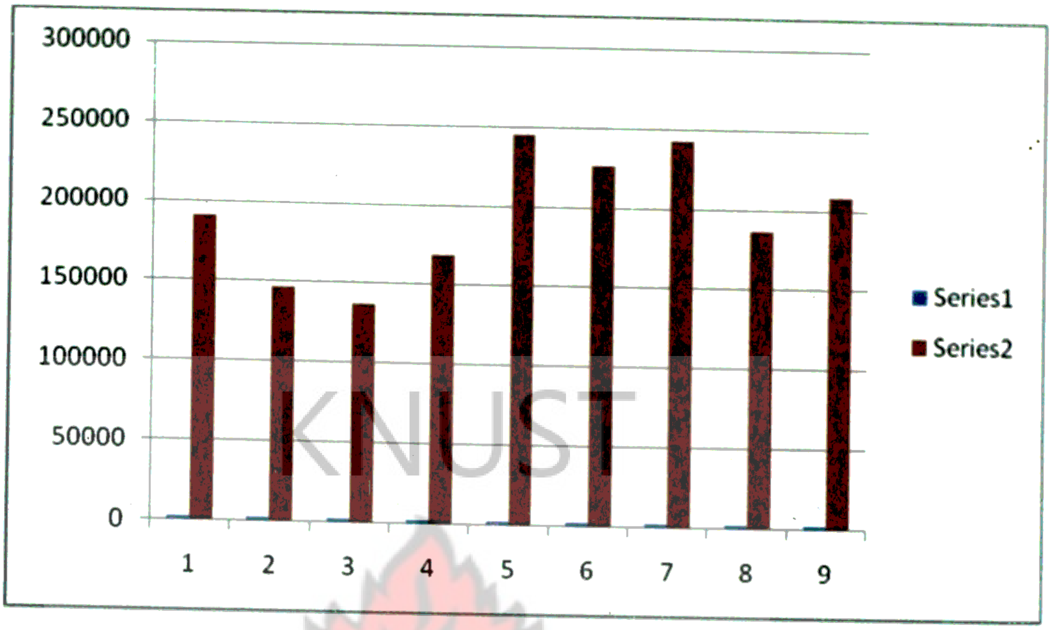


Figure 4.1: Purchases by PBC over the period 2000 – 2008.

The vertical axis represents the amount purchased and the horizontal axis shows the period under review (2000 – 2008).

4.2.1 Purchases Analysis

In 2000, the year of enlistment, purchases was 190,314 tonnes. It declined to 146,366 tonnes representing 23% in 2001. It further reduced to 136,952 tonnes in 2002. However, it went up in 2003 to 167,998 tonnes representing 23%. It reached it peak in 2004 registering 244, 597 tonnes. The purchases figure has since been declining by 225,358 and 242,743 in 2005 and 2006 respectively. The pre-enlistment purchases were better than the post-enlistment era as in indicated in table 4.2. In 1997, cocoa purchases for the company was 220,659 tonnes, 279,695 tonnes and 231,274 tonnes for 1998 and 1999. The decline in the cocoa purchases was attributed to falls in National output the increasing number of competitors in the industry.

