REPORT

of the

Committee Appointed to Enquire into
the Manner of Operation
of the

STATE DISTILLERIES CORPORATION

1968

Price: N\textcurreny\textsterling0.40
Presented to IDEP Library.

by

GHANA EMBASSY

3 SEP. 1969
MEMBERSHIP

S. K. B. TAYLOR—Chief Accountant, University of Ghana, Legon—(Chairman)

S. O. GYANDOH, Jnr.—Lecturer in Law, University of Ghana, Legon—(Member)

F. I. ANDOH, Jnr.—General Manager, U.A.C. of Ghana Ltd., Accra—
(Member)
## CONTENTS

**Part I**

INTRODUCTION AND ACKNOWLEDGEMENT ........................................... Page

**Part II**

BACKGROUND INFORMATION ON THE STATE OF THE ALCOHOLIC INDUSTRY IN THE COUNTRY ........................................... 1

- The State Distilleries Corporation ........................................... 3
- West African Enterprises Limited ........................................... 5
- State of the Akpeteshie Industry ........................................... 5
- The Sugar Manufacturing Factories ........................................... 7

**Part III**

FINDINGS AND CONCLUSIONS .................................................... 8

A. **General Administration of the State Distilleries Corporation**

- Responsibilities of the Managing Director, the Board of Directors and the State Enterprises Secretariat ........................................... 8
- Summary of Conclusions .................................................. 12

B. **Financial Administration**

- Lack of effective Cost-Accounting System ................................ 13
- The “Sugar Deal” ............................................................ 14
- Mrs. Botchway ............................................................... 15
- Mr. D. A. K. Sowah ........................................................... 16
- Further Irregularities involving Mr. D. A. K. Sowah ................. 16
- Summary of Conclusions on the “Sugar Deal” ................................ 17
- Evasion of Sales Tax .......................................................... 18
- The “El Nash” Deal .............................................................. 19
- Writing off of Bad Debts ....................................................... 19
- Counsel’s Fees and Board’s Authorisation ................................ 20

C. **Agreements Between Duncan, Gilbey & Matheson Limited and the State Distilleries Corporation** ........................................... 20

- The First Agreement .......................................................... 21
- The Second Agreement .......................................................... 22
- The Third (or Present) Agreement ............................................ 23
- Critical Appraisal of the Participation of Duncan, Gilbey & Matheson Limited in the Alcoholic Industry in Ghana .................................................. 28
Inflated Prices of Concentrates .............................................. 30
Table A—Comparative Prices of Selected Concentrates .......... 31
Table B—Comparative Prices of Selected Essences .......... 31
The Role of Wine and Spirits Distributors (Ghana) Limited .... 32
Sale of Products to Wine and Spirits Distributors (Ghana) Limited .................................................. 34
Other Criticisms of the Agreements ........................................ 35
Summary of Conclusions on Duncan, Gilbey & Matheson Limited/State Distilleries Corporation Contracts for the sale of Raw Materials to the latter .................................................. 36

D. THE PROPOSED KUMASI DISTILLERY ........................................ 36
E. THE TWO SUGAR PRODUCTION FACTORIES .............................. 39
F. PURCHASE OF RAW GIN FROM DISTILLERS’ CO-OPERATIVE .... 40

G. THE FUTURE OF THE ALCOHOLIC INDUSTRY IN GHANA .............. 45
   Palm Wine and Beer .......................................................... 45
   Crude Alcohol (Apeteshie) ................................................ 46
   Refined Spirits Produced Locally ........................................ 46
   A tentative Suggestion ...................................................... 47
   Details of Proposed Merger ............................................... 47
   Refined Spirits—Imported ................................................. 48

Part IV

RECOMMENDATIONS ................................................................. 49
   General Administration .................................................... 49
   Financial Administration .................................................. 50

Duncan, Gilbey & Matheson Limited/State Distilleries Corporation Agreement .................................................. 51

Marketing Arrangements for the Products of the State Distilleries Corporation .................................................. 52

The Proposed Kumasi Distillery ............................................... 52

The Two Sugar Production Factories ......................................... 52

Purchase of Raw Gin from the Distillers' Co-operatives Council (now renamed the Ghana Alcoholic Distillers Association) .................................................. 52

Raw Materials for the State Distilleries Corporation ................... 53

The Future of the Alcoholic Industry ......................................... 53
LIST OF WITNESSES WHO TESTIFIED BEFORE THE COMMITTEE

Mr. Joseph Acquaye
Mr. Joseph Addison
Mr. M. K. Adjoh
Mr. Kofi Addo
Mr. J. O. T. Agyeman
Mr. R. S. Amegashie
Mr. I. T. Annan
Mr. I. S. A. Anobah
Cpl. M. B. Ansong
Mr. E. Ayeh-Kumi
Mr. F. W. Beecham
Mrs. Beatrice Botchway
Mr. Brauderman
Mr. Paul D. Davies
Dr. Dobrowolski
Mr. Krobo Edusei
Mr. Imoru Egala
Mr. Ohenenana Kwame Fori
Mr. A. R. O. France
Mr. Le Roy Francis
Mr. F. G. Hanson
Mr. Ahmadu Hassinu
Mr. S. K. Kanda
Mr. Kweku Kyei
Mr. Essah Kwasi
Mr. E. A. Mahama
Miss Anitah Mensah
Mr. Charles Mensah
Mr. Michaelides
Mr. Kobina Nyinaku
Mr. J. Obuobi
Mr. E. D. Okine
Mr. K. A. Ollenu
Mr. B. M. Osom
Mr. Kwabena Owusu
Mr. William K. Owusu
Mr. J. A. Sackey
Mr. D. A. K. Sowah
Mr. Homia Tanor
Mr. Felix Tekyi

LIST OF COUNSEL

MR. C. A. QUIST for Ghana National Trading Corporation.

MR. A. W. ACOUHA for Mr. Kwabena Owusu
MR. ALEX AIDOOU for Mr. Kwabena Owusu
MR. T. K. AGADZI for Mrs. Beatrice Botchway
MR. J. ARTHUR for State Distilleries Corporation
MR. A. K. BANNERMAN-WILLIAMS for Mr. J. A. Sackey
MR. S. A. X. TSEGAH for Distillers’ Co-operative Council Limited.

MR. H. P. SWANIKER for Mr. D. A. K. Sowah
MR. B. J. DA ROCHA for Duncan, Gilbey & Matheson Limited and Wine & Spirits Distributors (Ghana) Limited.

MR. BOLVIC QUAYNIN for West African Enterprises Limited
APPENDICES

Appendix

VII. Kobina Nyinaku's Report on his European Tour 1965.
IX. Nadeco Agreement with Wine & Spirits Distributors (Ghana) Limited 1962.
X. Quotations of Concentrates—Comparative Prices.
XII. Letter from JOHs De Kuyper & Zoon on price of A.Y. Schnapps Concentrates.
XIII. Management Agreement re Kumasi Distillery.
XIV. Suggested aims and organisation of Joint Consultative Committee.
INTRODUCTION AND ACKNOWLEDGEMENTS

On the 22nd of April, 1966, the National Liberation Council appointed our Committee to go into the activities of the State Distilleries Corporation and to make recommendations on this and other related matters. More specifically, we were charged with the duty of working through the following Terms of Reference:

(i) to investigate the operations of the State Distilleries Corporation, with particular reference to the purchase of raw gin from the Distilleries Co-operatives;

(ii) to review contracts entered into by the Corporation with a view to finding out and establishing if the terms had been in the best interest of the Corporation;

(iii) to investigate the marketing arrangements for the products of the State Distilleries Corporation;

(iv) to make recommendations on the future of the Distilleries Co-operatives, bearing in mind the fact that two Sugar Factories will soon be producing molasses as raw material for the production of alcoholic beverages;

(v) to consider and make recommendations on all matters concerning the future of the alcoholic distilleries industry.

2. The Committee’s first meeting was held on the 25th May, 1966, when decisions were taken on the procedure to be followed and the venue for our sittings. Thereafter, the Committee formally sat from 31st May to 2nd September, 1966, and took evidence from 40 witnesses.

3. Counsel appeared for various interested parties, and we wish to take this opportunity to thank all of them for their able assistance to the work of the Committee.

4. As a fact-finding Committee, there was no need to saddle ourselves with the strict rules of evidence that obtain in law courts or even in quasi-judicial tribunals. Our chief concern was to arrive at the truth, using procedures that were as fair as humanly possible. At the same time care was taken to keep the proceedings of the Inquiry within the bounds of our Terms of Reference. Our recommendations are based, largely, but not solely, on evidence taken during our formal sittings. We have had, on occasions, to take a broad view of our Terms of Reference and have considered matters, which, though not appearing in evidence, are of close relevance to matters raised before us. It will be noted that, in presenting our Final Report, we have not followed strictly the order in which our Terms of Reference appear. We have chosen an order based principally on considerations of convenience and sequence.

5. The Committee sat in camera, and we think that this helped to create somewhat relaxed atmosphere in which witnesses could freely testify on all matters within their knowledge. Generally, the informal procedures thus adopted led to a free interplay of view-point, thus enabling us to elicit as much information as could be possibly obtained, having regard to the interaction of powerful, vested interests with which we had to contend.
6. The Committee’s work has not been limited to the taking down of evidence within the cosy confines of a walled enclosure. In an Inquiry such as ours, it seemed obvious to us that, our work would not be complete unless we paid visits to those places closely connected with our assigned task. Consequently, members paid visits to the two existing Distilleries in Ghana, namely, the State Distilleries Corporation and the West African Enterprises Limited, to the two sugar producing factories in Ghana, and to a number of “Akpeteshie” workshops in Peduase, Sapemang, Takoradi, Koforidua and villages in between. We freely talked to the people concerned in all these places we visited and were thus able to add wider practical dimensions to our understanding of their problems. The sections of our Report on our Findings and Conclusions will, hopefully, reflect this further understanding that we gained from our on-the-spot visits.

7. Twenty-five copies each of Minutes and Proceedings as well as Counsel’s final addresses are submitted together with our Report. In addition, several documentary exhibits were produced by interested parties, and we submit photostat copies of the most important of these exhibits, numbering 148. Apart from direct oral evidence and site visits, we also received memoranda from a number of interested parties. Many of these memoranda have helped to throw revealing light on a number of obscure points.

8. We would like to acknowledge our unqualified appreciation for those of our Secretarial Staff who helped us in our work. Special mention must be made in this regard of Mr. Hanson D. Adu, who, as our first Secretary, brought admirable industry and resourcefulness to his work. When, soon after the commencement of our sittings, he had to leave for Holland to do a training course, Mr. F. E. Kwofie of the State Enterprises Secretariat took over from him. Mr. Kwofie was later withdrawn by the State Enterprises Secretariat. When this happened, Mr. George R. H. Glover of the School of Administration, University of Ghana, was co-opted by the Committee to fill in the gap thus created. We are grateful to him for the admirable competence with which he discharged his general secretarial duties.

9. Mrs. Florence Barnes, our Private Secretary, who was graciously loaned to us by her employer, the Ghana Academy of Sciences, gladly worked assiduously to prepare the voluminous transcripts of our proceedings. Special mention must also be made of Mr. M. M. Akpor-Mensah, University of Ghana, who working almost single-handed, typed out the final form of the entire Report.

10. We are also thankful to Mr. Emmanuel E. Sackey, Acting Hall Bursar of Commonwealth Hall, Legon, for making available to us working rooms in his Hall of Residence during part of the preparation of this Report, and to the Manciple’s Organisation of the University of Ghana for making available to us rooms over which they exercise control at a time when, owing to the re-opening of the University, we could no longer work at Commonwealth Hall.

11. We wish to take this opportunity to thank the National Liberation Council for the honour done us by entrusting us with this national responsibility. Needless to say, we take full responsibility for any defects which our Report may contain, realizing fully that to err is human and that all products of human endeavour are bound to entail a margin of error. Finally, it is our hope that matters that form the subject of our Report will, as far as possible, go some way in helping to shape the course of national reconstruction along rationalistic lines.
Part II

BACKGROUND INFORMATION ON THE STATE OF THE ALCOHOLIC INDUSTRY IN THE COUNTRY

12. It will be noted that our fifth Term of Reference requires us "to consider and make recommendations on all matters concerning the future of the alcoholic distilleries industry". This requirement, in our view, imposes upon us the duty to examine the entire alcoholic industry as it exists now. To discharge this duty fruitfully, we consider it essential to present at this initial stage the necessary background information on the present state of the alcoholic industry. We focus attention on:

(a) the two existing distilleries in Ghana;
(b) the state of the Akpeteshie Industry in Ghana;
(c) the establishment in this country of two Sugar Manufacturing Factories.

We will consider these matters in the above order.

13. There are two distilleries at present operating in Ghana. These are:
The State Distilleries Corporation and
The West African Enterprises Limited.
The former is a State enterprise whilst the latter is privately owned. Both are engaged in the refinement of crude alcohol which is then blended with concentrates and other flavourings to produce alcoholic beverages of many different types. We will consider the two enterprises separately.

The State Distilleries Corporation

14. This Corporation was established as a subsidiary of the Industrial Development Corporation of Ghana on 7th October, 1960. It was the first modern distillery to be established in West Africa and it is situated in the Industrial Area, Ring Road West, Accra. Although the Industrial Development Corporation has since been dissolved, the State Distilleries Corporation continues to exist as a viable economic concern. The Government of Ghana invested an initial amount of £G100,000 (£240,000.00) as working capital exclusive of the cost of the plant and machinery, valued at some £G207,000 (£496,800.00). With the dissolution of the Industrial Development Corporation in 1961, the State Distilleries Corporation became an independent organisation under the supervision of the Ministry of Industries. In 1964, however, this supervision was transferred to the State Enterprises Secretariat, under which it presently operates.

15. The first Instrument of Incorporation from which the Corporation derived its powers was Executive Instrument No. 101 (Instrument of Incorporation of the Ghana Distilleries Corporation) dated 12th May, 1962 and signed by Mr. Imoru Egala, then Minister of Industries. Under this Instrument the objects and powers of the Corporation were:

"(a) to take over the assets and liabilities and to carry out the objects of the Ghana Distilleries Limited, a company registered under the Companies Ordinance (Cap. 193);
(b) to do all such other things as are incidental or conducive to the attainment of the above objects or any of them."
16. In 1965 this Instrument was superseded by another one as part of a
general exercise under which the new wave of State enterprises that were
springing up everywhere in Ghana were incorporated under Legislative, as
opposed to Executive Instruments; thus, Legislative Instrument No. 391 of
1965 became the Instrument of Incorporation of the State Distilleries Cor-
poration, the objects and powers of which were re-defined as follows:—

"(i) (a) to distil, refine and manufacture spirits from locally produced
Akpeteshie and similar crude alcohols and to bottle and prepare
them into finished products for sale;

(b) to prepare, manufacture and sell other spirits and alcohols
for use in the medical, engineering, agricultural, industrial and
other fields.

(ii) For the purpose of achieving its objects under this Instrument
the Corporation may, without prejudice to the general effect
of paragraph 1 of this Part:

(a) own and operate machinery, apparatus, converters factories;
(b) buy crude Akpeteshie and similar crude and unrefined
alcohols from any person authorised under any enactment
to produce them in Ghana, enter into sale contracts with
any Statutory Corporation or State Enterprise and any
other person for the sale of its products;
(c) own plant and equipment necessary for manufacturing; and
(d) undertake such other activities as may be conducive or
incidental to the fulfilment of its objects.

(iii) In determining its general pricing policies the Corporation shall
consult the State Enterprises Secretariat and the Ministry respon-
sible for Trade."

17. It will be seen from the re-defined objects and powers of the State
Distilleries Corporation that by 1965 a new policy was emerging, and that
policy was to use the locally produced crude alcohol to produce at a modern
distillation plant refined alcohol for general consumption. Thus, the State
Distilleries Corporation, as it now exists, is intended to provide healthy
alcoholic drinks at moderate prices and to absorb the increasing production
of local alcohol. Further, it is part of this new policy to discourage the con-
sumption of this crude alcohol which, from all accounts, is injurious to health
in its raw state, quite apart from other deleterious social and economic con-
sequences flowing from the production and consumption of this crude alcohol.

18. The State Distilleries Corporation employs a little over 200 persons
of whom some 50 are female and about 8 are senior staff. With this manpower
headed by a Managing Director responsible for the day-to-day running of the
business, the Corporation produces some twenty lines of bottled drinks all
of which are on the market. They are:—

1. Ghana Gin
2. Okukuseku Gin
3. Okyeame Gin
4. Odanye Whisky
5. Old Barrel Whisky
6. Lai Momo Vermouth
7. Akuafuo Rum
8. Yaa Asantewa Brandy
9. Henkes Schnapps
10. Campbell’s Whisky
11. Duncan’s Whisky
12. Mark Royal Whisky
13. Queen Elizabeth Gin
14. Gilbey’s Gin
15. Reine Marie Brandy
16. Tourell Brandy
17. Catherine of Russia Vodka
18. Mario Vermouth
19. Pirate Rum
20. Krimskaya Vodka

West African Enterprises Limited

19. The West African Enterprises Limited is a private venture which was started by a Liberian gentleman in 1958 at a village called Adutor near Keta Lagoon. The Company now has a Factory at Nungua, near Accra, but still possesses sugar plantations situated at Adutor from which it obtains part of its crude alcohol requirements. It employs some 250 Ghanaians and has a production capacity of 1,000,000 gallons of finished product per year. But so far only half of its production capacity has been achieved; this was in 1963–64. It would seem that the main reason why the production has not gone near the maximum capacity is that the Managing Director was subjected to political pressure by the erstwhile government; also, import licences for the importation of raw materials, especially bottles and seals, have not been granted in commercially sufficient quantities. Indeed so serious was this pressurization during the last few months of the old regime that production virtually came to a standstill at this time. Since the fall of the old regime production has picked up somewhat but has not risen above 20 per cent of the maximum capacity.

20. In spite of all these vicissitudes of fortune that the West African Enterprises Limited has passed through a new distillation plant, which has not been used since its installation, has been added to the Factory at Nungua. This new plant was put up at a cost of £85,000. By contrast, the State Distilleries Corporation under the Managing Directorship of Mr. Kobina Nyinaku refused, when approached by the Distillers’ Co-operatives Association, to produce a cheap gin for popular consumption. The West African Enterprises Limited set up this new distillation plant with the sole purpose of refining Akpeteshie into a cheap drink to be sold through the Ghana Distilleries Co-operatives. So far, however, as mentioned earlier, the plant has not been put into production. It is worth mentioning now, however, that with this additional plant the production capacity of the Distillery can be easily doubled; so that, for all practical purposes, the West African Enterprises Limited can be described as two separate distilleries in one.

21. The products of the West African Enterprises Limited include Dry Gin, Aromatic Schnapps and Brandy. Many in Ghana know products of this Distillery by the popular names “Power Gin” and “Kantamanto Gin”.

State of the Akpeteshie Industry

22. As we have noted earlier one of the main reasons behind the incorporation of the State Distilleries Corporation was to find a way of absorbing the crude local alcohol (Akpeteshie) that is produced on an increasing scale in this country. In all, there are some 10,000 registered members of Co-operative Societies engaged in the distillation of this crude alcohol. Another 15,000 are registered as retailers. Thus, 25,000 registered persons are engaged in the production and sale of this crude spirit, Akpeteshie.
23. The law regarding the manufacture and sale of Akpeteshie is contained in “The Manufacture and Sale of Spirits Act, 1962 (Act 154)” and “The Manufacture and Sale of Spirits Regulation, 1962 (L.I. 239)”. The essence of this law is that although licences may be granted for the manufacture of Akpeteshie, no licence may be granted for the sale of Akpeteshie except where a spirit licence expressly states so. In the case of Akpeteshie to be sold to the two Distilleries in Ghana, however, Regulation 53 of Legislative Instrument No. 239 states that no licence shall be required for the sale of Akpeteshie to these two enterprises.