TURNOVER

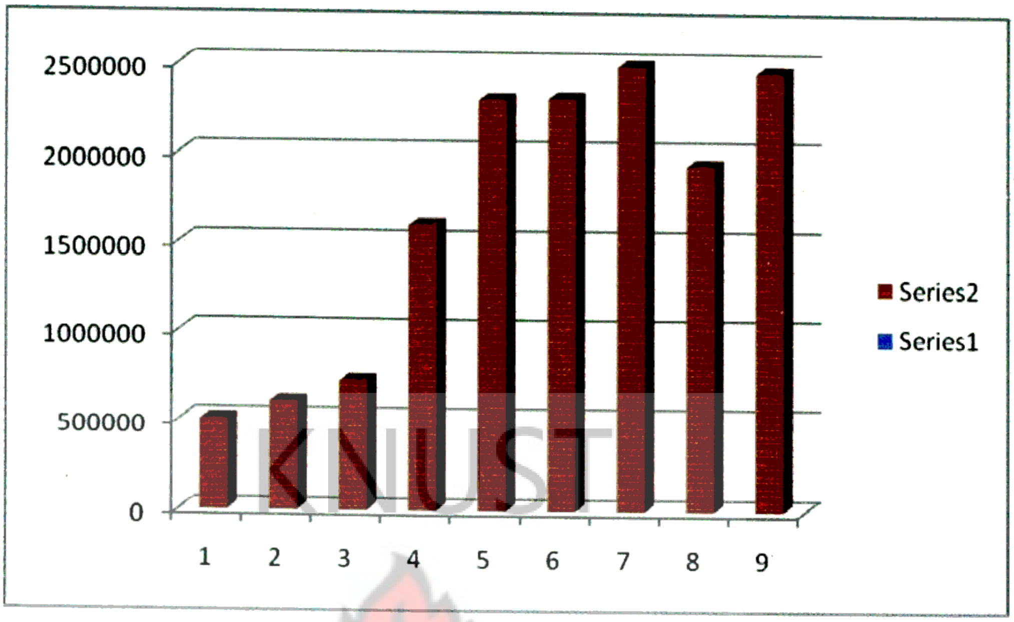


Figure 4.2.: Turnover records for 2000 – 2008.

The vertical axis shows the amount generated and the horizontal axis shows the period under review (2000 – 2008)

4.2.2 Turnover Analysis

The turnover figures for the pre-enlistment era were 348.997m, 595.269.and 613.260m. It fell in 2000 by 18.61% and rises by 20.22% and 19.33% for 2001 and 2002 in the short run. In the medium term, turnover has been increasing year by year.

PROFIT AFTER TAX

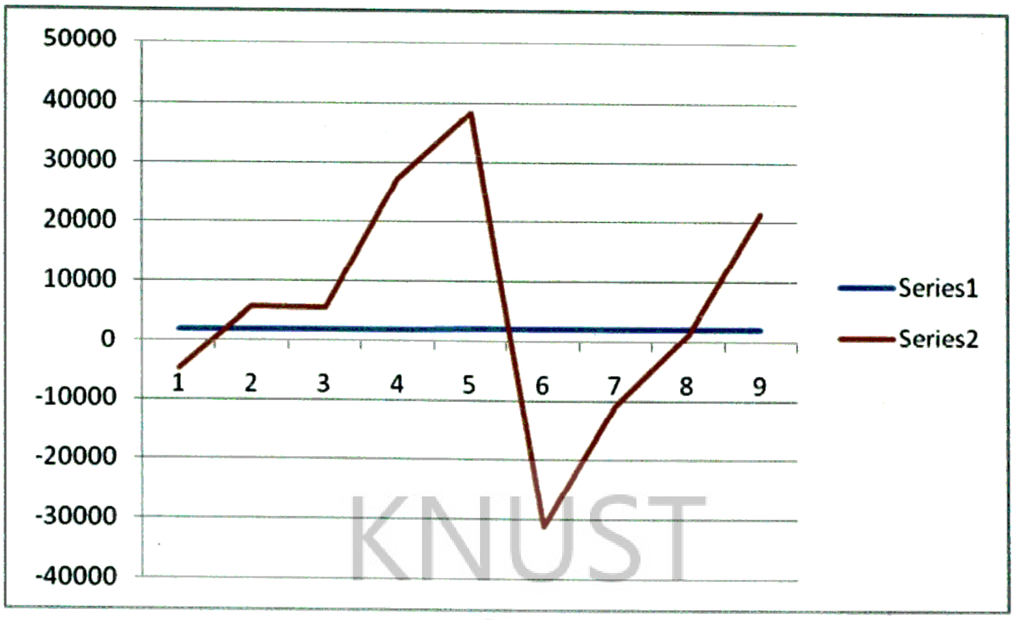


Figure 4.3: Profit after tax for the period under review (2000 – 2008).

The vertical and the horizontal axes shows amount and the period under review (2000 – 2008).

4.2.3 Profit After tax

The profit after tax of the company has undergone a lot of changes. From losses incurred in the pre-enlistment period, it started to improve from 2001 and reached it peak in 2003 by 395%. It rises in 2004 and fell again in 2005 and 2006. There was however positive figures in 2007 and 2008.

SHARE PRICES

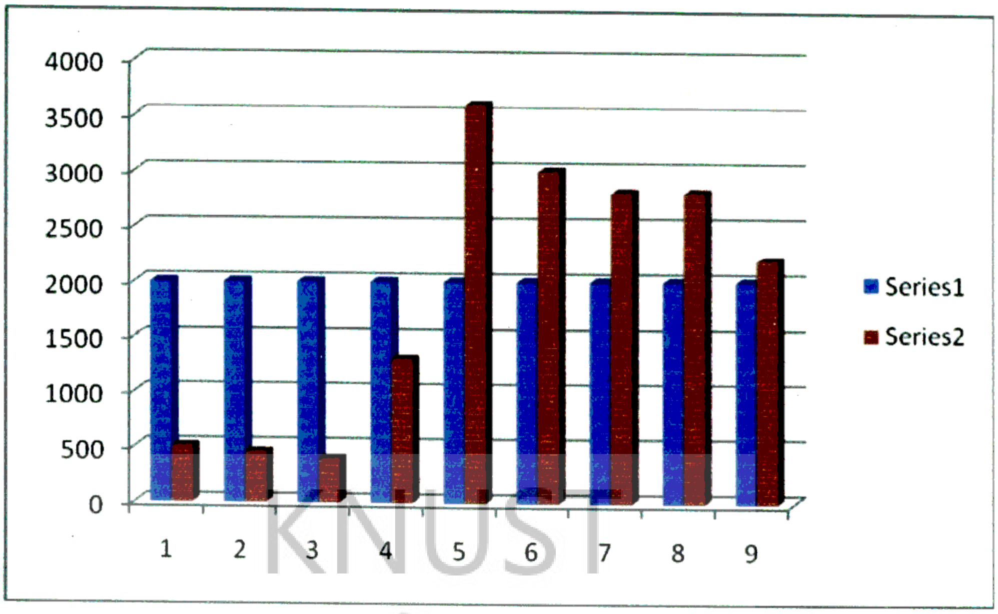


Figure 4.4: Share price record (2000 – 2008)

The vertical and horizontal axes shows amount and the period-2000-2008

4.2.4 Share Price

The company's shares have gone through several changes since its enlistment on the Ghana Stock Exchange. From an issue price of 500 cedis per share in 2000, the share price suffered a serious set back in 2001 by falling by 10%, lower than the initial price. In 2002, the price dropped again by 22%.

PBC's share price started appreciating in 2003, from 390 to 3600. Thus, a remarkable increase of 233%. The share price appreciated again in 2004 by 177%, then it starts falling from year to year and drop to 2200 in 2008.

4.2.5 Market Share

From table 4.2, the company's market share in the pre-enlistment era as compared with short-term in the post- enlistment era has been declining. It has been declining also in the medium term. From 68% in 1997 to 58% in 1999. In 200, the market share was 40% and fell to 33% in 2006 and further to 31% in 2008.

This was due to keen competition in the cocoa industry.

4.2.6 Cost of Sales

Cost of sales of the company keeps on increasing over the period under review. From 161.9B in 2000, it increased by 17.88% in 2001, due to increase in the producer price of cocoa. It recorded 21.55% in 2002, 126.66% in 2003 the highest in the company's history. In 2004, another rise of 45.89%, then it fell in 2005 by a small margin of 1.61%. Recovered in 2006 by 10.86%, fell again in 2007 (22.31%) and finally rose to 27.07% in 2008. From table 4.2, as compared with high amount of cost of sales in the pre- enlistment era, the post-enlistment records were encouraging.

4.2.7 Total Expenses

Pre-enlistment total expenses compared with post-enlistment expenses shows an increasing trend from 66170b in 1997, to 215,547b in 2008.

Both direct and general expenses increased due to rising fuel prices over the period, motor van running cost and higher commission payment

4.2.8 Shareholders Fund

The shareholders fund has been increasing from 30.1b in 2000 to 85.2b in 2004, an increase of 183.06%. However, in 2005, it fell to 53.7b and 42.7b in 2006. A decrease of 36.97% and20.48% mainly due to losses incurred in

2005 and 2006 financial years. By 2008, the fund was 75.7b, thereby increasing to 76.81%. (Appendix).

CHAPTER FIVE

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

5.0 Introduction

.The study has shown that going public has its benefits, responsibilities and challenges. The progress made in macro economic indicators through reduced inflation rates, low interest rates during 2000s served as a catalyst to move the stock market business forward. These indicators which exist in the environment, and are endogenous and exogenous to the various companies both listed and unlisted are seen to be impacting tremendously on stock exchange activities for public companies.