24. The effect of this law is that it is illegal to sell Akpeteshie to the public, except under a licence. This conclusion is buttressed by the policy consideration, already adverted to (paragraph 17 supra) behind the creation of the State Distilleries Corporation.

25. But, in 1964 the law regarding the manufacture and sale of Akpeteshie was thrown into utter confusion by a circular issued from the office of the then President and signed by the Secretary to the Cabinet. This circular No. PR.310/ Vol. 2/4 dated 15th June, 1964, announced that until further notice the provision of Legislative Instrument No. 239 should not be enforced. Copies of this circular were sent to the Ministries of Trade, Industries and Interior and to the Acting Commissioner of Police. The effect of the circular was to remove the restriction as to the sale of Akpeteshie contained in this Instrument. Until this notice, it had been illegal to sell Akpeteshie direct to members of the public, except under the authority of a special licence. After this notice, Akpeteshie was freely sold to the public and this practice existed side by side with the vigorous propaganda efforts of the Alcoholic Distillers Association Limited urging Akpeteshie producers to produce more Akpeteshie. Up to the time of writing this Report, this Circular has not been withdrawn and it is therefore perfectly legal for anyone who is registered as a retailer of spirits to sell Akpeteshie to members of the public, with or without a licence. The end result of this administrative fiat, issued, no doubt, in response to political pressure from the Distillers' Association, is a matter of common knowledge to all, namely, that huge quantities of crude Akpeteshie are unabashedly sold to members of the public everywhere.

26. It has been estimated that registered distillers of Co-operative Societies alone produce an average of 7,000,000 gallons of Akpeteshie a year. From the figures provided us by the Distillers Association the following were the production figures from 1960 to 1965:—

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>8,739,956 gallons</td>
</tr>
<tr>
<td>1961</td>
<td>9,279,680 gallons</td>
</tr>
<tr>
<td>1962</td>
<td>9,217,200 gallons</td>
</tr>
<tr>
<td>1963</td>
<td>5,236,060 gallons</td>
</tr>
<tr>
<td>1964</td>
<td>5,080,504 gallons</td>
</tr>
<tr>
<td>1965</td>
<td>4,127,920 gallons</td>
</tr>
</tbody>
</table>

| Total | 41,681,320 gallons. |

These figures do not represent the total amount of Akpeteshie produced in the country, for there are a number of people who produce Akpeteshie without licence as every policeman who has been detailed on this exercise knows only
too well. The present distilleries in Ghana can absorb only about 1 to 14 million gallons of the Akpeteshie produced in Ghana annually. This means that the alcoholic requirements of the country are far more than the distilleries can cope with, and that at least five million gallons of crude Akpeteshie are running down the throats of many a Ghanaian annually. Furthermore, the Government is losing revenue as a result of this continued production and sale of crude gin outside the requirements of the law. As Act 154 provides in the third schedule, tax payable on Akpeteshie produced is fixed at 4s. (48p.) per gallon. Owing to the production of such huge quantities of Akpeteshie in the villages by both registered and unregistered producers, it is virtually impossible to collect the bulk of this tax; thus, on 7,000,000 gallons the Government should make at least £G1,400,000 (£3,360,000.00) annually in revenue. Only a small fraction of this is in fact collected through sales to the existing distilleries.

27. The social and economic consequences of this serious state of affairs are really alarming and can hardly be exaggerated. First, at least 70 per cent of the total imports of refined granulated sugar of this country go into the production of this crude alcohol (Akpeteshie). Thus, in 1965, 713,438 cwt. of granulated sugar were imported into the country (see External Trade Statistics 1965). Of this figure, it appears from the Production Figures for the same year provided us by the Distillers Co-operatives Association that at least 400,000 cwt. of granulated sugar went into the production of Akpeteshie. Second, Akpeteshie, as we all know, is notorious for its offensive aroma. Though many of those who patronise this cheap drink may extol its virtues as a potent drink, it is not generally known that this same aroma is caused by the failure to remove certain poisonous and injurious ingredients which the crude method of production employed can scarcely eliminate. Thus we are faced with a situation in which not only are we losing direly needed foreign exchange through the production of Akpeteshie, but we are also damaging the health and morale of our people, especially the flowering youth of the country, for many years to come, through our sheer inability to control the manufacture and distribution of such an obnoxious drink.

28. The answer, to our mind, is not merely to legislate against the production of this crude alcohol (Akpeteshie), but to provide a more wholesome and cheaper gin within the pocket of all sections of the population. In this way, the production and sale of Akpeteshie will be made economically unattractive to those who traffic in it, and people can then be diverted to more wholesome drinks. Akpeteshie will then, hopefully, die a natural death.

The Sugar Manufacturing Factories

29. No account of the state of the alcoholic industry in the country would be complete without a word or two about sugar production in the country. This is so because an important by-product of sugar manufacture is a malt-like syrup called Molasses, which can be cultured and distilled to produce high quality spirit for blending purposes.

30. The country has two Sugar Production Factories situated at Asutsuare near Akuse, and Komenda respectively. The Asutsuare Factory had, at the time of our sittings, produced some 140,000 gallons of neutral alcohol from the molasses obtained from the Factory's first trial run. From all accounts this alcohol is of a very high quality and since it is produced from a mere by-product it is also much cheaper than alcohol that can be obtained from sugar and yeast. The plant and machinery of the Komenda Factory are still being installed.
This Factory is capable of producing about half the gallonage of refined alcohol which Asutsuare produces. It was estimated, at the time we visited the Factory site, that the Komenda Factory would start production in November of 1966, but our own inspection of the site leads us to believe that early 1967 or even mid-1967 would be a more likely and more realistic date of actual commencement of production. It is clear from the production figures of the Distillers Co-operatives Association already adverted to (paragraph 26) that the two Sugar Factories, when producing at full capacity, will not be able to meet the alcoholic requirements of the country. This means that some other means must be found (apart from the distillation of alcohol from molasses) of meeting the alcoholic requirements of the country fully whilst at the same time eliminating the undesirable consumption of Akpeteshie.

Part III
FINDINGS AND CONCLUSIONS

A. GENERAL ADMINISTRATION OF THE STATE DISTILLERIES CORPORATION

31. Our first major finding under this heading is that responsibility was ill-defined, so that it was not possible always to apportion blame where anything went wrong. According to the Instrument of Incorporation of the State Distilleries Corporation (L.I. 391 of 1965) the Managing Director is “responsible to the Board for the day-to-day running of the Corporation”. By implication, the Board of Directors is responsible for taking policy decisions concerning the Corporation’s affairs. However, we found that in many instances the allocation of responsibility by the then Managing Director, Mr. Kobina Nyinaku, was done in a most haphazard manner so that on many occasions it was not possible to see where responsibility lay. To take one example, the issue of bottled drinks from the stores on credit was done by officers of low grade even though the amounts involved were substantial.

32. We also found that the former Managing Director exercised powers arbitrarily and capriciously in relation to appointments and dismissals of employees. As our First Interim Report points out, employees were dismissed ostensibly for reasons of insubordination or other general misconduct. In reality, however, it usually turned out that the reasons, if such they could be called, for which the dismissals were made, were extraneous to the work of the Corporation. Several instances of victimisation of employees for personal reasons as well as acts of favouritism to others were brought to our notice. The evidence of Mr. Charles Mensah, Keeper of the Corporation’s Depot at Takoradi, and one-time storekeeper of the factory in Accra, is replete with instances of the type we are describing.

33. The following inter-change of words during the examination in chief of Mr. Charles Mensah reveals the general dissatisfaction with which employees of the Corporation viewed Mr. Nyinaku’s administration:

“Witness: The Managing Director has been dismissing people without notifying the Union. He is obliged to notify the Union.

Chairman: Looks as if your Union is weak.

Witness: Our Union has been weakened by the Managing Director. He dismisses people just like that.
Chairman: All these matters about the dismissal of senior officers, junior officers, wrongful dismissals—have you ever reported them to the management?

Witness: Most of them, yes.

Member: Have you yourself been threatened with dismissals at any time?

Witness: When I was transferred from the stores I approached the Personnel Officer and said this was a demotion and not a promotion. I don’t know what he told the Managing Director but the Managing Director called me in the presence of the Personnel Officer and said, ‘What is all this I hear about you that you have been demoted.’ He shouted on me and said if I did not take care he would dismiss me. On another occasion he told me that if I thought I was fed up with his administration he would give me one month to go and find work and he would pay me for that month. He will shout on you and if you are not brave you might collapse.”

34. There is also the case of Mr. J. C. Amoo-Otoo who joined the Corporation in February, 1962, on a salary of £G680 per annum and has worked for four years without any increment. Though on his salary scale he should be considered a senior officer, he was in fact considered as a junior officer, collecting his pay together with the junior officers. As against this a Mr. J. S. Ennin who joined the Corporation in September, 1965 as Internal Auditor with comparable qualifications as Mr. J. C. Amoo-Otoo, has since been promoted Accountant and has received increments, so that he is at present on a salary of £G1,380 (£3,312.00) per annum.

35. As to the appointment of personnel to the Corporation, we realise that it is for the management to appoint the right person for the job at a time that seems reasonable in the circumstances. But, we find it difficult to understand the reason for certain appointments. For instance, a Mrs. Hervie was appointed as Nutrition Officer in January, 1966, at a time when she was already visibly pregnant. In fact she had to go on maternity leave four months after her employment. She was supposed to be in charge of the staff canteen which is, up to the time of writing this Report, still in the process of construction. Our information is that this lady has since resigned. Thus, for the nine months or so that she was a paid employee of the Corporation she did practically nothing in respect of her job as Nutrition Officer.

36. Another matter which indicates lack of aptitude in administrative techniques is the manner in which employees were transferred from one section to another, apparently to cover certain unpleasant facts. It is difficult in these cases, however, to fathom what were the real reasons behind the transfers, but we gained the general impression that the frequent transfers were aimed at harassing some employees who were beginning to show signs of independence of thought, and general dissatisfaction with the way the then Managing Director was conducting the affairs of the Corporation.

37. Perhaps the most important example of lack of administrative ability and aptitude is provided by the Managing Director’s dealings with the Distillers Co-operatives Association as a group. The main controversy between the Managing Director and this group seems to have been the inability or unwillingness of the Association to supply the required crude alcohol to the Corporation on demand. One would therefore have thought that the Managing
Director would show some understanding of the problems, if any, that faced the Distillers Co-operatives Association with regard to the supply of crude alcohol.

38. Yet all one can discover from the evidence is a decided attempt on the part of the Managing Director to discredit the Association as much as he could, in order, perhaps, to obtain a pretext for dealing directly with other suppliers of his own choice. The contention of the Association that the demands made on them for crude alcohol were unreasonable having regard to the length of notice and the quantities demanded, seems to us to be borne out by the following exchange of correspondence: On the 11th November, 1965, in a letter addressed to the Association, the State Distilleries Corporation wrote:—

"Ref. GD.004/3732.

The General Secretary,
Ghana Co-operative Association of Alcoholic Distillers,
P.O. Box 3640,
Accra, Ghana.

Dear Sir,

Please supply us with 1,000 drums local alcohol, each 44 gallons, for the month of November, 1965 as follows:

1st week ........ 250 drums
2nd week ........ 250 drums
3rd week ........ 250 drums
4th week ........ 250 drums

1,000 drums

Yours faithfully,

For STATE DISTILLERIES CORPORATION
(Sgd.) E. W. KOBINA NYINAKU
for Managing Director"

39. Two days later, the following letter was dispatched to the Association:

"Ref. GD. 004/3733.

The General Secretary,
Ghana Co-operative Association of Alcoholic Distillers,
P.O. Box 3640,
Accra, Ghana.

Dear Sir,

Please note that for the first week in November, 1965, we received from your Association 161 drums local alcohol out of 250 drums allocated to you, a shortage of 89 drums undersupplied.

Yours faithfully

For STATE DISTILLERIES CORPORATION
(Sgd.) E. W. KOBINA NYINAKU
for Managing Director"

40. Copies of the letters referred to above were sent to the Minister of Co-operatives, the Executive Secretary of the State Enterprises Secretariat and to the Minister of Industries. It seems somewhat strange that an order
for goods to be supplied during the first week of November was sent on the
11th and yet Mr. Nyinaku complained two days later that he did not receive
the whole quantity ordered for the first week of November. This throws some
doubt on the Managing Director’s allegation that the Association was making
it difficult for the Corporation to co-operate with them. When this is viewed
against the background of a decision taken at an earlier meeting at the Ministry
of Industries and at which the Managing Director was present, that one month’s
notice was to be given in respect of requirements of crude alcohol, one wonders
why the order mentioned above was made the way it was made. It is significant
that at this time the Corporation was receiving huge quantities of alcohol from
two individuals, Mr. D. A. K. Sowah and Mrs. Beatrice Botchway, and a
trickle of supplies from other Akpeteshie distillers.

41. We conclude that the general administration of the Corporation
under the management of Mr. Kobina Nyinaku was generally characterised
by poor public relations, victimisation for personal reasons and discrimination
and favouritism in dealing with both employees and outsiders who did business
with the Corporation.

Responsibilities of the Managing Director, the Board of Directors and the State
Enterprises Secretariat

42. It appears that policy decisions concerning the activities of the State
Distilleries Corporation ought to be taken by the Board of Directors, sometimes
in consultation with the State Enterprises Secretariat, but it is not clear
to us what the respective positions of these two organisations vis-a-vis the
State Distilleries Corporation are. It appears from the evidence before us that
policy decisions which ought to have been referred to the Board of Directors
were in fact taken by the Managing Director, acting on his own discretion.
At other times, the State Enterprises Secretariat seemed to be usurping the
functions of the Board of Directors.

43. Thus, at the instance of the State Enterprises Secretariat, the State
Distilleries Corporation advanced the sum of £G30,000 to the Sugar Products
Corporation at Asutsuare without any prior approval of the Board of Directors.
Although the evidence before us indicates that this sum was supposed to be
advance payment for rectified alcohol to be supplied in future, it appears
that this transaction did not provide for a firm agreement on the price, which
was being negotiated at the time of our sittings. Our information is that agree-
ment has now been reached on the price and that supplies are being made
against the sum advanced. Similarly, another sum of £G30,000 was advanced
to the Tyre Service Corporation without prior Board’s approval. This sum is
still outstanding. Again, as pointed out in our First Interim Report, the
summary dismissal of a senior officer, Mr. Adjoh, was not referred to the
Board of Directors for approval as required by the State Enterprises Secretariat
regulations for the conduct of the affairs of State enterprises.

44. In these circumstances, we conclude that there is a need for a proper
definition of functions as between the Managing Director, the Board of
Directors and the State Enterprises Secretariat and a clear spelling out of
procedures which will ensure that each of these institutions operate within
their assigned areas. We further believe that the basic rationale behind the
setting up of a State enterprise should be to institutionalise responsibility for
results, so that when things go wrong, as they are bound to do from time to
time, blame can be judiciously apportioned to the appropriate authority.
45. One result of the failure to develop clear criteria for the allocation of responsibility is that the Board of Directors has not been able to play as active a role in the formulation and direction of policy as it might have done. A major reason for this state of affairs has been the constant interference with the operations of the Corporation by the State Enterprises Secretariat and powerful political groups. In our view, it is administratively undesirable for the State Enterprises Secretariat to give directives, other than those involving high policy matters, to organisations like the State Distilleries Corporation, whose activities the State Enterprises Secretariat hardly understands.

46. It would seem that there is an overlapping of functions as between the State Enterprises Secretariat and the Board of Directors, and that policy matters which ought properly to be taken by the Board of Directors are dictated by the State Enterprises Secretariat. We believe that the functions of the State Enterprises Secretariat should ideally be limited to advising on high policy matters and providing expert personnel for the proper running of the enterprise. For example, it seems to us strange that a decision by the Board of Directors of the State Distilleries Corporation to send the Managing Director abroad in quest of comparative prices of concentrates and other related matters should require the approval of the State Enterprises Secretariat, who can hardly know more about the requirements and needs of the Corporation than the Board of Directors.

47. If an active Board of Directors is necessary for the successful operation of a State enterprise such as the State Distilleries Corporation, then it seems to us that the overall supervision of the State Enterprises Secretariat is somewhat superfluous. We make this finding in the full realisation of the fact that it is not within our Terms of Reference to comment on the desirability or otherwise of superimposing the State Enterprises Secretariat over all State enterprises. However, we feel that any thorough examination of the activities of a State enterprise such as the State Distilleries Corporation cannot but take account of the effect on the latter’s activities of directives from the State Enterprises Secretariat. We seriously think that the existence of the State Enterprises Secretariat is a matter that must be gone into by Government with a view to establishing whether in fact it serves any useful purpose.

Summary of Conclusions

48. On the general administration of the State Distilleries Corporation we summarize below our conclusions:

(a) That the administrative set-up of the State Distilleries Corporation does not make for proper work schedules and proper definition of responsibility.

(b) That as indicated in our First Interim Report (attached as an appendix) the tenure of office of Mr. E. N. K. Nyinaku as Managing Director of the State Distilleries Corporation, “has been distinguished for its several instances of maladministration, abuse of power, little endowment with tact, and poor human relations”.

(c) That the method of appointments and dismissals of senior staff members of the State Distilleries Corporation has not in the past adequately safeguarded the interests of the workers. In addition, conditions of service stipulated by the State Enterprises Secretariat as to the method of dismissals of senior officers have not been strictly followed.
(d) That it is probably unnecessary, and, therefore, wasteful for the State to provide for a State enterprise a Board of Directors and also for the appointment of a Managing Director and superimpose upon these a State Enterprises Secretariat which is, in turn, responsible to a Ministry of the Central Government. Bureaucracy, in our view, should promote efficiency. If it tends to duplicate and sometimes triplicate functions, then it becomes wasteful and disfunctional to smooth administration. The alcoholic industry is highly technical and must therefore be operated as one industrial unit. The public control which should be exercised because of the public interest in all State enterprises should, and can, be protected by the provision of a high-powered Board of Directors, carefully chosen to reflect the public interest in making a success of the venture. It is clear from our examination of the supervisory functions of the State Enterprises Secretariat that this institution tends to confuse and frustrate the work of the Board of Directors. If it is felt by Government that as a matter of national policy there should be a State Enterprises Secretariat, then we think that this body should concern itself solely with broad and high-level policy decisions concerning a State enterprise. For example, in the case of the State Distilleries Corporation it would be necessary to decide on a co-ordinated policy of whether the establishment of a Sugar Production Corporation would facilitate the work of the State Distilleries Corporation. The body could also decide on how many State enterprises can feasibly be undertaken by Government. As stated earlier, it could also usefully concern itself with the recruitment of high-level manpower for the various State enterprises, and also scrutinize the enterprises periodically to ensure that Government policies with regard to these enterprises are being strictly followed.

(e) That appointments to the Board of Directors of the State Distilleries Corporation have not always taken into account other commitments of the persons so appointed. We think, for instance, that the appointment of the Deputy Governor of the Bank of Ghana to serve on the Board of Directors of the State Distilleries Corporation was somewhat unfortunate. The extraordinarily busy schedule of this official made it impossible for him to attend most meetings of the Board of Directors, as the minutes of Board Meetings clearly indicate.

B. Financial Administration

49. The accounts books and ledger books of the Corporation, especially between 1962 and 1966, disclose a number of anomalies and irregularities which can only be explained in terms of financial mismanagement. Indeed the incumbent Managing Director at the time of our sittings admitted that the Accounts Section of the Corporation has been the weakest for a considerable time. We could not agree more. On the other hand, we have no evidence that serious efforts were made by the then Managing Director to put the financial administration of the Corporation on a firm footing. Lack of proper supervision rather than the unavailability of qualified personnel (though the latter is not to be entirely discounted) would seem to underlie the examples of financial maladministration that have come before us. In the paragraphs that follow we will outline some of the more serious examples of financial maladministration which have been brought to our notice.
Lack of effective Cost-Accounting System

50. In every business the management must know how much it costs to undertake given ventures and such costs must be based on actual calculations. This simple business principle does not seem to have mattered much, to say the least, to the Management of the State Distilleries Corporation. For example, some time in August 1963, the Management of the State Distilleries Corporation, faced with the predicament of shortage of Akpeteshie from the Distillers Co-operatives Association, decided to distil Akpeteshie at the Factory. Although the Managing Director, Mr. Kobina Nyinaku, told us in evidence that he reckoned that the distillation of Akpeteshie at the Factory cost between 8s. and 9s. per gallon, he was unable, on cross-examination, to show us how he arrived at the calculations on which he based this figure. Nevertheless, Akpeteshie was distilled at the Corporation for about six weeks, after which time the operation had to be discontinued. It was not clear why distillation of Akpeteshie at the Corporation site was discontinued though the then Managing Director was at pains to impress it upon us that he stopped the distillation because he was ordered by the Convention People's Party authorities to stop when the Distillers Co-operatives Association objected to his venture, which they saw as calculated to put them out of business. It seems to us that this whole operation was conducted without counting the costs, and without any attempt to get people who know about Akpeteshie distillation to do the job.

51. In the result, about 500 bags of granulated sugar were wasted, for we have it on evidence—and this was not controverted—that the alcohol produced from this experiment could not be used in the distillation column of the Corporation. Secondly, an efficient cost-accounting system would have clearly revealed that the Corporation was not making anything near a fair marginal profit on the products being produced for distribution by Wine and Spirits Distributors (Ghana) Limited.

52. In addition, as will be seen later, the 1962 Agreement between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited provided for the production of certain alcoholic drinks by the State Distilleries Corporation for sole distribution by Wine & Spirits Distributors (Ghana) Limited, a Ghanaian-based subsidiary company of Duncan, Gilbey & Matheson Limited. This agreement also fixed the selling prices to Wine & Spirits Distributors (Ghana) Limited of these products. Yet, the Management of the State Distilleries Corporation made no attempt to find out whether the fixed selling prices of these commodities allowed for any, and if so, how much, profit for the Corporation. It was assumed, without the aid of any costing system, that these products were being sold to Wine & Spirits Distributors (Ghana) Limited at a margin of 10 per cent of production cost. Actual costing calculations by the present Managing Director of the State Distilleries Corporation have revealed that in fact the profit margin made by the State Distilleries Corporation under this arrangement was sometimes as low as one per cent.

The Sugar Deal

53. Soon after the unsuccessful attempt to produce Akpeteshie at the Corporation's Factory (see paragraphs 50 and 51) the then Managing Director decided to purchase sugar and yeast which he then supplied to certain carefully selected persons in return for Akpeteshie to be supplied to the Corporation. The idea then was that the individual distillers would supply Akpeteshie which
would be set off against the cost of sugar and yeast supplied to them. To this end, thousands of bags of granulated sugar were bought from the Ghana National Trading Corporation and supplied to these individuals, notably Mrs. Beatrice Botchway and Mr. D. A. K. Sowah, in return for Akpeteshie to be supplied to the Corporation. Of some 60,000 bags of granulated sugar purchased from the Ghana National Trading Corporation, 35,000 bags or 58 per cent of the total went to Mrs. Beatrice Botchway, 16,000 bags or 27 per cent of the total went to Mr. D. A. K. Sowah, 8,000 bags or 13 per cent of the total went to “Other Distillers” and 1,000 bags or 2 per cent of the total sent to the laboratory of the State Distilleries Corporation for blending and other purposes.

54. But when these were supplied the individuals were, on many occasions paid cash for their products even though the ledgers showed that huge debits were outstanding against these same individuals in respect of supplies of raw materials to them. What this amounts to is that the Corporation’s money, i.e. public money, was being used for purposes totally inconsistent with the practice of gainful business. Quite apart from this, huge sums of money were being advanced to these individuals, ostensibly to enable them to pay for their overheads like cost of firewood, water and labour. Again it can be seen clearly that this amounts to providing these individuals with not only their raw materials but also their working capital out of public funds. Two individuals seemed to have benefited most from this “sugar deal” and we will deal with them separately.

Mrs. Botchway

55. At the beginning of July 1965, this lady owed the Corporation ₣5,832.00 in respect of sugar and yeast supplied to her. In August she was further supplied with sugar and yeast amounting to ₣19,206.00. Up to the 6th of September, 1965 she was thus owing the Corporation a total of ₣25,038.00. According to the ledgers she supplied no Akpeteshie to the Corporation throughout July and August. Yet on the 21st of July she supplied Akpeteshie to the Corporation and was paid cash to the tune of ₣3,538.26. Then on the 16th August, she supplied more Akpeteshie and again was paid ₣6,196.14. On the 17th August she again supplied the Corporation with Akpeteshie and was paid ₣5,781.78. Then on the 2nd September she supplied and was paid ₣13,782.06. The result of all this was that by the end of January, 1966 this lady was owing the Corporation as much as ₣92,836.82. But this did not prevent the Corporation from supplying her with ₣5,956.80 worth of sugar and yeast on the 28th of February, 1966.

56. This tale of indebtedness to the Corporation changed dramatically when this Committee was set up to investigate, amongst other things, the operations of the Corporation. This huge debt, to which must be added an advance of ₣3,900.96 made to her in March, 1966, was defrayed by the supply of Akpeteshie by the end of April, 1966, according to entries in the ledgers. It is possible to draw the inference that the Akpeteshie which was alleged to be in liquidation of the large debt owed may in fact not have been supplied in its entirety; but this would be conjecture and we have no direct evidence supporting this inference. But this much is certain, that, the quantities of Akpeteshie supplied during March and April, 1966 were enormously excessive and out of all proportions to Mrs. Botchway’s normal supplies to the State Distilleries Corporation.
Mr. D. A. K. Sowah

57. The story of Mr. D. A. K. Sowah is not much different, though a little less shady in that there is no record showing cash advances to him from the Corporation. At the beginning of July, 1965 he was owing the Corporation £15,548.74 for sugar and yeast supplied. In August, 1965 he received £8,031.00 worth of sugar and yeast. In September he was given a further £23,750.00 worth of sugar and yeast. As against this he supplied, during the months of July and August, Akpeteshie worth £10,105.56 to the Corporation. On the 31st July he supplied Akpeteshie to the Corporation and was paid cash in the sum of £4,742.82; then on the 31st August he supplied Akpeteshie and was paid £1,447.08. Again on the 2nd of September he supplied and was paid cash £649.98. Thus at the end of January, 1966 he was owing the Corporation £57,568.86 in respect of sugar and yeast supplied. But he was able to pay all this in Akpeteshie between 11th March and 30th April, 1966. Like Mrs. Botchway, then, Mr. Sowah rushed to supply unusually huge quantities of Akpeteshie which were out of all proportions to his normal supplies to the Corporation.

Further irregularities involving Mr. D. A. K. Sowah

58. In addition to the part played by Mr. Sowah in the “Sugar Deal” as described in the previous paragraph, the financial records of the State Distilleries Corporation indicate that he was, by virtue of his privileged position with the Managing Director, Mr. Nyinaku, acting as a middleman in respect of sugar purchases from the Corporation and of sales of Akpeteshie by other distillers to the Corporation. Thus, purchases of large quantities of sugar recorded in the account of one Abena Agyeman of House No. 317 Kpone, were in fact paid for by cheques issued by Mr. Sowah. Strangely enough, in each case payment for her sugar supplies exceeded the cost of issue.

59. Thus in February, 1965 there was a credit balance of £51 8s. in her name. In May, 1965 a sum of £2,300 was deposited in her name. She was then supplied with sugar and yeast (including transportation) costing £1,687 10s. At the end of May, then, her total credit balance was £663 18s., made up of £51 8s. and £612 10s. overpayments in February and May respectively. The ledger shows that on 7th June, £977 10s. worth of sugar was issued and charged to Abena Agyeman’s account, thereby leaving her account in debit of £313 12s. Close examination of the Tally Cards for 27th May to 2nd June, 1965, clearly shows that Mr. Sowah was in fact collecting sugar in the name of Abena Agyeman. Mr. Sowah’s name had originally been entered on the Tally Card, but subsequently altered to Abena Agyeman. When a bill of £313 12s. was sent to Abena Agyeman in respect of the above-mentioned debit account, a cheque for £1,600 was paid into her account for the supply of more sugar. Subsequently, Mr. Sowah paid £365 by cheque into Abena Agyeman’s account on 14th June. When this £365 is added to the £612 10s. credited to Abena Agyeman in May, we get the exact sum of £977 10s. which represents the precise value of the sugar issued on the 7th June and charged to Abena Agyeman’s account.

60. It is to be remembered that sugar was in very short supply in this country at this time. It is also worth noting that though Mrs. Beatrice Botchway described herself as a general trader first, and a distiller second, she started buying sugar from the State Distilleries Corporation before she opened a
Pass-book Account with the Ghana National Trading Corporation. Furthermore, we have it on evidence that both Mrs. Botchway and Mr. D. A. K. Sowah sold part of the sugar they bought to other distillers, who also found it much easier to sell their Akpeteshie to the Corporation through Mrs. Botchway and Mr. Sowah.

Summary of Conclusions on the “Sugar Deal”

61. The transactions to which we have referred compendiously as the “Sugar Deal” lead us to the conclusion that the then Managing Director, Mr. Kobina Nyinaku, may have benefited financially from the purchase of sugar by the Corporation and its sale to selected individuals. The only direct evidence we have which justifies this conclusion is that of Miss Anita Mensah, a registered distiller from Takoradi, who alleged that she obtained sugar from Mrs. Botchway and sold Akpeteshie produced therefrom through Mrs. Botchway on the understanding that part of her profits from the sale would be given to Mr. Kobina Nyinaku, to be split between the latter and Mrs. Botchway. She (Miss Mensah) refused to pay anything to Mrs. Botchway, who then refused to accept her (Miss Mensan’s) products for sale to the State Distilleries Corporation. Mrs. Botchway, on her part, denied the existence of any arrangement between herself and Miss Anita Mensah, while Mr. Nyinaku also denied any knowledge of this. We are, however, of the opinion, judging from all the circumstances, including witnesses’ demeanour, that Miss Anita Mensah was speaking the truth. Furthermore, Miss Anita Mensah’s evidence is corroborated by an allegation by the Distillers’ Corporatives Council Limited made in a petition dated 4th May, 1966 and addressed to the Secretary of the National Liberation Council (Exhibit AD 1, para. 9) to the effect that profits accruing from sugar sold to members of the Council through both Mr. Sowah and Mrs. Botchway were shared with the then Managing Director.

62. The evidence of the “Sugar Deal” also leads to the irresistible conclusion that some of the sugar sold to Mr. Sowah and Mrs. Botchway were resold to members of the public, no doubt at a profit. Thus, the tally cards showing supplies of granulated sugar to Mrs. Botchway during April and May, 1965, show that out of a total of 700 bags of sugar supplied in April, six different way-bills were issued in bits of 300, 40, 140, 40 and 140 bags respectively. Similarly, between May, the 14th and the 18th, 1865, 1,840 bags of granulated sugar were issued under ten different way-bills, and the entire consignment went to Mrs. Botchway direct from the Ghana National Trading Corporation without passing through the warehouse of the State Distilleries Corporation. We are unable to accept Mrs. Botchway’s contention that though she sold sugar to certain traders during the period she was getting sugar through the Corporation, all that she sold came from stocks which she purchased in her capacity as a general trader and pass-book holder of Ghana National Trading Corporation. The records of Ghana National Trading Corporation wholesale department produced in evidence before us showed that during the period that she was receiving heavy supplies from the State Distilleries Corporation she had virtually stopped purchases of granulated sugar from the Ghana National Trading Corporation. Yet there was no evidence that she had stopped trading in sugar at this time.

63. It is also reasonably clear from our findings contained in paragraph 58, that Mr. Kobina Nyinaku also aided Mr. Sowah to deal in sugar with certain outsiders, of which Madam Abena Agyeman is a typical example. The
Managing Director claims that these transactions were perfectly regular in that his sole aim in getting sugar from the Ghana National Trading Corporation to sell to selected Akpeteshie distillers was to get a basic raw material to keep the factory going. However, when the dubious nature of the sales and mode of payments are viewed against the background of the well-known shortage of sugar supplies in this country, we cannot help drawing the conclusion that the Managing Director was in diverse ways encouraging black-market dealings in sugar by certain individuals such as Mrs. Botchway, Mr. Sowah and Madam Aben Agyeman and probably reaping some financial benefit out of such transactions. Though the Managing Director must have thus obtained raw Akpeteshie to feed the Factory as part of the transactions, we conclude that at least a substantial part of the Managing Director’s dealings in this matter constitutes a most reprehensible misuse of public funds.

Evadation of Sales Tax

64. The “Sugar Deal” was closely connected with the evasion of sales tax, which has come to our notice. It was alleged that Mr. Kobina Nyinaku, the then Managing Director, bought large quantities of granulated sugar free from sales tax. The pretext for this was that the sugar was going to be used by the Corporation *qua* Manufacturer. In April, 1965, Mr. Kobina Nyinaku, the then Managing Director, sent an application to the Comptroller of Customs and Excise to the effect that the Corporation required 4,000 bags of granulated sugar for the use of the Factory. The Declaration accompanying this application reads as follows:—

“We being Registered Manufacturers holding a valid Certificate of Registration No. M.001155 of 9th February, 1965, hereby declare that the articles specified hereon are raw materials imported solely for manufacture of goods at our Factory situated at Ring Road West”.

65. All subsequent purchases of granulated sugar and yeast were made without payment of sales tax even though practically all the granulated sugar bought from the Ghana National Trading Corporation in this way was sold to persons who were not registered as manufacturers within the meaning of the Sales Tax Act. We refer, in particular, to sugar supplied to Mrs. Botchway and Mr. Sowah by the State Distilleries Corporation, as to which Counsel argued that these individuals were acting as sub-contractors of the State Distilleries Corporation. We think that the Sales Tax Act allows exemption only in respect of those who apply for such exemption *qua* manufacturers, not for their sub-contractors, if such they can be called. We have no doubt that the then Managing Director, Mr. Kobina Nyinaku, assisted these persons to evade Sales Tax.

66. According to the tally cards of the State Distilleries Corporation, 28,340 bags of granulated sugar was bought from the Ghana National Trading Corporation free of Sales Tax in accordance with the Certificate of Exemption mentioned in paragraph 64. Of this quantity, 17,460 bags were sold to Mrs. Beatrice Botchway, 10,785 bags sold to Mr. D. A. K. Sowah, 95 bags sold to one Aben Agyeman whose address is given in the ledger as c/o Mr. D. A. K. Sowah. Not a single bag of sugar obtained free of Sales Tax appears to have been used in the Factory for blending purposes.

67. Under section 12 of the Sales Tax Act, 1965 (Act 257) any person who:—

(a) makes any false or incorrect statement orally or in writing in connection with any matter relating to this Act,
(b) obstructs the Comptroller in the discharge of his functions under section 9 of this Act, or

(c) contravenes any of the provision of this Act,

shall be guilty of an offence and shall, after summary trial, be liable to conviction to a fine of five hundred pounds or to imprisonment for a term not exceeding one year or to both such fine and imprisonment.

68. We are of the opinion that the circumstances surrounding the evasion of Sales Tax by the then Managing Director, Mr. Kobina Nyinaku, may possibly be in contravention of section 12 of the Sales Tax Act. Clearly, then, the matter needs further investigation by the Attorney General's Department to determine whether legal proceedings should be instituted in respect of this evasion of the law, and if so against which individual(s).

The "El Nash" Deal

69. Close examination of the ledger books of the Corporation discloses that huge supplies of the Corporation’s products left the Corporation’s warehouse in circumstances which should have alerted any prudent man of business as to the high improbability of recovering the purchase price of the goods supplied. Thus, about £5,000 (£12,000) worth of alcoholic drinks were supplied to a person called El Nash, apparently on the instructions of the then Managing Director.

70. The two employees who actually dealt with this transaction were Mr. Ohenenana Kwame Fori, one time assistant Marketing Officer at the Corporation’s offices in Accra, and Mr. Joseph Acquaye, who was Marketing Officer at the time of the "El Nash" transaction, but has since been promoted Advertising, Publicity and Public Relations Officer. Mr. Fori claims that he was given verbal instruction by Mr. Acquaye to supply on credit to El Nash, the first supply having been made on August 11, 1964. Mr. Acquaye denies having authorised Mr. Fori to make credit supplies to El Nash, admitting, however, that Mr. El Nash was introduced to him (Acquaye) by Mr. Fori and that if there was any authorization, it must have come from the then Managing Director, Mr. Nyinaku.

71. The entire "El Nash" incident seems to be fraught with a fraudulent aura for a number of reasons. First, the Managing Director, Mr. Nyinaku, denies any knowledge of the man El Nash. Indeed, he suspended Mr. Fori for his complicity in this episode. Second, the drinks were delivered to a house situated at Asylum Down, Accra, and the Corporation driver who conveyed the consignments admitted before us that both he and other driver friends to whom he related the incident were suspicious about the delivery of such huge quantities of drinks to a private house. Subsequent investigations by the Corporation revealed that El Nash had never been a tenant of this house. The suspicions of the driver were confirmed when it became impossible to trace this man El Nash, who has not been seen since. Thus, to all intents and purposes this man, El Nash, exists only as a fictitious person. We believe that the facts, if fully investigated by the Police or the Attorney-General’s Department (to which a report has already been made by the State Distilleries Corporation) would reveal a conspiracy to defraud or some other criminal offence.

Writing off of Bad Debts

72. In our investigation we have come across a pronounced inclination on the part of the Management of the State Distilleries Corporation to write off debts due to the Corporation in respect of drinks supplied. While it would be
somewhat unfair to conclude that such laxity emanated from an unhealthy
unawareness of the fact that the Corporation belongs to the people of Ghana
and not to any individuals in privileged positions, we cannot help concluding
that control over credit sales was unduly lax. Among the notable examples of
debtors to the Corporation are: (1) Mr. Emmanuel Ayeh Kumi, who was
supplied with 6604.74 worth of drinks on the occasion of the funeral obsequies
of his late mother, at a time when the Managing Director, Mr. Nyinaku, was
allegedly out of the country. On Mr. Nyinaku’s return, Mr. Ayeh Kumi pro-
tested against a bill sent to him in respect of this supply, and Mr. Nyinaku
caused the debt to be written off as “Advertisement”. Mr. Ayeh Kumi, himself,
promised to pay this sum when he testified before us.

73. Supplies of drinks were made to credit customers, most of them former
C.P.P. activists (as testified to by Mr. Fori), such as Madam Okposhika and
“Mr. Tivoli”, against whom debts are still outstanding.

74. Several other debtors still exist on the books of the State Distilleries
Corporation and we intend to recommend that steps should be taken to recover
these sums from those who can be traced. As to those who cannot be traced,
such as “El Nash”, we intend to recommend that those who authorized the
offering of credit facilities without proper authority and without following
regulations laid down for such transactions should be made to pay to the State
Distilleries Corporation.