The economy of Ghana has since 2001 experienced macro economic stability thereby boosting the stock market in Ghana to be rated the best in the world. This has however impacted positively on the listed companies in Ghana as well.

It has therefore been beneficial in going public for most listed companies interviewed and for that matter PBC Ltd. This is because some capital was raised by the listed companies with turnover also improving over the years after enlistment. For other companies to benefit, particularly those companies intending to go public should also on their part be prepared to provide information for public scrutiny and comply with the regulations of the Stock Exchange.

The challenges posed rest in the hands of the directors who are the principals and the management, known as the agents, to manage the funds efficiently in the pursuit of the goals of the company for increased profitability and sustained growth.

From the interview conducted, particularly with key staff of PBC turnover continue to improve since enlistment. It is therefore very necessary for the listed companies to evaluate their performance indicators periodically to enable them know and chart paths for growth so that projections can be made into the future to make the companies attractive to investors.

Produce Buying Company Limited has been able through the GSE to mobilize a capital of ¢624 billion and this has indeed expanded its operations through keen competition replacement of old vehicles for cocoa evacuation for increased income as frights as well as replacement of operational vehicles for efficient monitoring and supervision by the field operational men to enhance efficiency.

In the past details of PBC's financial reports were termed classified information but now even competitors and investors of PBC can lay hands on PBC's annual reports for analysis. The information thus helps shareholders, management, government and lenders to constantly act as a check in the company's performance. Management on the other hand, uses the information to plan and make decisions that will affect the daily operations of the business entity.

On the part of the shareholders, they are able to evaluate management and see how much dividend income may be earned or by how much their share value will appreciate.

Government ensures that the company conforms to the laws of the land, for example the payment of corporate tax and other taxes such as reconstruction levy. The study revealed that PBC has always complied to these obligations.

Companies, which raise capital from the issue of shares or stocks, are able to expand their services, replace equipment and develop new products like award schemes for farmers as in the case of PBC Ltd.

Despite the benefits, which companies derive from going public, some companies do not see the need to be listed. Some reasons given were the various regulations on membership, listing, trading and settlement regulations which are all designed to protect the investor are rather viewed as stringent. Pertinent among these were dividends which are paid out after tax profits, 10 per cent withholding tax on dividend income for all investors outside shareholders, control and the need for public disclosure are among the deterring factors.

All these are however aimed at eliminating fraud and malpractices in the system.

5.1 Findings

The study revealed the following on the key performance indicators:

- Profitability and Liquidity

The study established that profitability and liquidity performance of PBC Ltd improved significantly in the post-enlistment era as compared to the pre-enlistment era. The three years proceeding enlistment recorded net operational losses but in the short-run after the enlistment era, operational performance was improving and then kept improving in the medium term. Liquidity performance also improved thereby, increasing the company's ability to meet short term obligations as they due.

The company's profitability and liquidity ratios were low for most periods. Especially, the current and quick ratios standards of 2:1 and 1:1 were never met in any of the periods under review. Lower capital employed was recorded due to increases in current liabilities valve. This results in lower ROCE and Asset turnover in most of the periods.

- **Efficiency**

There was an improvement in managing working capital resources over the period under review. All the ratios (debtor days, creditor days, stock turnover days and CCC) showed improvement.

However, over the periods under review, the company paid creditors before receiving from debtors.(2005,2006 and 2008). Stock turnover days was also long and this affected the CCC, extending the cycle.

- **Investment and Gearing**

The study revealed that investment and gearing positions of the company were better in the post-enlistment era than in the pre-enlistment era. In the pre-enlistment era, investor ratios had negative returns and had no gearing ratios. This improved in the post-enlistment era with positive investor ratios and gearing ratios.

The company gearing ratios which was for the last two years of the periods under review, showed unfavourable conditions. Investor ratios also recorded lower returns for some periods.

- Purchases and Turnover

  The turnover for the pre-enlistment period to 2000, the year of enlistment was 613.2m. The figure rose to 2454.8b in 2008 after enlistment, implying a significant benefit.

  The study however revealed a downward trend in purchases of the company from 279,695 tonnes in 1998 to 208,482 tonnes in 2008, a situation attributed to increase in new entrants in the industry. This has translated into declining market share of the company from 68% in 1998 to 31% in 2008.