Counsel’s Fees and Board Authorization

75. The question of fees paid from the funds of the State Distilleries
Corporation in respect of the work of our Committee presents a delicate issue,
upon which we feel in duty bound to comment. We note from the minutes of
the Board of Directors held on the 15th June, 1966, that the then Managing
Director, having informed the Board of the setting up of our Committee,
added that from his inquiries, Counsel’s fees would be a minimum of £500.
There is no record from the minutes that the Board actually approved of the
engagement of Counsel for any particular fee. However, we note that the sum
of 2,000 guineas (£5,040.00) has been paid by the Corporation as Counsel’s
fees for appearing for the Corporation. We cannot help feeling that “Counsel
for the Corporation” was in fact appearing for the Managing Director, Mr.
Nyinaku, and not for the Corporation as such. We are fortified in this reasoning
by the fact that it was customary for Counsel appearing for witnesses to lead the
latter in evidence. Yet when Mr. J. O. T. Agyeman, Chairman of the Board
of Directors of the State Distilleries Corporation, appeared before us in his
capacity as Chairman, Counsel did not lead him (Mr. Agyeman) in evidence.

76. We honestly believe that it would be grossly unfair to the Corporation
to allow the entire £5,040.00 charged by Counsel to be borne by the State
Distilleries Corporation, and that, at least, part of this sum, perhaps two-thirds,
should be personally borne by Mr. Nyinaku, and we will so recommend.

C. AGREEMENTS BETWEEN DUNCAN, GILBEY & MATHESON LIMITED
AND THE STATE DISTILLERIES CORPORATION

77. We believe that the thorough and critical examination of the existing
Agreement between the State Distilleries Corporation on the one part and
Duncan, Gilbeay & Matheson Limited on the other part for the supply of con-
centrates and other raw materials to the former constitutes by far the most
important of our assigned tasks. Ancillary matters to this crucial issue include
examination of the marketing arrangements under the Agreement, the use of labels, collateral franchise agreements with distillers abroad, and the circumstances surrounding the incorporation in Ghana of Wine & Spirits Distributors (Ghana) Limited, a subsidiary of Duncan, Gilbey & Matheson Limited.

78. Three separate cognate Agreements have to be considered in order to fully understand the true nature of the role of Duncan, Gilbey & Matheson Limited in Ghana’s alcoholic industry. Firstly, there is the Agreement of 28th May, 1958 between Duncan, Gilbey & Matheson Limited and the Ghana Distilleries (I.D.C.) Limited, the predecessor Corporation of the present State Distilleries Corporation. This Agreement we will refer to as the “First Agreement.” Secondly, there is an Agreement dated 18th December, 1962 between Duncan, Gilbey & Matheson Limited and the Ghana Distilleries Corporation, again the immediate predecessor of the State Distilleries Corporation. To this Agreement we will refer as the “Second Agreement”. Thirdly, the “Second Agreement” provided for its continuation for a further three years should the parties choose to exercise an option to renew, and this renewal was effected on or about the 17th December, 1965. We refer to this as the “Third (or Present) Agreement.”

79. These three Agreements are attached to this Report as Appendices III, IV and V respectively. Here, we merely present a short analytical synopsis of the first two Agreements and a fuller analysis of the Third or Present Agreement.

The First Agreement

80. Under the First Agreement, Duncan, Gilbey & Matheson Limited, were to supply all the flavouring extracts, containers and labels to the “Distillers,” which refers to the Ghana Distilleries (I.D.C.) Limited, later to become the State Distilleries Corporation. A striking feature of this Agreement is that for the period of Ten Years that was laid down as the duration of the Agreement the Government of Ghana, acting through an Industrial Agency, agreed “neither to make nor to distribute any alcoholic beverages competitive with the Company’s products” (Clause 9).

81. Further, for the entire duration of the contract, advertising costs for the COMPANY’s products were to be borne by the Distillers at the rate of 5 per cent of the ex-factory selling price. The COMPANY’s obligation in this respect was limited to contributing a sum equal to 9.3 per cent of the f.o.b. value of all flavouring extracts ordered during the first year of the duration of the contract, and only 3.4 per cent during all subsequent years. In spite of the heavy expenditure to be borne by the Distillers in respect of advertising, the COMPANY extracted a contractual right to approve of all sales, promotion, and advertising before allowing these.

82. Lastly, we have it on evidence that Duncan, Gilbey & Matheson Limited entered into an agreement with Nadeco Limited for payment of commissions to the latter for no real agency work. Appendix VIII to this Report reproduces this agreement, under Clause 2 (a) of which the rate of commission was fixed at “1s. 6d. (one shilling and sixpence) for every case of 2 liquid gallons equivalent to 12 75 cl bottles of alcoholic beverage produced by Ghana Distillers (I.D.C.) Limited.” This point needs to be taken together with the fact that the agreement was signed, on behalf of the Ghana Government by the then Chairman of the I.D.C., Mr. E. Ayeh Kumi, whose signature
was witnessed by a Mr. J. A. Harris, then General Manager of I.D.C. Mr. Harris left the Distillery around 1959/60 and joined Duncan, Gilbey & Matheson Limited around March 1963 as a director.

The Second Agreement

83. This Agreement was signed on the 18th of December, 1962, and this was the Agreement that led to the dramatic dismissal of the then Manager (as he was then called) of the State Distilleries Corporation, Mr. Kwabena Owusu, who had refused to sign the Agreement. The Agreement was entered into as a result of negotiations between representatives of both Duncan, Gilbey & Matheson Limited and the Ghana Government. These negotiations were occasioned by dissatisfaction with the terms of the First Agreement expressed by the then Minister of Light Industries, Mr. Krobo Edusei, and the Manager.

84. The Second Agreement was seen to be an improvement on the First Agreement; indeed Mr. E. A. Mahama, former Deputy Minister of Industries, and Mr. Imoru Egala, former Minister of Industries, have both testified before us to this effect. We cannot accept this view, for it was this Second Agreement which, as we shall see, introduced a subsidiary of Duncan, Gilbey & Matheson Limited (Wine & Spirits Distributors (Ghana) Limited), whereby much, if not all of the profits which could have been made by the State Distilleries Corporation were syphoned into the Duncan, Gilbey & Matheson group. But the question is not whether the Second Agreement is better than the First Agreement. The crucial question to ask is whether, in all the circumstances, the Second Agreement can be said to be to the mutual advantage of both parties or whether in fact one party could be said under the Agreement to be slaving for the other.

85. Much was made by Counsel for both the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited of the allegation that Mr. Kwabena Owusu did not raise any objections to the Agreement of 1962 during the period of negotiations and that therefore his subsequent refusal to sign the Agreement was motivated by reasons other than dissatisfaction with the Agreement itself. We do not think much of this argument. Though we did not get the benefit of minutes of what took place during the negotiation, sufficient oral evidence was led before us to incline us to the conclusion that Mr. Kwabena Owusu’s evidence to the effect that he did object at the time of the negotiations is to be accepted. Even if it is assumed that he did not object earlier, this, to our mind, does not justify the inference that the motivation for his belated objection was less than honourable.

86. A major dissatisfaction with the 1958 Agreement was that its duration of ten years was thought to be too long. Consequently, the 1962 Agreement was given a three-year duration, though under Clauses 3 (h) and 4 (g) either party could exercise an option to renew the Agreement for a further three years. As matters turned out the option was in fact exercised in December, 1965. Curiously enough, the result of this continuation of the Agreement is that the duration of the Agreement becomes slightly longer now than it would have been under the First Agreement! This is so because the First Agreement was signed in May, 1958 and was to expire in May, 1968; the renewal of the Agreement in December, 1965 meant that the contract would not expire until December, 1968, that is seven months after the point of time the First Agreement
was to expire. Thus, a major reason for the re-negotiation of the First Agreement was side-stepped through the simple device of including an option clause in the Second Agreement.

87. Another feature of the 1962 Agreement which requires emphasis is the distinction between the “company’s products” (that is products produced by the State Distilleries Corporation for sale by a subsidiary of Duncan, Gilbey & Matheson Limited, namely Wine & Spirits Distributors (Ghana) Limited) and the “Distilleries’ products” (that is products distributed by the State Distilleries Corporation itself). The scheduled prices of the concentrates for these two categories of products, both manufactured by the State Distilleries Corporation, differ widely even though these concentrates are of identical quality.

88. Mr. Kofi Addo, Managing Director of Wine & Spirits Distributors (Ghana) Limited, in his evidence in chief and also under cross examination stated that the difference in price was a result of his parent company’s desire to help the young industry by giving the latter discounts on identical concentrates. It is difficult to see, however, how any commercial concern could allow such huge discounts not normally met with in ordinary commercial transactions. It would rather seem that the higher prices of concentrates for the Company’s products reflect a deliberate inflation of the prices of these concentrates.

89. As to the payment of commissions to Nadeco, we have it on record—and this was confirmed by Mr. Kofi Addo—that one day after the signing of the 1962 Agreement, Wine & Spirits Distributors (Ghana) Limited drew up a separate agreement with Nadeco Limited to pay the latter commissions at the rate of 2s. a case of 12 75 cl. bottles (see Appendix IX for copy of agreement). Mr. Addo further confessed that no real agency work was done for Wine & Spirits Distributors (Ghana) Limited by Nadeco Limited. Thus, what happened in 1958 between Duncan, Gilbey & Matheson Limited and Nadeco Limited was repeated in 1962 between Wine & Spirits Distributors (Ghana) Limited (a subsidiary of Duncan, Gilbey & Matheson Limited) and this same Nadeco Limited. The inevitable conclusion is that in order to secure terms favourable to Duncan, Gilbey & Matheson Limited, the representatives of this foreign concern did pay sums to an outfit which has elsewhere been described as a “clearing house for the collection of bribes”. This move could not but have a deleterious effect on the profit margin of the State Distilleries Corporation.

The Third (or Present) Agreement

90. Before considering the terms of the Third Agreement, that is the existing Agreement between Duncan, Gilbey & Matheson Limited and the State Distilleries Corporation, it is considered necessary to relate the circumstances that led to the renewal of the Second Agreement in December, 1965. Sometime in January, 1962, or a little earlier, Mr. Krobo Edusei who had then been appointed Minister of Light and Heavy Industries, caused a committee to be set up to review certain clauses of the First Agreement, that is, the 1958 Agreement, which he considered inimical to the interests of the Corporation. The result of the deliberations of that committee which was chaired by Mr. E. A. Mahama, the then Deputy Minister of Industries, was the signing of the 1962 Agreement. When this Agreement was about to be due for renewal in December, 1965 it was felt that efforts should be made to review
some of the terms of the Second Agreement, especially the prices of concentrates, which were thought to be too high. The then Managing Director, Mr. E. W. Kobina Nyinaku, urged it upon the State Enterprises Secretariat that it was necessary for him to take a trip to Europe in order to ascertain the prices of concentrates that could be obtained from sources other than Duncan, Gilbey & Matheson Limited, and to inquire about the possibility of getting credit facilities from other suppliers.

91. We note from correspondence between the Managing Director and the State Enterprises Secretariat on this proposed business trip of the then Managing Director, that the matter was considered at length by the State Enterprises Secretariat before permitting Mr. Kobina Nyinaku to go abroad, in quest of other possible sources of supply of concentrates and related matters. Thns on 25th March, 1965, that is some nine months before the expiration of the 1962 Agreement, the then Managing Director wrote the following letter to the State Enterprises Secretariat:

"GD.004/2431.

Dear Sir,

I beg to refer to the Agreement between Duncan, Gilbey & Matheson Limited of London and the State Distilleries Corporation.

The portion of the Agreement which requires this Corporation to obtain its supplies of concentrates from the Company expires on 17th December, 1965 and I shall be grateful if you will advise me whether it will be renewed or not."

92. To this the following reply was sent by the State Enterprises Secretariat, under reference SES/006/ADM.5/Vol. 2 dated 10th April, 1965:

"I am to inform you that the proposal whether or not to renew that part of the Agreement between your Corporation and Messrs. Duncan, Gilbey & Matheson to which reference is made in your letter GD.004/2431 dated 25th March, 1965, should be based on your recommendations.

2. I shall be grateful if you will submit your views, stating reasons for whatever recommendation you give for the consideration of Government."

93. The next we hear of the matter is a request by Mr. Kobina Nyinaku to take a trip to Europe for the purpose of, among other things, exploring the possibilities of obtaining extracts and concentrates from sources other than Duncan, Gilbey & Matheson Limited. In a letter dated 14th April, 1965, and headed Extracts and Concentrates Mr. Nyinaku stated inter alia:

"I have to inform you that in order to ascertain accurate information on which to base our recommendation, it will be necessary for me to travel through Europe to obtain adequate information that may assist you to make your decision on the matter. Concentrates, unlike other commodities, cannot be negotiated for to any advantage through the mail as the concentrate for each particular drink consists of various grades and qualities the selection of which can only be made at first hand by one well acquainted with it. Aside from this, the personal contact with their various manufacturers should be of immense benefit to the Corporation. With your permission therefore I propose to take this trip, which should last for about one month, during next July and my report will
be submitted one week after my return. This should give you enough time to make your decision on the contract which expires on 17th December, 1965.”

94. Subsequent to this letter, memoranda were exchanged at the State Enterprises Secretariat on the proposed trip and we reproduce self-explanatory extracts from the memoranda: On 31st July, 1965, Mr. S. A. Addo of the State Enterprises Secretariat wrote a memorandum for the attention of Mr. J. V. L. Phillips and Mr. T. M. Dade, both of the same institution, stating, among other things:

"3. Termination of the Agreement

According to clause 5 (e) the Agreement is to last for three years. Therefore it should come to an end by the 17th of December, 1965. This however refers to the general body of the Agreement but strictly speaking notwithstanding clause 5 (e) Messrs. Duncan, Gilbey & Matheson can ask the Corporation to continue to manufacture the products of Messrs. Duncan, Gilbey & Matheson for a further period of three years if so required by them. However on the other side, the Corporation can ask Duncan, Gilbey & Matheson to stop supplying extracts and concentrates for the manufacture of her brands which I have indicated at paragraph 2 (i) above.

(ii) Notice of Termination.—Unfortunately there is no such clause on notice for termination by either party. This places the Corporation in suspense because it does not know the intentions of Duncan, Gilbey & Matheson. At any rate it is also not yet known whether when the proposed distillery in Kumasi is established Duncan, Gilbey & Matheson (who are represented by Mr. Christopherson of Wine & Spirits—the distributors of all the Corporation’s products) will propose for the termination of the Agreement. If these facts are known at least the Corporation should be able to plan ahead about its future source of supply of extracts and concentrates.

Decision of the Board on Termination.—The Board has not yet taken any definite decision to terminate the Agreement. Rather it feels that before any such action could be taken the Managing Director should go abroad to make concrete findings which will serve as basis for the termination.”

95. In reply to this memorandum Mr. T. M. Dade minuted the following to Mr. J. V. L. Phillips on 2nd August, 1965:

“The Managing Director of the Distilleries Corporation should be able to submit a report to the Board on the operation of the Corporation in so far as the implementation of the Gilbey’s agreement is concerned. If the Corporation decides to discontinue with the agreement it can be advised by the Law Officers as to how to terminate the agreement legally. But before the agreement is terminated or notice given to that effect, the Managing Director may be allowed to explore the world market for concentrates at cheaper prices, etc. so that Government may be advised on the matter, please.”

96. On the same day Mr. J. V. L. Phillips minuted back to Mr. T. M. Dade the following:—

“The Board of the Corporation should first consider and decide whether the Agreement—at least as far as it affects the supply of extracts—should
be continued after 1965 December. If it is to be terminated, then there will be every justification in sending Mr. Nyinaku abroad to make contacts, but if it is to be continued then there will be no purpose in doing so except to give Mr. Nyinaku further experience. Please let me have a letter to Mr. Nyinaku.”

97. It will be seen from the above correspondence, which we have deliberately quoted at length, that between March and August, 1965 the State Enterprises Secretariat was seriously considering the abrogation or review of the Second Agreement, and showing laudable concern about the implications of the Third Agreement about to be entered into. It is clear also that the then Managing Director, Mr. Nyinaku, was relied upon to offer his recommendations on whether to renew the Agreement or not. Hence, the decision to send Mr. Nyinaku abroad was taken by the Board of Directors and endorsed by the State Enterprises Secretariat on the basis of these paramount considerations. Indeed, as the minute of 2nd August, 1965 clearly shows, there was no need to send Mr. Nyinaku abroad if it was reasonably certain that the Second Agreement of 1962 was to be renewed in the form in which it was. When, therefore, by a letter addressed to the Managing Director and dated 16th August, 1965 permission was finally granted by the then President for Mr. Nyinaku to proceed to Europe, this must have been done for the purpose so extensively explored already.

98. The trip, originally granted for a period of twenty days, actually lasted from 1st September, 1965 to 20th October, 1965, that is a period of 50 days—one month more than the original period granted.

99. About one month after his return to the country the Managing Director presented, at the request of the Board of Directors, a report, the burden of which was that his mission had been unsuccessful, since he could not obtain lower quotations of concentrates or credit facilities of the type being offered by Duncan, Gilbey & Matheson Limited under the Second Agreement. The report is so remarkable for its failure to mention details of actual firms contacted in respect of extracts and concentrates and for its general cavalier tone that we reproduce it in full as Appendix VII. We wish to comment at this juncture that the report falls far short of a proper discharge of the responsibilities imposed on the Managing Director in respect of his European trip.

100. It seems quite clear to us that even before the Managing Director set out for his European trip, he must have entertained hopes of a renewal of the Second Agreement. This conclusion of ours is bolstered by the fact that he admitted in evidence that he did not take sufficient data with him on his trip. His report to the Board, taken together with his answers to our questions when he testified before us on this matter, clearly indicates that he did not pursue his assigned task in Europe as diligently as a prudent man of business should have done. Thus, laudable though the intentions behind his trip may have been (at least from the point of view of the Board of Directors and the State Enterprises Secretariat), the trip itself must be taken to constitute a plain waste of public funds.

101. An examination of Mr. Kobina Nyinaku’s passport reveals certain interesting and curious features of this trip. His report makes no mention of visits to places for purposes other than the ascertainment of comparative prices of concentrates, with the possible exception of London, where Mr. Nyinaku says he received some medical treatment. Entries in his passport,
however, show that Mr. Nyinaku's first stop after leaving Ghana was Addis Ababa, Ethiopia. Thereafter, he proceeded to Tangier, Morocco, arriving on the 29th of September, 1965, left Tangier on the 4th October, 1965, returned to Tangier again on 10th October, 1965, finally leaving there on the 15th of October, 1965. Thus, in all he spent ten days in Tangier and each time his journey was either from London to Tangier or from Tangier to London. This is strange, especially since Mr. Nyinaku, according to his report, had asked for an extension of time because he was too pressed for time to attend fully to his mission, namely the ascertainment of comparative prices of concentrates—a mission which he could scarcely fulfill in exotic Tangier, which, whatever its other attractions, is scarcely noted for the alcoholic industry.

102. No mention is made of his receiving medical treatment or pursuing his legitimate duties as an employee of the State Distilleries Corporation in Tangier. When this consideration is taken together with the fact that in December, 1962, he had honeymooned in a villa belonging to Mr. Mark Gilbey (of Duncan, Gilbey & Matheson Limited) and situated in Tangier, then it will be seen that Mr. Nyinaku was, most probably, serving interests other than, and probably at variance with, those of the State Distilleries Corporation. His total failure to mention these two trips to Tangier lends colour to this view that we hold. It would seem that this is a matter that might well warrant further investigation, since as a public officer, paid from Government funds, his was to promote, rather than frustrate, the interests of his employer.

103. Such, then, were the circumstances leading to the renewal of the Second Agreement—a renewal which ushered in “the Third Agreement”. Needless to say, the Government based its decision to enter into this Agreement on the recommendation of the Board of Directors, which in turn acted on the Managing Director's “report”.

104. The Third Agreement contains terms that are radically different from the Second Agreement. These novel terms were the subject matter of negotiations embarked upon between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited with a view to minimising some of the more obnoxious terms of the 1962 Agreement. The terms were decidedly agreed upon at an emergency meeting of the Board of Directors of the State Distilleries Corporation, held on the 17th December, 1965, and to which representatives of Duncan, Gilbey & Matheson Limited were invited.

105. The following salient points, culled from the minutes of the meeting of 17th December, 1965 were agreed upon:

“1. That Duncan, Gilbey & Matheson Limited would undertake to finance shipments of raw materials as at present by granting credits up to 180 days for so long as Ghana experienced difficulties in balance of payments provided they continued to receive guarantees from the Bank of Ghana.

2. That Duncan, Gilbey & Matheson Limited would ensure that an Agreement would be concluded between State Distilleries Corporation, the projected Kumasi Distillery and themselves under which the two distilleries in Ghana would agree to maintain minimum retail prices for their range of products. They also ensured that the same quality of concentrates would be used by both distilleries and that the Kumasi Distillery would permit
an accredited representative from the State Distilleries Corporation to check the quality of concentrates shipped to and used by the Kumasi Distillery.

3. It was also agreed that the State Distilleries Corporation would be free to purchase empty bottles from whatever source they desired and that Duncan, Gilbey and Matheson Limited would purchase the bottles for their products manufactured by the State Distilleries Corporation from the bottle factory established in Ghana if satisfied of the quality of the bottles.

4. It was mutually agreed that the State Distilleries Corporation would continue to manufacture for a further period of three years all the products being produced for Wine and Spirits Distributors (Ghana) Limited at present.

5. Finally, it was agreed that the Kumasi Distillery would not produce Schnapps but proposed to market alternative brands of London Dry Gin, Whisky, Brandy, Rum and Vermouth under labels which would not in any way resemble those in use at present.”

Full minutes of the meeting of the Board of Directors at which decisions on the foregoing points were reached are submitted together with this Report as Appendix V.

Critical appraisal of the participation of Duncan, Gilbey & Matheson Limited in the alcoholic industry in Ghana

106. Before embarking on a critical appraisal of the terms of the Third Agreement (1965), a short account of the manner in which Duncan, Gilbey & Matheson Limited entered the Ghanaian industrial scene will help to clear the air at the outset.

107. Sometime around 1954 the British Board of Trade issued a circular in Britain inviting prospective investors to participate in a number of industrial projects then being contemplated by the then Government through a newly established Industrial Development Corporation. Among these proposed projects was the establishment of a local distillery. The basic idea behind this projected local distillery was to absorb the crude alcohol (Akpeteshie) which was being consumed by the people at great risk to their health. In spite of the subjection of Akpeteshie producers to arrests, trials, fines and imprisonment by the then colonial government it was not possible to stop the production and consumption of this injurious and sometimes lethal crude alcohol. It was felt, in these circumstances, that if a more wholesome spirit could be locally produced at a reasonably low price this would eventually stop the production and the consumption of Akpeteshie.

108. It was against this background that certain businessmen answered the British Board of Trade’s call to enter into the distillation industry of this country. Although Counsel urged us to believe that his company, Duncan, Gilbey & Matheson Limited, came to Ghana as a result of this call, we cannot accept this view of the situation. Our own independent investigations have revealed that Duncan, Gilbey & Matheson Limited was first incorporated as a company in London on the 11th July, 1957 with the Registration Number of 587086. The main shareholders as of that date were:

(a) M. N. G. Holdings Limited,
(b) Mark Newman Gilbey,
(c) Captain Andrew Duncan,
(d) Ian McLeod Andrew Matheson.

It follows that at the time that responses were being shown to the British Board of Trade's invitation, Duncan, Gilbey and Matheson Limited had not been registered as a company in England. It would rather seem that Mr. Mark Gilbey, who is the principal shareholder of Duncan, Gilbey & Matheson Limited conducted negotiations in his personal capacity with a view to establishing a distillation industry in this country. In doing this he received the active support of Mr. E. Ayeh Kumi, who was then Chairman of the Industrial Development Corporation, and who admitted in evidence before us that he has been a long standing personal friend of Mr. Gilbey with whom he also shares membership of certain clubs. We also have it on evidence that Mr. Gilbey paid visits to the ex-President at his residence in Flagstaff House in the company of Mr. Ayeh Kumi.

109. At the time we were taking evidence from witnesses we made several fruitless efforts to get Mr. Gilbey to come to testify before us, but he caused his secretary in London to write to say that he was unavailable and that his Counsel and the Managing Director of his subsidiary company in Ghana (Mr. Kofi Addo) were quite capable of representing his interests. For the reasons stated in paragraph 108, we cannot help concluding that Mr. Mark Gilbey created Duncan, Gilbey & Matheson Limited primarily and originally for the purpose of entering upon the then practically non-existent alcoholic industry in Ghana to exploit the immense potentialities of this industry.

110. Mr. Gilbey played a most deceptive role in the transactions leading to the 1958 Agreement as well as the subsequent agreements of 1962 and 1965. First he held himself up as a distiller and actual producer of concentrates through his conduct though in fact all he intended to do and actually did, was buying concentrates and selling them to the State Distilleries Corporation. Second, without actually stating so in so many words, he created the quite deceptive impression that he was the manufacturer or at least closely connected with the actual producers of "Gilbey's London Dry Gin", an internationally known product. In fact, this "Gilbey's Gin" is owned by Sir W. A. Gilbey (London) Limited, from whom Mr. Mark Gilbey obtained a franchise agreement under which Gilbey's Gin was to be produced in Ghana. Thirdly, Mr. Mark Gilbey's subsidiary company in Ghana has consistently marketed its products under labels designed to create a general impression in Ghana that these drinks are produced abroad and merely bottled here in Ghana.

111. Counsel also suggested that of the few entrepreneurs who showed initial response to the Board of Trade's invitation, only Mr. Mark Gilbey was prepared to use the local crude Akpeteshie as a raw material for a modern distillation plant. We cannot accept this view, since evidence before us indicates that it does not require any extraordinary expertise to produce rectified alcohol from our crude Akpeteshie provided one has the required basic knowledge of the processes of the distillation industry. Counsel based his views on the offensive aroma which is associated with Akpeteshie, and which, according to Counsel, cannot be removed except through the special distillation plant manufactured specially to suit distillation from Akpeteshie.

112. From the expert evidence that we have received on this matter, we are satisfied that it is possible to produce neutral alcohol out of this crude
Akpeshie, as it is to produce it from other types of raw material such as molasses and cane juice. It follows, therefore, that other reasons have to be given for this agreement to purchase extracts and concentrates solely from Duncan, Gilbey & Matheson Limited. The most obvious reason one can think of is that Duncan, Gilbey & Matheson Limited thereby hoped to make maximum profits by excluding others who might wish to supply concentrates and extracts of a similar quality to the State Distilleries Corporation at more reasonable prices.

113. In the paragraphs which follow we shall attempt to outline our conclusions as to those aspects of the agreement which we find most objectionable.

Inflated prices of concentrates

114. The Committee was faced with the somewhat bewildering tasks of finding out whether the scheduled prices of concentrates and extracts as per the 1962 Agreement, as renewed in 1965, are inflated or not. The first step in the solution of this problem was to find a basis for comparison. The second was to look for a fair test as to the reasonableness or otherwise of the scheduled prices as compared with others. As to the first task, Counsel urged it upon us that there was in fact, and is, no basis of comparison of the prices of concentrates from different sources. In arguing this, Counsel submitted that in the distillation trade the formulae for concentrates are closely guarded secrets and that each distiller or manufacturer of concentrates is entitled, as of right, to name his own prices depending upon the quality as subjectively determined by the distiller or manufacturer. He continued that if concentrates from two sources were even to be compared in terms of prices then one should know, first, the strength and, second, the quality, of the concentrates concerned. His instructions were that the strength and quality of concentrates supplied by his clients were superior to any that had been compared with his clients' products.

115. It is the considered opinion of the Committee that this way of arguing about prices of concentrates misses the essence of the problem, namely whether concentrates of a comparable quality and strength can be obtained at cheaper prices than the scheduled prices embodied in the Agreement. Independent inquiries by the Committee from several reputable manufacturers (e.g. Ervan Lucas Bols and House of Seagram Limited) as well as evidence of witnesses appearing before the Committee such as Mr. Leroy Francis, Managing Director of West African Enterprises Limited, and Mr. Kwabena Owusu, now Managing Director of the State Distilleries Corporation, point to there being lower prices for the concentrates that can be used by the State Distilleries Corporation to produce drinks of identical or even superior quality.

116. In order to present a clear idea of the excessively exorbitant prices that the State Distilleries Corporation has had to pay for concentrates and essences supplied by Duncan, Gilbey & Matheson Limited under the agreements it is highly instructive to study the following charts (labelled Tables A and B) showing the extent of inflation of the concentrates and essences by Duncan, Gilbey & Matheson Limited. In preparing these charts, care has been taken to compare prices on the same unit. Thus, where (as with the quotations for Ghana Gin) prices are given in litres, we have converted into gallons to obtain a uniform basis for comparison.
## TABLE A

### COMPARATIVE PRICES OF SELECTED CONCENTRATES

<table>
<thead>
<tr>
<th>Type of Concentrate</th>
<th>Quantity purchased from D. G. &amp; M. since 1960</th>
<th>D. G. &amp; M.'s Prices per litre</th>
<th>Max. Blenders/Manufacturers Prices</th>
<th>Total cost paid to D. G. &amp; M.</th>
<th>Total cost if bought direct from Manufacturers by D.G. &amp; M.</th>
<th>Overcharge</th>
<th>% of Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell's Whisky</td>
<td>4,020 litres 28 0 10 1</td>
<td>5,628 s. d.</td>
<td>2,026 s. d. 15 0</td>
<td>3,601 s. d. 5 0</td>
<td>177.685</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duncan's Whisky</td>
<td>24,491 litres 28 0 10 1</td>
<td>34,287 s. d.</td>
<td>12,347 s. d. 10 11</td>
<td>21,939 s. d. 17 1</td>
<td>177.686</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1 Schnapps</td>
<td>40,000 litres 40 2 11 5 approx.</td>
<td>80,333 s. d.</td>
<td>22,800 s. d. 0 0</td>
<td>57,533 s. d. 6 8</td>
<td>252.337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schnapps (Henkes)</td>
<td>244,200 litres 23 9 7 11</td>
<td>289,987 s. d.</td>
<td>96,662 s. d. 10 0</td>
<td>193,325 s. d. 0 0</td>
<td>200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gilbey's Gin</td>
<td>11,728.25 litres 86 9 4 2</td>
<td>50,871 s. d.</td>
<td>2,443 s. d. 7 8</td>
<td>48,427 s. d. 18 0</td>
<td>1,982,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \text{£461,107 10 4} \quad \text{136,280 3 7} \quad \text{324,827 6 9} \]

## TABLE B

### COMPARATIVE PRICES OF SELECTED ESSENCES

<table>
<thead>
<tr>
<th>Type of Essence</th>
<th>Quantity purchased from D. G. &amp; M.</th>
<th>D. G. &amp; M.'s Prices per gallon</th>
<th>Maximum Prices per gallon</th>
<th>Total cost paid to D. G. &amp; M.</th>
<th>Total cost if bought direct from Manufacturers by D.G. &amp; M.</th>
<th>Overcharge</th>
<th>% of Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana Gin</td>
<td>4,443 gals. 53 2 0 (233/8 per litre)</td>
<td>235,923 s. d.</td>
<td>53,316 s. d. 0 0</td>
<td>182,607 s. d. 6 0</td>
<td>342.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okukuseko Gin</td>
<td>2,860 gals. 78 12 0 (346/- per litre)</td>
<td>224,796 s. d.</td>
<td>34,320 s. d. 0 0</td>
<td>190,476 s. d. 0 0</td>
<td>555.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \text{£460,719 6 0} \quad \text{87,636 0 0} \quad \text{373,083 6 0} \]
117. It must be remembered that most of these manufacturers' quotations were freely supplied at our request, as Appendices X to XII clearly indicate.

118. In the case of essences we were unable to obtain quotations from the manufacturers who supplied to Duncan, Gilbey & Matheson Limited, but we were able to obtain quotations from reputable manufacturers whose prices average about £12 a gallon of Gin essence. In fact Duncan, Gilbey & Matheson Limited was charging £53 and £78 per gallon for two different brands of Gin essences. According to one expert witness who has been in the distillation industry for well over 15 years and has operated in several countries such as West Indies, England, Holland, and other countries in West Africa including Ghana, it would be “unthinkable” for him to be quoted what he described as the absolutely fantastic price of £53 a gallon for any Gin essence.

119. Since 1960 the State Distilleries Corporation has paid a total of £460,719 6s. 0d. as prices for essences for its Ghana Gin and Okukuseku Gin. On the basis of average prices obtainable readily from reputable manufacturers of high quality essences the State Distilleries Corporation need not have paid more than £87,636. Thus, on Gin essences alone, we find an estimated inflation to the tune of some £373,000.

120. We have not the slightest doubt that the prices at which Duncan, Gilbey & Matheson Limited sell their concentrates and essences to the State Distilleries Corporation are unconscionably inflated and we are fortified in this view by the readiness with which even Counsel for Duncan, Gilbey & Matheson Limited pleaded for a review of these contractual prices, as instructed by his clients. On the figures available from our calculations, the country has spent at least £922,000 on the purchase of concentrates and essences from Duncan, Gilbey & Matheson Limited where we could have spent about £224,000 for these same commodities.

121. We do not imply by this that a foreign concern doing business in Ghana is not entitled to make a reasonable profit on its investment, but surely, when the profit margin is as high as over 300 per cent, then one is entitled to ask whether business is being conducted reasonably and fairly to the mutual advantage of both partners. If the answer is “no”, then the crucial question must be answered whether it is in the interest of the nation to continue to entertain an investor of such a turn of mind. Our answer to this crucial question is contained in paragraph 23 of our recommendations.

122. It has been said by Counsel representing Duncan, Gilbey & Matheson Limited that in spite of these high profits made by Duncan, Gilbey & Matheson Limited, the State Distilleries Corporation has not done badly. This assertion cannot be accepted until we are in a position to know what profit has been syphoned into Wine & Spirits Distributors (Ghana) Limited, a subsidiary of Duncan, Gilbey & Matheson Limited as well as Nadeco Limited, aside from the profits made by Duncan, Gilbey & Matheson Limited itself.

The Role of Wine & Spirits Distributors (Ghana) Limited

123. The 1962 Agreement introduced a distinction between (a) products bearing the labels of the State Distilleries Corporation and (b) products bearing the labels of Duncan, Gilbey & Matheson Limited. Before the coming into effect of this Agreement, the State Distilleries Corporation was free to market all the alcoholic beverages produced at its factory. The labels borne by all these products were supplied by Duncan, Gilbey & Matheson Limited. Since
that Agreement, products that fall under category (a) are described as the "Distillers' products" and may be marketed by the State Distilleries Corporation itself in any manner that it chooses. These products bear such distinctly local names like Ghana Gin, Okyeame Gin and Lai Momo Vermouth. Products falling under category (b) are described as the "Company's products" and the subsidiary company of Duncan, Gilbey & Matheson Limited, Wine & Spirits Distributors (Ghana) Limited, is given the sole distribution rights of these products, which include Gilbey's Gin, Duncan's Whisky and Henkes Schnapps—names that decidedly suggest foreign origins.

124. Schnapps, as is well known, is one of the most popular drinks in Ashanti, which is on the whole a big consumer of alcoholic beverages. The only Schnapps produced by the State Distilleries Corporation is 'Henkes' Schnapps, and Duncan, Gilbey & Matheson Limited was able to enter into a franchise agreement with Henkes of Holland whereby Wine & Spirits Distributors (Ghana) Limited were made the sole distributors in Ghana of this internationally known Henkes Schnapps.

125. According to the schedule of prices attached to the 1962 Agreement, concentrates for the Distillers’ products cost far less than those for the Company's products. The explanation given for this disparity in prices was that the differences represented 'discounts' offered to the State Distilleries Corporation, which, as a young industry, needed some initial help. We find it difficult to accept this explanation and in fact Counsel for Duncan, Gilbey & Matheson Limited was not himself happy about this explanation which was offered by the Managing Director for Wine & Spirits Distributors (Ghana) Limited. In some cases, these 'discounts' were as high as over 40 per cent.

126. Although the concentrates for Okyeame Gin are of identical quality and degree of concentration to those for Queen Elizabeth Gin, the price for the concentrate for Okyeame Gin (a product of the State Distilleries Corporation) is 27s. 11d. a litre whilst that for Queen Elizabeth Gin (a 'product' of Wine & Spirits Distributors (Ghana) Limited) is 54s. 6d. a litre. Discounting the fact that the comparatively low price for Okyeame Gin concentrate is still much higher than quotations of prices we have obtained through independent investigation for concentrates of identical quality, it seems to us inconceivable that the difference in prices of concentrates for the Company's products and the Distillers' products can be described as 'discounts'. As we shall attempt to demonstrate shortly, we believe that the real reason behind this difference in prices for concentrates of identical quality was to give a plausible reason for selling the products distributed solely by Wine & Spirits Distributors (Ghana) Limited at much higher prices than similar products marketed by the State Distilleries Corporation.

127. It should not escape mention that the products that are distributed by Wine & Spirits Distributors (Ghana) Limited move much faster than those products bearing the State Distilleries Corporation's own labels. The suggestion has been made that Wine & Spirits Distributors (Ghana) Limited has a better marketing organisation than the State Distilleries Corporation and that this accounts for the fast movement of their products. We think that this seriously misrepresents the true facts of the situation for the following reasons: Firstly, with the exception of Henkes' Schnapps, it was the State Distilleries Corporation which bore all the advertising costs, amounting to some £50,000, of all the alcoholic beverages first introduced by the State Distilleries Corporation, then the I.D.C. (Ghana) Distilleries Limited. Thus,
most of the drinks now being distributed by Wine & Spirits Distributors (Ghana) Limited acquired their popularity at the expense of what is now the State Distilleries Corporation. Secondly, the products selected for sole distribution by Wine & Spirits Distributors (Ghana) Limited bear labels which give no indication at all that they are produced in Ghana, let alone by the State Distilleries Corporation. Most people in Ghana up to this day are therefore under the totally erroneous impression that Henkes' Schnapps and Tourell Brandy, to take only two examples of the “Company's products”, are distilled abroad and bottled in Ghana. We seriously think that it is very much against the interest of the State that a foreign concern should be so minded not only to dupe the people of Ghana but also to make huge profits out of such cheap deception. We intend to recommend that in future all alcoholic beverages produced by the State Distilleries Corporation or any other manufacturer in Ghana should clearly indicate that such products are made in Ghana.

128. We are of the opinion that where a contract, according to the circumstances we have related in the foregoing paragraphs, is so heavily weighted in favour of one party to the detriment of the other, such an agreement does not deserve to be allowed to stand. Figures supplied to us (which were not in dispute) indicated that within a period of three years, that is from 1962 to 1965, Wine & Spirits Distributors (Ghana) Limited had made profits of over £70,000 (£21,680,000.00). We think that this is a painful experience for the State Distilleries Corporation which is a national enterprise, especially when it is remembered that in many cases Wine & Spirits Distributors (Ghana) Limited do practically nothing, merely directing their customers to the State Distilleries Corporation warehouses to collect their (customers') products. It is painful to record that as against this huge profit made by Wine & Spirits Distributors (Ghana) Limited the State Distilleries Corporation itself made something less than a third of that profit for the same period.