- Cost of Sales and Total Expenses

The study revealed that cost of sales and total expenses from 1997 to 2008 showed an upward trend of 286,660m to 2147694b (cost of sales) and 66170m to 215547m (total expenses). This has resulted in low gross profit and net profit.

5.2 Recommendation for PBC LTD

Considering the Company's strength and profit drivers listed, there are very strong indications that the Company continued strong growth in turnover and profit over the years and since enlistment can certainly be sustained. The assertion is based on the fact that some of the profit drivers form an integral part of the Company's new vision of improving on operations vis-à-vis profitability so that the Company's image would improve with her stakeholders, including shareholders, the bank, the government and the general public.

It must be recognized that PBC operates within a highly dynamic economic and social environment; which will ensure the continued relevance of the Company judging from the favourable macro-economic environment.

The Company must therefore ensure that:

Monitoring:

- A system of reports for the monitoring of key objectives and ratios are always on target set.
- To review relevance of the objectives and strategies of PBC

Human Resource:

- To ensure that the Company's human resources and logistics are developed in line with trends
- To engender a high level of morale and enthusiasm with the Company towards the achievement of its mission statement to remain in business for growth and profitability.
- To adequately motivate them in order to secure their loyalty the Company should pay high and competitive commissions.
- Continue with Best Worker Awards and payment of bonuses.

Competition:

- The Company must tackle the issue of competitiveness by increasing its market share. The Company's market share dropped by 6 per cent from 40 per cent in 2002 to 34 per cent in 2003. The average drop since enlistment in 2000 has been about 8 per cent per year. It is therefore suggested that competition from other Licensed Buying Companies particularly Akuafo Adamfo and Olam, has become very keen.
- The Company should draw strategic plans to guide their future operations in the interest of overall national development objectives. A strategic plan, which aims at realigning the Company for effective competition by drawing on its organizational strengths to improve operational efficiency. Avenues should be explored to increase the Company's income through active increase in cocoa haulage for freight income.
- Produce Buying Company must make every effort to recapture part of its lost market share. Operating cost should be reduced to ensure sustained profitability.
- The Company must also ensure that the renewed interest of financial institutions in the Company is sustained so that sources of seed fund guarantee for the purchase of cocoa is expanded to ensure prompt receipt of funds for cocoa purchase.
- The Company in reducing operating cost must reduce holding cost and time through quick delivery of cocoa to the takeover centres to improve seed fund recycling rate.
- Societies and districts should be reorganized to make the Company more efficient.

- The Company as a market leader should continue to provide high quality service to its farmers and adopt healthy competitive practices which will set proper standards for the cocoa industry.
- Both the Board and Management should adopt strategies to maintain the Company's leadership in the internal marketing of cocoa.

5.3 Conclusion

The study above has shown that Stock Exchange enlistment is very beneficial in raising equity funds for growth. These have been made possible by the establishment of the Stock Exchange, whose operations have led to a positive impact in both private and public sectors.

In analysing the performance of the Produce Buying Company since enlistment, the research has shown that the company's performance in terms of liquidity, profitability, activity, shareholders return improved positively after enlistment as compared to pre-enlistment performance. On the other hand, activities such as the core business of buying of cocoa, sources of seed fund for cocoa purchases and the operational structure have not changed after enlistment.

The author hopes that this study will not end here but will provide a basis for any future study on the subject. The thought provoking research will also act as a secondary source of data for any related research.