Sale of products to Wine & Spirits Distributors (Ghana) Limited

129. Although the 1962 Agreement specifies in Schedule B the prices at which the State Distilleries Corporation should sell products selected by Duncan, Gilbey & Matheson Limited to their subsidiary, Wine & Spirits Distributors (Ghana) Limited, there is no clear indication as to the profit margin to be made by the State Distilleries Corporation on these sales. It is true that the erstwhile Managing Director of the State Distilleries Corporation, Mr. Kobina Nyinaku, testified that the profit margin was supposed to be ten per cent of the cost of production, and this was corroborated by Mr. Kofi Addo of Wine & Spirits Distributors (Ghana) Limited. However, quite apart from the fact that this ten per cent of production cost represents a low profit margin as admitted by Mr. Nyinaku (who said he would have put it at 50 per cent above the production cost), the actual calculations of the cost by the present Managing Director of the State Distilleries Corporation have revealed that in many instances the profit margin made by the State Distilleries Corporation is much lower than ten per cent and in one or two cases actually falls to as low as just over one per cent of the cost of production. The only reasonable conclusion that we can draw from this is that the State Distilleries Corporation was in fact slaving for Wine & Spirits Distributors (Ghana) Limited which was free to sell these drinks at fantastic profits. (see Appendix XV for 1964 Figures).
Payment Terms

130. Much has been made of the fact that Duncan, Gilbey & Matheson Limited were rendering a beneficial service to the State Distilleries Corporation by providing it with credit facilities, and indeed this was one of the main reasons why the 1962 Agreement was renewed in December, 1965. Yet even a cursory examination of the payment terms for the supply of concentrates by Duncan, Gilbey & Matheson Limited as indicated by their invoices depletes this argument of much of its punch. Before it became obligatory for importers to obtain suppliers' credit for 180 days, we note that Duncan, Gilbey & Matheson Limited insisted on payment of 50 per cent of the price of concentrates and essences on order, the remaining 50 per cent being payable on shipment. Considering the fact that the inflation of the prices for concentrates and essences was such that 50 per cent of the prices charged could more than pay for the prices for which Duncan, Gilbey & Matheson Limited itself purchased these concentrates and essences, it cannot be said that the Ghana Government was reaping any benefits out of the terms of payment.

131. Even at the time when suppliers' credit became obligatory for all importers, we discover from the debtors' ledger of the State Distilleries Corporation that Wine & Spirits Distributors (Ghana) Limited was owing huge sums for considerably long periods in respect of drinks and services supplied to the latter by the State Distilleries Corporation. This at a time when the State Distilleries Corporation had already paid for the concentrates with which these drinks were produced. To take an example, from 12th June, 1965 to 20th October, 1965 drinks and charges raised on Wine & Spirits Distributors (Ghana) Limited amounted to over £323,000. On the 21st October, 1965 only £140,808 was paid on account by Wine & Spirits Distributors (Ghana) Limited. In these circumstances, it cannot seriously be claimed, as has been done, that Duncan, Gilbey & Matheson Limited (the parent Company of Wine & Spirits Distributors (Ghana) Limited was prefinancing the operations of the State Distilleries Corporation. Again, as late as September, 1966 Wine & Spirits Distributors (Ghana) Limited was owing the State Distilleries Corporation as much as £303,129.03 in respect of drinks supplied.

Other Criticisms of the Agreements

132. A minor criticism which was made before us was that the Agreement did not make provision for research by the State Distilleries Corporation with a view to manufacturing its own concentrates and flavourings. This matter is somewhat tendentious. It is true that the 1958 Agreement was silent on experiments in the manufacture and production of extracts and concentrates whilst the 1962 Agreement, by clause 3 (i), states that the State Distilleries Corporation may carry out experiments in the manufacture and production of concentrates. The fact that the 1958 Agreement was silent on this matter did not preclude the State Distilleries Corporation from carrying out such experiments because there was nothing in the Agreement to forbid this. On the other hand the fact that the 1962 Agreement mentions the freedom of the State Distilleries Corporation to carry out experiments in this direction does not materially affect the State Distilleries Corporation's ability to make use of the results of such experiments because under the 1962 Agreement, as under the 1958 Agreement, and as under 1965 renewal, the State Distilleries Corporation was, and is, obliged to buy all its concentrates and extracts from Duncan, Gilbey & Matheson Limited. So that even if the State Distilleries Corporation
were to produce through experimentation its own extracts and concentrates it
could not be free to use these for the products until the expiration of the present
Agreement. It does not, in these circumstances, appear to us to make any
substantial difference whether the Agreement does or does not make provisions
for experimentation and research.

However, it is quite possible, judging from the evidence before us, that
well-established distilleries may be willing to provide the State Distilleries
Corporation with formulae for the production of concentrates from the basic
ingredients for Gin. If this should happen then clearly the hands of the State
Distilleries Corporation should not be tied so that they cannot make use of
such facilities.

**Summary of conclusions on Duncan, Gilbey & Matheson Limited/State
Distilleries Corporation contracts for the sale of raw materials to the latter**

133. We conclude, generally, that the Agreement between Duncan,
Gilbey & Matheson Limited and the State Distilleries Corporation for the
sale and supply of concentrates and essences and for the manufacture by the
State Distilleries Corporation of certain alcoholic products for sole distribution
by Wine & Spirits Distributors (Ghana) Limited is unsconscionable and
unduly weighted against the interests of the State Distilleries Corporation for
the reasons expounded in paragraphs 115 – 131 inclusive. Furthermore, we
are of the view that the circumstances leading to the participation of Duncan,
Gilbey & Matheson Limited in the alcoholic industry of Ghana and the
operations of this company so far as these relate to the work of the State Dis-
tilleries Corporation, have been generally characterized by thinly-veiled
deceptive tactics and unabashed inflation of prices calculated to maximize the
profits accruing to Duncan, Gilbey & Matheson Limited beyond all reason-
able limits, thus unreasonably minimizing the profits which, under a fair
agreement, might have accrued to the State Distilleries Corporation. We also
believe that Duncan, Gilbey & Matheson Limited was able to extract the
numerous unfair advantages we have recounted mainly because of the close
association of Mr. Mark Gilbey, the principal shareholder of Duncan, Gilbey
& Matheson Limited, with the ex-President of Ghana and other notable
political personalities, especially Mr. E. Ayeh Kumi. Lastly, we cannot help
holding the view that as of January, 1963, when the former Managing Director
of the State Distilleries Corporation, Mr. Kobina Nyinaku, returned to the
State Distilleries Corporation to operate under the 1962 Agreement, already
signed, he (Mr Nyinaku) actively helped Duncan, Gilbey & Matheson
Limited and Wine & Spirits Distributors (Ghana) Limited to continue to
exploit the taxpayers of Ghana as described in the preceding paragraphs of
this section of our Report.

**D. The Proposed Kumasi Distillery**

134. The idea of a distillery at Kumasi was the subject matter of Manage-
ment Agreement which resulted from the negotiations that led to the renewal
in December, 1965 of the 1962 Agreement between Duncan, Gilbey &
Matheson Limited and the State Distilleries Corporation. Prior to this point
of time a new company, Associated Distilleries Limited, was formed with two
major partners, namely, Wine and Spirits Distributors (Ghana) Limited, and
Ghana Co-operative Distillers Association Limited. The two partners were to
contribute equal shares towards the establishment of a factory on the Kumasi/
Accra road to absorb the Akpeteshie produced by the Association which
could not be absorbed by the existing distilleries in Ghana. In fact this new distillation venture is, on the evidence before us, purely the brain child of Duncan, Gilbey & Matheson Limited.

135. On the evidence before us the Association has not contributed anything at all towards the cost of setting up this venture, although Counsel for Wine & Spirits Distributors (Ghana) Limited stated that an amount of £G31,358 (or $74,724) has already been spent by Wine & Spirits Distributors (Ghana) Limited on the project. The amount spent has been mainly on orders placed for plant and machinery to the specification of Wine & Spirits Distributors (Ghana) Limited. It seems quite clear to us, as indicated earlier, that this Kumasi venture is merely clothed ostensibly as one between the Distillers Association and Wine & Spirits Distributors (Ghana) Limited.

136. This, however, is not borne out by documentary evidence before us which indicate that at a meeting of the Board of Directors held on the 17th December, 1965, and at which Mr. Mark Gilbey, Chairman of Duncan, Gilbey & Matheson Limited, and Mr. Kofi Addo, Managing Director of Wine & Spirits Distributors (Ghana) Limited were present, it was decidedly agreed that a new distillery be set up near Kumasi on the Kumasi/Accra road. It is true that the Management of the State Distilleries Corporation felt some concern about the establishment of this new distillery which not unnaturally they considered would be offering competition to the State Distilleries Corporation, but they clearly seemed to have been satisfied by Mr. Mark Gilbey's assurances that the Kumasi distillery constituted no threat at all to the continued thriving of the State Distilleries Corporation.

137. The Distillers Co-operative Council informed us during the last stages of our sittings that they had written to Wine & Spirits Distributors (Ghana) Limited to dissociate themselves from the projected Kumasi distillery. This is not strange to us, for it seems to us that they entered into the Management Agreement with Wine & Spirits Distributors (Ghana) Limited (which we attach as Appendix XIII) merely because they saw in this move a means of counteracting what they considered to be the sabotaging tactics of the then Management of the State Distilleries Corporation in refusing to accept their Akpeteshie.

138. Since the Distillers Co-operatives Council no longer intends to participate in this Kumasi venture, there is no need to comment at length on this Management Agreement which we consider to be most detrimental to the interests of the Council as well as of the country as a whole. But it is worth drawing attention to a few of the obnoxious aspects of this Agreement. First, the Agreement provided for the supply by Duncan, Gilbey & Matheson Limited to the Associated Distillers Limited, the projected company, all the concentrates and essences on the same terms as the 1962 Agreement which we have already reviewed in the previous section. Second, the Agreement was to continue for a period of 10 years, thereby ensuring the continued exploitation of the lucrative alcoholic industry of this country by Duncan, Gilbey & Matheson Limited. It is not inconceivable that this operation would have resulted in the complete crippling of the State Distilleries Corporation. Third, it appears from the evidence of Mr. J. Obuobi that Wine & Spirits Distributors (Ghana) Limited have failed to fulfil its obligation under this Agreement in that although the Agreement states that tenders were to be shown to the Ghana Co-operative Alcoholic Distillers Corporation (as the Council is now
called) no tenders have in fact been presented for their approval, though Wine & Spirits Distributors (Ghana) Limited contend that they have already placed an order for “necessary machinery and plant and equipment for the distillery from suitable manufacturers”.

139. The crux of our findings and conclusions on this matter is that the 1964 Management Agreement cannot be seriously taken as a document representing the consensus of the two parties to the Agreement and that, as stated before, Wine & Spirits Distributors (Ghana) Limited provided a veil of incorporation behind which they ‘hid’ their own personal business interests. That the Alcoholic Distillers Co-operative Association allowed themselves to be used does not seem to us to touch upon the essence of the matter.

140. The Committee has been at great pains to find out if there in fact exists a need for a distillery in Kumasi, and also what effect a distillery, when established, would have on the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited. We are unable to accept Mr. Mark Gilbey’s contention which was reiterated by Counsel for Duncan, Gilbey & Matheson Limited in his submissions before us, that because the new distillery will be producing “new brands” of drinks its existence would not affect the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited. We do not think that the expression “new brands” of drinks is entirely free from ambivalence. From all accounts, it would appear that Mr. Gilbey’s real aims are to extend the lines that are presently produced for distribution by his Ghana-based subsidiary company, and, by so doing, maximize the profits accruing to the Duncan, Gilbey & Matheson group. It is also worth noting that when Mr. Gilbey talks of “cheap brands of gin”, as he did at the meeting of the 17th December, he is in all probability referring to a possible low cost gin which would compete with the State Distilleries Corporation’s “Ghana Gin”. Which indicates that Mr. Gilbey’s “new brands”, if even they can be described as such, are likely to offer a crippling competition to similar products sold by the State Distilleries Corporation.

141. The Committee is of the firm conviction that any arrangements whereby an expatriate firm is allowed to manufacture a low cost drink which would appeal to the great majority of the drinking population of Ghana, would be a disastrous move for the economy of the country.

142. Whilst it would be speculation on our part to purport to state in any definitive terms what is likely to be the effect of this proposed distillery on the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited, it would not be unfair for us to state that the new distillery is not likely to benefit the State Distilleries Corporation in any way at all, nor can it benefit the alcoholic industry generally, having regard to the potentialities of that industry. In short, we are of the view that there is no need for a new distillery in Ghana irrespective of what its effect would be on present relationships between the State Distilleries Corporation and any organization, and our reasons for saying this will be outlined in the next few paragraphs.

143. We conclude that the establishment of any distillery anywhere in Ghana will be unnecessary and unwise for at least the next ten years. In so concluding we are fortified by our further finding that it is unwise and highly injurious to the economy of this country and the health of its people to continue the distillation of Akpeteshie from imported granulated sugar and yeast...
144. Furthermore, as will be seen shortly, the State Distilleries Corporation is capable of absorbing all the rectified alcohol which can be produced by the Komenda and Asutsuare Factories and even this will not satisfy the entire alcoholic requirements of the country. We intend, therefore, to recommend the importation of rectified alcohol in the appropriate section on our recommendations. Besides, there is the West African Enterprises Limited which is also producing wholesome alcohol mainly from cane sugar, although it does also use locally produced Akpeteshie.

145. Finally, our investigations have led us to the irresistible conclusion that the alcoholic industry in Ghana is so lucrative that except in really exceptional circumstances the industry must remain in the hands of Ghanaians.

E. THE TWO SUGAR PRODUCTION FACTORIES

146. As noted earlier in our Report (Part II) the relevance of the two existing sugar factories in Ghana to the alcoholic industry is that molasses from which rectified alcohol can be cultured and distilled are produced in large quantities as a by-product of sugar manufacture. Evidence before us shows that the rectified alcohol produced at the Asutsuare Factory is of a high quality and is comparable to imported alcohol for blending purposes. This has been confirmed by several of the witnesses including the Managing Director of the Asutsuare Factory and the erstwhile Managing Director of the State Distilleries Corporation, Mr. Kobina Nyinaku. But we have also learnt that whilst the first samples of rectified alcohol produced at Asutsuare were of excellent quality subsequent supplies have suffered from the presence of an undesirable sugar-cane aroma which will have to be eliminated through the process of further distillation if high quality finished products are to be obtained from using this alcohol. Thus, efforts should be made to maintain the original high quality standard of the rectified alcohol produced from molasses. The obvious answer to this problem is for the Government to ensure that competent personnel are employed to man the distillation section of the factory.

147. It seems to us that there is something wrong with the way in which the factory at Asutsuare is being run at the moment. To take an example, which was given to us in evidence, the Asutsuare Factory has not been able to pay farmers for their supplies of sugar-cane owing to lack of funds. As a result, the farmers have not been able to pay back loans taken from the Agricultural Credit Bank, which is consequently planning to buy crushers for the farmers in order that they may be able to crush the sugar-cane to produce Akpeteshie. If this should happen, it would constitute a plain waste of public funds, since the country already has a modern factory in operation at Asutsuare and another at Komenda which is to come into production soon, and both of which have been designed, at great cost, to crush sugar-cane.

148. More generally, we note a regrettable lack of co-ordination in planning national policy where related industries are concerned. Indeed we are somewhat disturbed at Government’s invitation for private participation in the sugar factories, as announced by the Press. The enormous amounts of foreign exchange expended in the importation of refined sugar should indicate that sugar manufacture is a vital part of the nation’s economy which should best be retained by Government or well-established Ghanaiian businessmen. If any help is needed, we would rather think that the State Distilleries Corporation
could be invited to take some shares in the venture since it has a vital interest in the Factory's by-product, namely, molasses. This, of course, ties up with the need to formulate and implement policies which will maximize the profits that should accrue to the State Distilleries Corporation.

149. Though the Komenda Factory is not yet in production it is intended to go into production soon. Our inspection of this Factory showed that though a room has been allocated for a distillation plant there has been no financial provision for obtaining such distillation plant. We are of the opinion that a distillation plant at the Komenda Factory will be of great help to the alcoholic industry since it would help discourage the production and sale of Akpeteshie and reduce the quantity of rectified spirit which, as we shall see, may have to be imported.

150. Judging from reports in the local newspapers it would appear that both the Komenda Factory and the Asutsuare Factory are beset with many problems, both technical and administrative. For example, the Komenda Factory, although nearing completion, is not sure of adequate water supplies for its running. Unless the Factory goes into production at the scheduled time, vast quantities of sugar-cane might be wasted. Here again careful planning and co-ordination of related business ventures are called for rather urgently. The Asutsuare Factory also seems, from our inquiries, to demand a more serious effort at ensuring continuing supplies of sugar-cane from nearby plantations.

151. Though this paragraph anticipates a recommendation which we intend to make, we think it is pertinent to mention at this point a suggestion which has been put before us, namely, that the present members of the Ghana Alcoholic Distillers Association who form the distillers' section of the Association should be turned into sugar-cane producers. While we think that it is wise to encourage farming among the present distillers of Akpeteshie, as among others, we do not share the view that all these present distillers should be turned into sugar-cane producers. The most obvious reason for this conclusion is that sugar-cane does not grow everywhere in Ghana and it would be utterly impracticable to concentrate all these distillers scattered all over the country, as they are, in those few places where sugar-cane thrives. Less obviously, it has never proved a wise national policy anywhere in the world to compel people to take to particular means of earning their livelihood. The best that can be done is to encourage, through the institution of several incentive-producing devices, the pursuit of undertakings which will promote the public interest, and we do not intend to go beyond this.

F. PURCHASE OF RAW GIN FROM DISTILLERS CO-OPERATIVES

152. It is not for nothing that this our Committee has come to be popularly known as the "Akpeteshie Commission". The history of the State Distilleries Corporation is closely connected with the production of Akpeteshie, which has been defined by section 14 of The Manufacture and Sale of Spirits Act, 1962 (Act 154) as:

"spirits manufactured in Ghana by the distillation of a fermented liquid in a simple pot still".

153. In recent years what this has meant in practice is that about 70 per cent of the total imports of granulated sugar and yeast into this country has gone into the production of "our local gin", Akpeteshie. Production of Akpeteshie from palm-wine and other fruit juices has been on an extremely limited scale.

40
154. Under Executive Instrument No. 101, 1960 (Instrument of Incorporation of the Ghana Distilleries Corporation), the objects of the newly-formed Distillery were stated as follows:—

(a) to take over the assets and liabilities and to carry out the objects of the Ghana Distilleries Limited, a company registered under the Companies Ordinance (Cap. 193);

(b) to do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

155. Under the State Distilleries Corporation Instrument, 1965 (L.I. 391), the Ghana Distilleries Corporation established under E.I. 101 was continued in existence as a body corporation subject to the provisions of L.I. 391. The objects of the Corporation, renamed the State Distilleries Corporation, were re-defined, and we reproduce those portions that are pertinent to the production and sale of Akpeteshie, namely:

(a) to distill, refine and manufacture spirits from locally produced Akpeteshie and similar crude alcohol and to bottle and prepare them into finished products for sale;

(b) to buy crude Akpeteshie and similar crude and unrefined alcohols from any person authorized under any enactment to produce them in Ghana, enter into sale contracts with any Statutory Corporation or State Enterprise and any other person for the sale of its products;

(c) in determining its general pricing policies, the Corporation shall consult the State Enterprises Secretariat and the Ministry responsible for Trade.

156. Soon after independence the manufacture and sale of Akpeteshie for commercial purposes were for the first time legalized in this country. Under the Excise (Amendment) Act, 1958 (No. 5) comprehensive regulation of the Akpeteshie industry was introduced under the Akpeteshie Act dated 17th August, 1961 (Act 77). The relevant provisions of Act 77 for this purpose are as follows:—

"Licence required for manufacture.

2. (1) No person shall manufacture Akpeteshie except under and in accordance with a licence granted under this section (in this Act referred to as a distiller’s licence).

(2) Regulations may provide for the issue, conditions and duration of distiller’s licences, and may authorize the inclusion in a distiller's licence of a condition requiring Akpeteshie manufactured under the licence to be offered for sale to the Industrial Development Corporation or any subsidiary thereof.”

157. It is to be noted that at the time of this Act the only existing subsidiary of the Industrial Development Corporation that dealt with the distillation of alcohol was the State Distilleries Corporation. In 1962, Act 154 entitled “The Manufacture and Sale of Spirits Act, 1962” was passed to replace Act 77. The spirit of Act 77 was continued in Act 154 and in Regulations (L.I. 239) made under that Act.

158. The distinctive feature of L.I. 239 was that it provided under section 3 (1) that:—

“Every applicant for the issue of a distiller's licence shall be a member of a registered Distillers Co-operative”.

41
159. Also under sections 21 and 22:

"Sale of all spirits produced.

21. Every distiller shall dispose of the whole of his production of spirits either to a registered co-operative or to a distiller or distillers directed to be placed under the control of the Excise Ordinance, 1953 (No. 31 of 1953) in pursuance of the provisions of section 2 of the Act.

First offer of sale.

22. All spirits produced by a distiller shall first be offered for sale to a distiller directed as aforesaid to be placed under the control of the Excise Ordinance and shall be sold through the registered co-operative of that distiller."

160. The effect of these laws was that:

(a) the distillation of Akpeteshie was legalized;
(b) in order to distil Akpeteshie one had to have a licence;
(c) in order to have a licence to distil one had to belong to a registered co-operative; and
(d) products of distillation could only be sold through the registered co-operative of the particular distiller.

161. Meanwhile on the 12th of August, 1959, it was announced in Parliament that Akpeteshie had been legalized and as a result of this announcement the Ghana Association of Alcoholic Distillers was formed. In 1963, this Association was reconstituted under the General Co-operative Movement and placed under the direction of a national body called the Distillers Co-operatives Council Limited.

162. The sale of Akpeteshie to the State Distilleries Corporation and the West African Enterprises Limited was made through this national body, which, by this time, was organised as follows:

(i) An apex body, i.e. the Council (now called "Ghana Alcoholic Distillers Association Limited").
(ii) Regional Unions.
(iii) District Unions.
(iv) Primary Societies, made up of 10,000 Distillers 15,000 Retailers.

163. The evidence before us has disclosed that the relations between the State Distilleries Corporation and the Distillers Co-operatives Council have been strained for some years now. The main reasons for this strained relationship appear to be—

(a) the refusal of the then Managing Director, Mr. Kobina Nyinaku, to take all crude alcohol supplied by the Distillers Co-operatives Council;
(b) his lack of tact in dealing with the Distillers Co-operatives Council;
(c) the high-handed manner in which he dealt with them as a group, e.g., refusing to meet them for a meeting when they were only a few minutes late;
(d) his deliberate attempt to discredit the Distillers Co-operatives Council and to make them appear unreliable, e.g. short notice in respect of orders for crude alcohol;
(e) questionable methods of measurement of alcoholic strength of Akpeteshie supplied by the Distillers Co-operatives Council to the State Distilleries Corporation.

164. We have already dealt with the preferential treatment meted out to certain individual distillers such as Mr. D. A. K. Sowah and Mrs. Beatrice Botchway by the then Managing Director, Mr. Kobina Nyinaku. We believe that whatever may have been the Managing Director's reasons for thus ignoring the Co-operatives Council as a national group, this action led to strained relations between the Management of the State Distilleries Corporation and the Distillers Co-operatives Council, whose products (Akpeteshie) the Managing Director refused to take on many occasions. The result was that hundreds of drums of Akpeteshie were lying idle at the headquarters of the Co-operatives Council in Accra and in several regional headquarters, as testified before us. The present Management has been persuaded by us to buy these drums of Akpeteshie.

165. The then Managing Director's reason for not accepting delivery of these supplies of Akpeteshie from the Distillers Co-operatives Council was that there was no sufficient storage room for them. He also added that he was reluctant to deal with the Council because they were an unreliable group, preferring at times to sell their products to West African Enterprises Limited, a rival organisation, for higher prices. We are inclined to believe that there is some substance in the Managing Director's contentions, but we think that his reprisal measures were somewhat incommensurate with the difficulties facing him. It is pertinent to note here that the Managing Director at one time refused to take supplies of Akpeteshie even from his favourite customers, but this was after the setting up of our Committee, and he, in fact, advised them that if they sought and received our permission, he would take their deliveries. Since, according to the evidence before us, these individuals had produced Akpeteshie on the strength of the Management's promise to purchase their products, it stood to reason that the present Management should be advised to buy these supplies, and this was done by us.

166. As to the then Managing Director's lack of tact in dealing with the Distillers Co-operatives Council and his high-handed manner of treating them as a group, we find these sufficiently proved, and conclude that his behaviour was at variance with the objects contemplated by the laws summarized above (paragraphs 156 to 159 inclusive), namely, that the Corporation was to buy all its requirements of Akpeteshie from the Co-operative Council.

167. We believe, however, that there is some real doubt as to the obligation of the State Distilleries Corporation to purchase Akpeteshie from the Distillers Co-operatives Council. Our understanding of the law is that while under the old law (Act 177 and L.I. 70) primary Distillers’ Societies (that is, at the village level) had to sell their products through the Central Co-operative Council, the present law (Act 154 and L.I. 239, both of 1962) merely states that in order to sell Akpeteshie under a licence (granted by the District Commissioner of the area) a person must belong to a primary co-operative society. In other words, membership of the Central Co-operatives Council is not compulsory or automatic but rather at the discretion of the primary society concerned. This is not brought out too clearly by the relevant laws and we intend to recommend a streamlining of the laws to bring them in line with what we consider to be the principle that should underlie the creation of Co-operative Societies—namely, that they should be independent voluntary
associations of citizens with common business interests. We believe that the motivation behind the creation of the Central Co-operatives Council was largely political and that such compulsory centralized organisation is disfunctional to the proper development of small and medium scale entrepreneurial ventures.

168. It was brought to our notice that in measuring the alcoholic strength of Akpeteshie supplied to the State Distilleries Corporation, the process of measurement was manipulated in such a way as to indicate a lower alcoholic content rating than was in fact the case if the measurement had been done properly. Apart from evidence from the State Distilleries Corporation’s records to the effect that certain readings, when challenged, were later rectified, we are unable to accept as conclusive allegations of fraudulent manipulation of the measuring instruments in order to make illegal profits for the then Managing Director. The principal reasons given for these allegations were that the measurement process was shrouded in secrecy and suspicion, customers not being allowed to be present while measurement was going on; and that the alcoholic content of certain favoured individuals, notably Mrs. Beatrice Botchway and Mr. Sowah, were always rated high, even when other customers, whose drinks were normally rated lower, supplied drinks of identical quality through these two individuals. If the latter-mentioned reason is true—and we are inclined to believe it is—then it would seem that Mr. A. R. O. France, who was the Corporation’s officer in charge of these measurements at the time, was at least guilty of discriminatory practices against customers who supplied through the Distillers’ Co-operatives Council. We cannot deprecate such conduct too strongly.

169. We think that the then Managing Director, by refusing to buy Akpeteshie from the Distillers’ Co-operatives Council, was encouraging the favoured individuals from whom he bought his Akpeteshie to evade payment of a levy of 1s. per gallon which by administrative authority was to be collected by the Council. As of August 1961 the Council was collecting a levy of 1s. per gallon on every gallon of Akpeteshie sold through it. However, the Managing Director’s decision to purchase directly from a selected few deprived the Council of these levies; and this was one of the reasons why relations between the Council and the Management of the State Distilleries Corporation became so strained. Not unnaturally, other distillers, seeing the advantage to be gained by selling through Mrs. Beatrice Botchway and Mr. Sowah rather than through the Council, decided to market their products through these individuals thereby causing further loss of revenue to the Council.

170. We believe that the entire organisation whereby raw gin is purchased from the Co-operative Societies requires a complete overhaul. First, there must be a decision on how to re-organize the Co-operatives. Second, the crucial question must be answered whether Akpeteshie should continue to be produced for distillation purposes either by the Co-operative Societies or by any other individuals. On these questions we will offer our tentative answers in the appropriate sections of our recommendations.

171. The allegation by the Central Co-operatives Council that Mr. Nyinaku tried deliberately to discredit them seems to be borne out by evidence that we have received of the inordinately high orders placed for crude alcohol at unreasonably short notices (see paragraph 38).
G. The Future of the Alcoholic Industry in Ghana

172. The alcoholic industry in Ghana may be split into the following five compartments for the purposes of providing a convenient framework for a concise statement of our findings and conclusions on the above subject matter:

(a) Locally produced beverages from local materials, e.g. "palm wine".
(b) Locally brewed beer and stout.
(c) Crude alcohol—Akpeteshie.
(d) Refined Spirits, e.g. bottled Gin and Whisky, produced locally.
(e) Refined Spirits imported, either bottled or in bulk at highproof for local bottling.

Palm Wine and Beer

173. Though we received no evidence or memoranda on the first two items listed in paragraph 172 above, we feel obliged to comment briefly on them, since they are somewhat related to the future of the alcoholic industry in Ghana. As is well known to all, the production of palm wine in this country involves the felling of mature palm trees. This method is wasteful to the extreme, since palm trees have great commercial value, e.g. in the oil industry. It would seem, therefore, that a saner method of obtaining the wine from palm trees not involving the felling of the latter should be adopted in Ghana, as is done, for instance, in Nigeria.

174. As far as the production of beer goes, we think that Government should continue to give encouragement to the adequate production of locally produced beer while at the same time restricting, though not proscribing, the importation of foreign-brewed beer.

Crude Alcohol (Akpeteshie)

175. The upshot of our careful examination of all aspects of the Akpeteshie industry is that this industry is detrimental to the interests of the country for economic and health reasons.

176. Economically, the country spends huge sums of money in foreign exchange for the importation of the main raw materials for Akpeteshie production, namely, sugar and yeast. Thus, this country is importing expensive refined products for the production of the crudest form of alcohol. From the evidence of the Ghana Alcoholic Distillers’ Association, it takes one cwt. bag of granulated sugar and three tins of yeast to produce 12 gallons of Akpeteshie. Furthermore, the maximum production capacity of our present two sugar factories cannot in any way meet the demands of Akpeteshie production. In any case, these sugar production factories were established to produce sugar for domestic consumption, not to produce sugar for Akpeteshie production. It must be emphasized, in this regard, that at least 400,000 cwts. of granulated sugar go into Akpeteshie production in this country each year, and this estimation is based on figures obtained from registered Co-operative Societies alone.

177. The health hazards involved in the production and consumption of Akpeteshie, especially to the flowering youth of this country, can hardly be over-emphasized. The method of production of this potent drink is so crude that it is not possible to eliminate the normal by-products of alcoholic fermentation such as fusel oil which, on expert evidence adduced before us,
has serious toxic effects. Quite apart from this, the equipment used inevitably leaves a fairly high percentage of harmful deposits, such as iron rust, which is consumed together with the finished product. Lastly, little children who help in the distillation of Akpeteshe have often been known to help themselves liberally to this alcoholic drink, a practice which cannot but have a harmful effect on the lives of a fair percentage of the growing youth of this nation.

**Refined Spirits produced locally**

178. Our main finding and conclusion on the production of refined spirits in this country is that this should continue to be in the hands of the two existing distilleries, namely, State Distilleries Corporation and West African Enterprises Limited, the latter of which is a private enterprise.

179. On the evidence before us, we find that though West African Enterprises has got first class equipment to enable it to produce adequate wholesome alcoholic beverages at reasonable prices, it has not of late been producing anywhere near its actual production capacity. It is plausible that this drop in output is the result of political pressures brought to bear on the Management of this private enterprise by the erstwhile Government as alleged by the Managing Director, Mr. Le Roy Francis. The business may also have suffered from the general economic squeeze which this country has been going through for the past few years and which has resulted, among other things, in restrictions on importation of raw materials such as bottles, seals and botanicals. Indeed, the State Distilleries Corporation, a State corporation, has also suffered from this restriction on imports. We do not share the view, urged by Counsel for Duncan, Gilbey & Matheson Limited that inefficient management is the sole reason behind the difficulties, financial and otherwise, which West African Enterprises Limited has been experiencing in recent years. But it may well be that the enterprise has suffered from the Managing Director’s long absences from the country (even after the coup). Difficulties experienced by this Committee in obtaining quite simple information about this enterprise in the absence of the Managing Director indicate that the business is being run, more or less, as a one-man show. This does not speak too well for the future of this enterprise.

180. If by any chance—a possibility which is too remote to be seriously considered—the West African Enterprises Limited should drop out of the alcoholic industry in this country, we believe that the State Distilleries Corporation would, in this unlikely event, be still capable of meeting the alcoholic demands of the country, granting the fulfilment of certain conditions which we outline below: First, the modern bottling plant of the State Distilleries Corporation (the capacity of which is 120 bottles a minute) can produce some 180,000 bottles of finished products per five-day week, working six hours a day. The only problem then would be to obtain blended alcoholic drinks and bottles, seals and labels with which to feed the bottling line. In addition to this modern bottling plant, the State Distilleries Corporation also has a reserve bottling plant of a lower capacity. The rectified alcohol that can be produced from the Asutsuar Factory can be fully absorbed by the State Distilleries Corporation, on the basis of the above calculations. Working on an average production of 7,000,000 gallons of Akpeteshe per year (which is equivalent to about 2.5 million gallons of rectified spirit) the State Distilleries Corporation, if it worked on two shifts a day, would be capable of blending and bottling over 3 million gallons of rectified spirits a year. This means that working on this
basis, the State Distilleries Corporation would be capable, using its present equipment, but with an increase in staff, of producing at least 36,000,000 bottles of blended alcoholic beverages a year. This would more than satisfy the alcoholic requirements of the country and even make possible the exportation of wholesome alcoholic drinks to neighbouring African countries. All this is not to mention the possibility of expansion of the State Distilleries Corporation factory.

181. We do not wish to create the impression that the future development of the alcoholic industry should be monopolized by Government. We are inclined to the belief that the continued operation of West African Enterprises Limited, perhaps on an even more activated scale, would offer a healthy competition in the alcoholic industry.

182. One of our most important findings in this connection, is that the State Distilleries Corporation is, in the words of one expert witness, a mere "packing station". This is to say, the Corporation gets all the basic ingredients, and then through a process of blending according to set formulae "produces" certain alcoholic beverages. What is needed urgently is to develop the State Distilleries Corporation into a real distillery, that is an outfit which can manufacture at least some of its own concentrates and essences from botanicals. As has been noted earlier, the State Distilleries Corporation cannot do this effectively under the present agreement. Reputable distillers, such as Seagrams, have indicated their preparedness to offer technical assistance in this endeavour. In seeking any such offered assistance, it would be of the utmost importance to ensure that the State Distilleries Corporation is not saddled, once again, with the type of agreement which would cripple its ability to expand into, and operate as, a fully fledged distillery. This is merely to sound a note of caution, not to cast a slur on Seagrams or any other reputable distiller.

A Tentative Suggestion

183. During our inquiry, our minds were drawn to the possibility of a merger between West African Enterprises Limited and the State Distilleries Corporation. The idea was put to the Managing Directors of the two enterprises. While Mr. Le Roy Francis, Managing Director of West African Enterprises Limited, favoured the idea, Mr. Kobina Nyinaku, then Managing Director of the State Distilleries Corporation, preferred "buying up" West African Enterprises Limited. We put forth hereunder our own tentative suggestion of how such a merger can be achieved, if the idea seems attractive enough to the Government. In making this suggestion, we have been influenced by the fact that West African Enterprises Limited is able to manufacture its own concentrates from botanicals, imported at extremely low cost. But we hesitate to firmly recommend a merger, owing principally to the somewhat elusive character of Mr. Le Roy Francis, Managing Director of West African Enterprises Limited, and the fact that he seems, as mentioned earlier, to run his business as a one-man show.

Details of Proposed Merger

184. The State Distilleries Corporation will buy 49 per cent of the paid-up capital of West African Enterprises Limited and West African Enterprises Limited will also buy up 49 per cent of the paid-up capital of the State Distilleries Corporation. Payment will be made by the West African Enterprises Limited in U.S. Dollars. Both companies by virtue of the merger, will thus hold shares
in the two representative businesses and will be managing agents of the respective companies, but will operate independently on a competitive basis. Each Company will have its own Board of Directors.

185. It will, however, be desirable to set up a Co-ordinating Committee which will comprise of members of the two Boards. The Co-ordinating Committee will co-ordinate the activities of the two distilleries with regard to such matters as finance, purchases of raw materials, production and marketing. The Co-ordinating Committee will also concern itself with research, staff training and development. Both Managing Directors will be members of the Co-ordinating Committee and will chair meetings on alternative basis. The Co-ordinating Committee will be an advisory body and will not take executive actions.

**Refined Spirits—Imported**

186. If Akpeteshie production should be discontinued, and the alcoholic requirements of the country are to be satisfied, then not only will the country have to import rectified alcohol for blending purposes, but it may also be necessary to import high quality alcoholic products, bottled or in bulk for local bottling. This is because we have it on expert evidence that the rectified alcohol that can be obtained from our local sugar factories, which will be the main source of supply of alcohol in the country, will not be adequate to meet the alcoholic requirements of the country at the initial stages. Besides, the F.O.B. price of imported rectified alcohol is as low as 10s. a gallon, while it takes about 45s. worth of Akpeteshie to produce one gallon of rectified alcohol. The only existing draw-back on the use of imported rectified alcohol for blending purposes is the inordinately high rate of import duty it attracts, namely £74.39 per gallon of 96 per cent volume alcohol, presumably to protect the Akpeteshie industry. If this high rate of duty were to be reduced, as we intend to recommend then any loss in revenue from import duties would be off-set by the levy of excise duty in respect of finished products. This is because it would then be possible to effectively collect all the excise duty on alcoholic drinks. The present system unduly encourages the consumption of crude Akpeteshie, owing to the relatively high prices of low grade drinks like Ghana Gin. Besides, much Akpeteshie actually sold and consumed evades excise duty.

187. Our findings lead us to the conclusion that three factors contribute to the high cost of low grade drinks produced in this country, namely:

(a) The exorbitant price of alcoholic essences supplied under the Duncan, Gilbey & Matheson Limited agreement with the State Distilleries Corporation to the State Distilleries Corporation.

(b) The inordinately high rate of import duty on these essences.

(c) The high cost of rectified alcohol produced from Akpeteshie.

188. The absence of a differential scale in fixing the import duty on imported alcohol as between alcoholic essences for low grade drinks and alcoholic concentrates for high quality drinks prevents a commercially sound means of producing low grade drinks at retail prices within the pockets of present Akpeteshie consumers. Also, the more sophisticated brands of drinks could be sold at retail prices in line with those obtaining in neighbouring countries. In this way two important and related advantages could be obtained: First, Akpeteshie consumption would be discouraged because of consequent reduction in the prices of the low grade but wholesome drinks, like Ghana Gin.
Second, the smuggling of high quality drinks, like White Horse Whisky and Martell Brandy, from neighbouring countries would be discouraged and perhaps, completely eliminated.