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APPENDIX

PBC LIMITED – PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1997 – 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000
TURNOVER	348,996.00	595,268,848.00	613,260,379.00	499,654,499.00	600,699,781.00	716,836,706.00	1,595,199,717.00	2,296,821.00	2,304,175	2,486,622
Cost of Sales	(285,660,159	-506,147,687.00	-528,974,156.00	-430,528,565.00	-507,540,600.00	-616,935,070.00	-1,398,284,875.00	(2,040,198.00)	(2,007,311	2,225,304
Gross Profit	**63,336,433.00**	**89,121,151.00**	**84,286,223.00**	**69,125,934.00**	**93,159,181.00**	**99,901,636.00**	**196,914,842.00**	**256,623.00**	226,864	261,318
DIRECT OPERATING EXPENSES	-36,395,489.00	-62,453,864.00	-57,074,240.00	-56,597,290.00	-67,807,083.00	72,854,467	-129,437,924.00	(164,625.00)	-225,885	-226,017
ADMIN & GENERAL EXPENSES	-29,774,119.00	-38,130,794.00	-49,726,376.00	-24,539,992.00	-22,496,111.00	22,573,684.00	-36,284,586.00	(48,260.00)	-51,465	-64288
TOTAL EXPENSES	**-66,169,608.00**	**-100,584,653**	**106,800,616.00**	**-81,137,282.00**	**90,303,194.00**	**95,438,151.00**	**-166,722,510.00**	(212,885.00)	-277,350	-290,305
Operating Profit	**-2,833,175.00**	**-11,463,507**	(22.514,393)	**-8,519.00**	**2,294.00**	**4,463.00**	**31,192.00**	43,738.00	-50,486	-28,987
Other Income	**2,661,155.00**	**10,128,195**	9,321,718.00	3,715.00	**3,430.00**	**5,866.00**	**10,023.00**	13,450.00	19,704	16,373
NET PROFIT/LOSS BEFORE TAXATION	-172,020.00	-1,335,312.00	-13,192,675.00	(4803	5,724.00	10,329.00	41,216.00	57,188.00	-30782	-12614
NATIONAL RECONSTRUCTION LEVY			0	0	143.00	258.00	-1,030.00	(1,439.00)		
Taxation		-690741	0	0	0	-4,599.00	-13,124.00	(17,625.00)	-373	1(1629)
NET PROFIT/LOSS AFTER TAX TRANSFERRED TO INCOME SURPLUS ACCOUNT	-172,020.00	-2,026,053	(-13,192,675.00)	-4,803.00	5,581.00	5,472.00	27,061.00	38,133.00	-31155	-10985

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000	¢000
FIXED ASSETS	15,265,259.00	14,397,951.00	31,227,565.00	27,796,068.00	24,064,226.00	24,177,025.00	31,159,705.00	33,360	30,934	26,253
LONG-TERM INVESTMENT			250,000.00	250,000.00	250,000.00	250,000.00	250,000.00	250	250	250
TOTAL FIXED ASSETS	15,265,259.00	14,397,951.00	31,477,565.00	28,046,068.00	24,314,226.00	24,427,025.00	31,409,705.00	33,610	31,184	26,503
CURRENT ASSETS										
Stocks	13,369,299.00	18,094,750.00	8,322,036.00	6,464,303.00	14,344,107.00	15,553,979.00	40,004,909.00	196,616	151,591	69,976
Accounts Receivable	3,176,025.00	3,969,649.00	15,010,504.00	6,873,706.00	4,641,067.00	4.093,397.00	12,972,934.00	70,812	109,568	83,654
Short-term investment	1,494,966.00	2,341,571.00	443,846.00	1,236,323.00	3,117,846.00	4,388,028.00	5,359,297.00	3250	1620	1643
Bank and Cash Balance	591,281.00	1,861,072.00	613,951.00	4,231,941.00	11,471,715.00	9,870,303.00	31,146,866.00	12,259	8283	8140
Taxation					194,853.00	-	-			
TOTAL CURRENT ASSETS	18,631,571.00	26,267,042.00	24,390,337.00	18,806,273.00	33,769,588.00	33,905,707.00	89,474,006.00	282,937	271,062	163,413
CURRENT LIABILITIES										
Bank Overdraft	6,000,623.00	3,226,333.00	6,292,474.00	2,147,795.00	2,241,778.00	1,330,771.00	19,525,255.00	125,880	126,062	98,204
Accounts Payable	4,808,639.00	12,706,641.00	14,373,312.00	14,574,571.00	8,466,436.00	11,450,256.00	14,081,441.00	78,389	14,680	8419
Cocobod Current Account (Short-term Loan)	5,220,328.00	9,655,412.00	104,307.00	-	11,537,309.00	-	4,149,227.00	4148	105762	42041
Reconstruction Levy								865	865	865
Dividend			169,147.00	5,147.00	133,721.00	248,425.00	871,698.00	44972	3	153
Taxation	818,481.00	769,147.00			-	4,125,743.00	10,878,819.00	10024	1146	2509
TOTAL CURRENT LIABILITIES	16,848,071.00	26,357,533.00	20,939,240.00	16,727,513.00	22,379,244.00	17,155,195.00	56,692,459.00	231274	248518	147173
NET CURRENT ASSETS	1,783,500.00	-90,491.00	3,451,097.00	2,078,760.00	11,390,344.00	16,750,512.00	32,781,547.00	51659	33544	16240
NET ASSETS	17,048,759.00	14,307,460.00	34,928,662.00	30,124,828.00	35.704,570.00	41,177,537.00	64,191,252.00	85279	53728	42743
Medium-term Loan	-	-	-	-	-	-	-4,148,226.00			
TOTAL NET ASSETS	17,048,759.00	14,307,460.00	34,928,662.00	30,124,828.00	35,704,570.00	41,177,537.00	60,043,026.00	85269	53728	42743
FUNDS EMPLOYED										
Stated Capital	10,000,000.00	10,000,000.00	49,143,769.00	49,142,769.00	49,143,769.00	49,143,769.00	49,143,769.00	49144	49144	42743
Share Deals Accounts	1,003,921	1,022,432	-1,022,432	-	-	-	191,189.00	256	20	49144
Income Surplus Account	-172,020.00	1,022,432.00	-14,215,107.00	-19,018,941.00	- 13,438,199.00	-7,966,232.00	10,708,068.00	35869	4564	-6421
SHAREHOLDERS EQUITY	11,003,621.00	11,022,432.00	34,928,662.00	30,124,828.00	35,705,570.00	41,177,537.00	60,043,026.00	85269	53728	42743

FINANCIAL STATEMENT FOR THE PERIOD 2007-2008

	2007	2008
TURNOVER	GHC '000'	GHC '000'
COST OF SALES	1939828	2454785
GROSS PROFIT	(1710645)	(2147694)
OTHER INCOME	221183	307091
DIRECT OPERATING EXPENSES	19698	19484
ADMIN& GENERAL EXPENSES	(100254)	(109791)
PROFIT BEFORE FINANCE CHARGES	(74669)	(105756)
NET FINANCE CHARGES	65953	111028
PROFIT BEFORE TAXATION	(62075)	(81534)
INCOME TAX	3878	29494
PROFIT AFTER TAX	(2633)	(8389)
	1245	21105
TOTAL FIXED ASSETS		
CURRENT ASSETS:	59143	147435
INVENTORIES		
INCOME TAX ASSETS	53384	283696
TRADE AND OTHER RECEIVABLES	3111	4310
SHORT TERM INVESTMENTS	84115	124749
CASH AND CASH EQUIVALENTS	140204	3852
TOTAL CURRENT ASSETS	23369	110634
TOTAL ASSETS	304326	527241
BANK OVERDRAFT	363326	694676
SHORT TERM LOANS	119036	112202
MEDUIM TERM LOANS(Current Portion)	140000	299800
FINANCE LEASE(Current Portion)	17348	28105
TRADE AND OTHER PAYABLES		9564
TOTALCURRENT LIABILITIES	91360	75275
NET ASSETS	285520	524946
FINANCED BY	77806	149730

FINANCIAL STATEMENT FOR THE PERIOD 2007-2008

	2007	2008
	GHC '000'	GHC '000'
TURNOVER	1939828	2454785
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FINANCE LEASE(Current Portion)		9564
TRADE AND OTHER PAYABLES	91360	75275
TOTALCURRENT LIABILITIES	285520	524946
NET ASSETS	77806	149730
FINANCED BY:		
TOTAL NON CURRENT LIABILITIES	27920	76196
SHAREHOLDERS FUND	49886	73534
TOTAL	77806	149730

FINANCIAL STATEMENT FOR THE PERIOD 2007-2008

	2007	2008
	GHC '000'	GHC '000'
TURNOVER	1939828	2454785
COST OF SALES	(1710645)	(2147694)
GROSS PROFIT	221183	307091
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INVENTORIES	53384	283696
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TRADE AND OTHER PAYABLES	91360	75275
TOTALCURRENT LIABILITIES	285520	524946
NET ASSETS	77806	149730
FINANCED BY:		
TOTAL NON CURRENT LIABILITIES	27920	76196
SHAREHOLDERS FUND	49886	73534
TOTAL	77806	149730