189. Furthermore, it would be economically and socially healthy to import finished alcoholic products at high concentration (or high proof) which can be blended down to produce high quality whiskies, brandies and rums of identical quality to those produced abroad. This process actually obtains in the United States, Britain and some parts of Europe. It is not generally known that what we produce here at the State Distilleries Corporation as “Whisky”, “Brandy” and “Rum” are not really the genuine products but merely ‘compound’ drinks. In the words of one expert witness: “You blend whisky with whiskies”, and not neutral alcohol with “whisky” concentrates.

190. In addition, we believe that the status of Accra as an increasingly flourishing metropolis would seem to suggest that it would be a wise move for Government to allow the importation of limited quantities of bottled drinks of international repute.

191. It should by now be fairly clear that much of what can fruitfully be said about the future of the alcoholic industry should, ideally, be in the form of recommendations. Accordingly, we intend to state our further views on the future of the alcoholic industry in the section on recommendations.

Part IV
RECOMMENDATIONS

We summarize below our main recommendations under their appropriate headings. Only those recommendations which have not already been largely anticipated in our Findings and Conclusions will receive reasonably comprehensive attention. For obvious reasons, we do not propose to reiterate recommendations embodied in our First Interim Report, upon which action has already been taken by the National Liberation Council.

General Administration

We recommend that:

1. The Organisation and Methods Secretariat examine and reorganize the administrative set-up of the State Distilleries Corporation, to include work schedules and the proper definition of responsibility.

2. All senior appointments should be advertised in the national Press and filling of senior posts should receive prior approval of the Board of Directors.

3. After Organisation and Methods Secretariat have decided on the appropriate establishment requirements of the Corporation, future amendments dictated by changing circumstances should receive prior approval of the Board of Directors.

4. The conditions of service as regards appointment and dismissals of senior officers, as laid down by the State Enterprises Secretariat, should be strictly enforced.

5. Circumstances relating to the withholding of increments of senior staff should be fully reported to the Board of Directors for its study and approval.

49
6. The Management of the State Distilleries Corporation should in no way discourage the trade union in its primary role of protecting and safeguarding the welfare of workers, especially where the latter complain of discriminatory practices against them.

7. A Joint Consultative Committee between the Management and Staff be instituted at the State Distilleries Corporation. Meetings could take place about once a month and the findings of this recommended Committee should in no way infringe upon those of the trade union. We attach, as Appendix XIV, a suggested framework for the aims and organisation of such a Committee.

Financial Administration

We recommend that:

8. The Government should make every active effort to establish a Cost Accountant Consultancy Bureau for the State Enterprises Secretariat to service all State Enterprises, including the State Distilleries Corporation. Though this general recommendation goes somewhat beyond our terms of reference we feel that it is a simplified and inexpensive way in which the type of financial maladministration that we have discovered can be effectively corrected. It would be too expensive to have a Cost Accountant for each of the State enterprises and in any case enough qualified personnel are not available now. This is a way to maximize efficiency with minimum resources and at low costs.

9. The circumstances in which sums of money were written off in respect of drinks supplied to the individuals we mention below do not disclose any acceptable justification for treating these sums as “bad debts”, and that appropriate legal steps should be taken to recover the sums involved:

   Mr. Ayeh Kumi       ...       ₦680.77
   Madam Okposhika    ...       ₦4,216.68
   Tivoli             ...       ₦1,780.80
   Mr. Sasu           ...       ₦18,288.00
   El Nash            ...       ₦12,794.40

10. The Management of the State Distilleries Corporation should review all other “bad debts” to determine whether there is sufficient justification for writing them off as such, and if not, to take appropriate steps for their recovery.

11. In the case of debts outstanding in the name of “El Nash”, the former Managing Director, Mr. Kobina Nyinaku, the present Advertising, Publicity and Public Relations Officer, Mr. Joseph Acquaye, and the former Assistant Marketing Officer (now suspended for his complicity in the “El Nash” deal), Mr. Ohenenana Kwame Fori, should be made jointly and severally liable for the payment of the sum of ₦12,794.40 still outstanding against the name of “El Nash”, if the latter cannot be found. Our reason for making this recommendation is that all three gentlemen were, in our view, privy to this deal or at least grossly negligent in the performance of their duties.
12. Advances to organisations, i.e. Tyre Service Corporation, Sugar Products Corporation, Asutsuare, should be discouraged and where this has to be done it should be governed by proper agreements, and approved of by the Board of Directors. Steps should be taken to recover the £30,000 loan to the Tyre Service Corporation which is still outstanding.

13. Cash advances to individual suppliers of raw materials should be strictly controlled and backed by the prior approval of the Board of Directors. Credit customers should be given limits within which to operate and their catalogue of payments be constantly observed. Such control would avoid scandalous episodes of the El Nash type.

14. The evasion of sales tax on 28,340 cwt. of sugar by means of what we consider to be a false declaration by the Managing Director (see paragraph 67 supra) should be thoroughly investigated by the Attorney-General’s Department and appropriate legal action taken against those found to be caught by the provisions of the Sales Tax Act, 1965 (Act 257).

15. Mr. Kobina Nyinaku, former Managing Director of the State Distilleries Corporation, should be made to bear at least part of the £5,040.00 charged to the State Distilleries Corporation as Counsel’s fees in connection with the work of our Committee.

Duncan, Gilbey & Matheson Limited/State Distilleries Corporation Agreement

We recommend that:

16. The existing Agreement between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited for the supply by the latter of concentrates and essences is so heavily weighted in favour of Duncan, Gilbey & Matheson Limited that it should be considered as an unfair bargain between the parties, hence steps should be taken to bring the Agreement to an end in a legally acceptable manner. We suggest that the Attorney-General’s Department be consulted on this crucial matter and that account should be taken of the enormous gains already made by Duncan, Gilbey & Matheson Limited out of the Agreement.

17. If Wine & Spirits Distributors (Ghana) Limited, the Ghana-based subsidiary of Duncan, Gilbey & Matheson Limited, is willing to operate as distributors for alcoholic drinks produced by the State Distilleries Corporation then the terms on which such an agreement is entered into should be such that the State Distilleries Corporation can make reasonable profits from the transactions. We think that any such arrangement should take account of the duration of the agreement, the prices of concentrates and essences to be supplied (which have been known to be inflated in the past). Ideally, it is our view that the concentrates and essences used for the production of alcoholic drinks for distribution by Wine & Spirits Distributors (Ghana) Limited should be purchased by the State Distilleries Corporation direct from the manufacturers and not from Duncan, Gilbey & Matheson Limited which is not a manufacturer of concentrates and essences but rather a middleman.
18. Until such time as the Agreement is terminated—a process which is bound to take some time—Government should ensure that products distributed by Wine & Spirits Distributors (Ghana) Limited bear labels which clearly indicate that the products are manufactured in Ghana.

Marketing Arrangements for the Products of the State Distilleries Corporation

We recommend that:

19. As to those products manufactured for distribution by Wine & Spirits Distributors (Ghana) Limited, there should be a firm agreement guaranteeing reasonable profits for the State Distilleries Corporation.

20. As to the products of the State Distilleries Corporation itself, marketing should be through the regional depots and commercial firms as under existing arrangements. It is essential, in our view, that the State Distilleries Corporation endeavours to maintain a uniform retail price for each brand of its products throughout the country.

21. The sale of the low grade gin, whose production is envisaged by us in our Recommendations on the Future of the Alcoholic Industry (see, in particular paragraph 44 infra) be done mainly through the present retailers of Akpeteshie, who number 15,000. In distributing this cheap but wholesome type of drink, the State Distilleries Corporation should appoint agents who will cover specific areas at the district and town level and would work through the existing regional depots. The method of remuneration of these agents should be on commission basis in addition possibly to a nominal salary of £10 a month.

The proposed Kumasi Distillery

22. The idea of another distillery should be completely discounted. In making this recommendation, we are fortified by the further fact that the body which, according to Counsel for Duncan, Gilbey & Matheson Limited, was primarily interested in the establishment of this distillery, namely the Ghana Alcoholic Distillers Association, has indicated that it is no longer interested in this project.

The Two Sugar Production Factories

We recommend that:

23. A distillation plant, capable of producing neutral alcohol from molasses, be installed at the Komenda Factory.

24. Government should actively encourage the growing of sugar-cane in this country on a large commercial scale.

Purchase of Raw Gin from the Distillers Co-operatives Council (now renamed the Ghana Alcoholic Distillers' Association)

We recommend that:

25. The Association be granted a moratorium of at most twelve months, within which period Government should actively dissuade the
production and consumption of Akpeteshie while allowing the State Distilleries Corporation to purchase the raw gin (Akpeteshie) produced in the meantime by the Association.

26. Existing legislation on the sale of Akpeteshie (Regulation 52B of L.I. 335 (1964), amending L.I. 239) should be enforced so that Akpeteshie is sold only to the State Distilleries Corporation and the West African Enterprises Limited during the period of moratorium suggested in the previous paragraph.

27. Though it would be politically unwise to legislate against the manufacture of Akpeteshie with immediate effect, such legislation should be seriously contemplated and promulgated after the twelve months of grace.

28. Quotas of Akpeteshie requirements of the two existing Distilleries should be given to the Co-operatives Distillers' Association at reasonable notice during the period of moratorium.

29. The State Distilleries Corporation should discontinue the purchase of sugar for supply to Akpeteshie distillers and should limit its purchases to items required for the actual operation of the factory, e.g., sugar for blending at the factory site.

30. The Ghana Alcoholic Distillers' Association be reorganized on the basis of a voluntary association, concerned with the sale, but not the production of Akpeteshie, during the period of moratorium suggested in paragraph 25).

31. The Rules and Regulations governing membership of the Association should be redrawn to clearly indicate that membership is voluntary, not compulsory.

32. Bye-laws of the Association should reflect the voluntary basis of membership of Co-operative Societies and should spell out the voluntary nature of the relationship between societies at village or local levels and the national body, i.e., the Ghana Alcoholic Distillers' Association.

Raw materials for the State Distilleries Corporation

We recommend that:

33. The prices of alcohol produced from molasses and supplied by the Sugar Manufacturing Factories at Asutsuare and possibly Komenda (in future) should be fixed between 15s. and 20s. per gallon (excluding duty which is presently fixed at 22s. 6d. per gallon), considering that the F.O.B. price of imported rectified alcohol is no more than 10s. per gallon.

34. The State Distilleries Corporation should be actively encouraged by Government to purchase its raw materials such as concentrates and essences and even botanicals direct from actual producers rather than entering into agreements with so-called experts.

The Future of the Alcoholic Industry

We recommend that:

35. Palm trees should not be felled in the production of palm-wine and that there should be legislation against the felling of this highly commercial plant. Tapping of palm-wine can be done as is done
in Nigeria without felling the palm trees and Government should educate the people to adopt this much saner method of production of palm-wine.

36. A well equipped laboratory should be established for the State Distilleries Corporation which should be adequately staffed not only for normal routine tests and other tasks but should also conduct research into the production of a distinctly local spirit from crops that grow in this country, e.g., millet, cocoa, cassava, etc. Most countries have such local spirits, for example, the United States is noted for its rye-whisky or bourbon, and there is no reason why this country cannot produce a drink which in all respects can be called local.

37. Government should encourage the extensive brewing of local beer and restrict at the same time, but not completely ban, the importation of beer.

38. Irrespective of our suggested moratorium of twelve months for the production of Akpeteshe, there should be legislation to be promulgated without delay banning the production of Akpeteshe from refined sugar since the country cannot afford the huge foreign exchange involved in the importation of sugar for such purposes.

39. The State Distilleries Corporation should try to produce its own concentrates from botanicals which may be imported (at very low cost) or locally obtained. Assistance could be sought from reputable distillers abroad, e.g., House of Seagram which has, through its representatives who appeared before us, indicated its preparedness to give technical assistance in this regard.

40. The West African Enterprises Limited, the only other distillery in Ghana, should be encouraged to operate in this country in healthy competition with the State Distilleries Corporation in view of the excellent pioneering work that this company has already done.

41. In future all alcoholic beverages produced by the State Distilleries Corporation, or any other distiller in Ghana should clearly indicate that such products are distilled and bottled in Ghana. Where finished alcoholic products are bottled in Ghana, there should be clear indication of this on the bottles.

42. The duty on rectified alcohol imported for blending purposes by the recognised distilleries in this country should be fixed at such a level that the landed price of this alcohol should not be much more than the locally produced rectified alcohol.

43. Government should encourage the bulk importation of blended spirit at high proof (or concentration) which can then be processed and bottled locally at reasonably low cost.

44. The recognized distilleries in this country should be made to produce under bond and under the control of Customs Authorities so that it would be possible to levy excise duty on finished products on a
differential scale, thus making it possible to retail the low grade but wholesome alcoholic drinks at prices within the means of the present Akpeteshie consumers.

Signed on this 10th day of February, 1967.

S. K. B. TAYLOR (Chairman)
S. O. GYANDOH, JR. (Member)
F. I. ANDOH, JR. (Member)

The Chairman,
National Liberation Council,
The Castle,
Accra.
APPENDIX 1

COMMITTEE OF ENQUIRY INTO
STATE DISTILLERIES CORPORATION,
c/o FINANCE OFFICE,
UNIVERSITY OF GHANA,
LECON.

INTERIM REPORT.—COMMITTEE OF ENQUIRY INTO THE STATE DISTILLERIES CORPORATION

We, the undersigned, were constituted by the National Liberation Council into a Committee of Enquiry on the 22nd of April, 1966 with the following terms of reference:—

(i) to investigate the operations of the State Distilleries Corporation, with particular reference to the purchase of raw gin from the Distilleries Co-operatives;

(ii) to review contracts entered into by the Corporation with a view to finding out and establishing if the terms had been in the best interest of the Corporation.

(iii) to investigate the marketing arrangements for the products of the State Distilleries Corporation;

(iv) to make recommendations on the future of the Distilleries Co-operatives, bearing in mind the fact that two sugar factories will soon be producing molasses as raw material for the production of alcoholic beverages;

(v) to consider and make recommendations on all matters concerning the future of the alcoholic distilleries industry.

2. The Committee has now reached the stage of compiling a final report which, it is hoped, will be ready for submission to the National Liberation Council within the next few weeks.

3. In the course of our investigation into the activities of the State Distilleries Corporation, several cases of arbitrary dismissal were brought to our notice. Two such recent cases, involving Messrs. J. A. Sackey and M. K. Adjoh are, in our opinion, particularly deserving of immediate review. We outline below a brief account of the circumstances surrounding these two cases.—

Mr. J. A. Sackey

Mr. J. A. Sackey was employed as a Security Officer by the State Distilleries Corporation on the 9th of February, 1961. As evidenced by his personal file, Mr. Sackey had an unblemished record as an employee of the Corporation up to November, 1965. At this point of time, Mr. Sackey, while acting in the course of his normal duties as a Security Officer, reported another employee, one Amadu Hassinu to the Police for stealing property belonging to the Corporation. This Amadu Hassinu was alleged by Mr. Sackey to be a favourite of the Managing Director, Mr. Kobina
Nyinaku, and this allegation has been corroborated by other witnesses who have testified before the Committee. Following this report to the Police, Mr. Sackey was transferred from the Security Section of the Corporation to the Publicity Section. On the 8th of March, 1966, Mr. Sackey was dismissed for alleged rudeness and disobedience towards a senior officer. Representations made on his behalf by the Trade Union Congress of Ghana led to his reinstatement. On his reinstatement, he was transferred from the Publicity Section to the Sales Section, and then, a month later, to the Takoradi Depot. His transfer to Takoradi was insisted upon by the Managing Director in spite of a certification by two Medical Officers (one of whom is the Corporation’s own Doctor) that he was unfit to travel at the time. It would appear that the series of transfers were aimed at harassing Mr. Sackey, and calculated to find fault with him. The relationship between the Managing Director and Mr. Sackey became strained, not unnaturally. On the 26th of April, Mr. Sackey returned from one week’s sick leave, granted by the Corporation’s own Doctor, only to be confronted with an allegation of disobedience and insubordination displayed to a senior officer on the day he commenced his sick leave. An independent committee appointed by the Managing Director to investigate the truth of the allegation made against Mr. Sackey reported on that same day that it had found no substance in the allegation. Nevertheless, the Managing Director declaring that he was more inclined to accept the allegation of the senior officer (who himself was the complainant) against Mr. Sackey rather than the finding of the independent committee caused Mr. Sackey to be dismissed on that same day. Having regard to the evidence that has been adduced before us and to all the circumstances of this case, we are strongly of the view that Mr. Sackey’s dismissal was most improper and irregular, and that he should be reinstated with effect from the date of his dismissal.

Mr. M. K. Adjoh

In a Memorandum submitted to our Committee by Mr. Kwabena Owusu, one time General Manager of the State Distilleries Corporation and now employed by the Ghana Academy of Sciences, it was alleged, inter alia that the present Managing Director, Mr. Kobina Nyinaku, had no clue as to the technique of distillation and that one Mr. Adjoh of the State Distilleries Corporation could confirm this if called upon to do so. Our Committee took a serious view of this allegation and, accordingly, Mr. Adjoh was scheduled, to the knowledge of the present Managing Director, to give testimony on this allegation.

When Mr. M. K. Adjoh was called to testify before us, we learnt for the first time that he had been summarily dismissed from the Corporation on the 30th of June, 1966, for allegedly stealing a plastic flask containing one gallon of Henkes Schnapps found on his car. Until his dismissal Mr. Adjoh was technologist at the Corporation and was at the time of his dismissal a senior officer earning £730 per annum.

The Committee takes the view that Mr. Adjoh’s dismissal was wrongful and improper for a number of reasons, chief among which are the following:

(a) The Managing Director admits that he dismissed Mr. Adjoh summarily but says that he sought the retrospective approval of
the Board of Directors. The Committee holds the view that this is in contravention of the provisions of the Conditions of Service laid down by the State Enterprises Secretariat, Clause 37 of which reads as follows:—

The appointment of an employee earning £680 per annum and above shall not be terminated without the prior approval of the Board of Directors.

Although it was urged upon us that under Clause 36 an employee could be summarily dismissed for “gross misconduct”, we hold the view that Clause 37 is the operative provision governing dismissal of Senior Personnel and that if this were not so, Managing Directors of State Enterprises would be invested with absolute dictatorial powers inconsistent with the rationale behind Clause 37.

(b) It is Mr. Adjoh’s case—and he struck us as a truthful witness—that the flask of Schnapps was planted on his car. The fact that Mr. Adjoh’s subsequent evidence before the Committee proved to be most unfavourable to Mr. Nyinaku’s cause reinforces the probability that the drink might have been planted in his car by an agent of Mr. Nyinaku with a view to effecting his dismissal and making it difficult for him to testify before the Committee as an unbiased witness.

(c) In the absence of any direct and concrete evidence that Mr. Adjoh in fact stole the flask of Schnapps found on his car and in view of the fact, apparent on his personal file, that he has had a clean record throughout his five years’ service with the Corporation, the Committee, having considered the timing and the circumstances of his dismissal, strongly recommend that he should be given the benefit of the doubt and reinstated with effect from the date of his dismissal.

Mr. Kwabena Nyinaku

4. The evidence before the Committee leads to the irresistible conclusion that the tenure of office of the present Managing Director, Mr. Kobina Nyinaku, has been distinguished for its several instances of maladministration, abuse of power, little endowment with tact, and poor human relations. In addition, uncorroborated evidence before us indicate that the present Managing Director may have illegally benefited financially from the purchases of thousands of bags of sugar from the G.N.T.C. and their sale to a few selected individuals. On this delicate matter, however, we intend to dwell at length in our final report.

It is the Committee’s conviction that the present Managing Director is ill-fitted for the position of head of the State Distilleries Corporation or, indeed, of any other Corporation. It is the deeply-held conviction of the Committee that he is incapable of holding any high managerial office which involves administration. So long as he continues to hold the post of Managing Director in the Corporation, relations between management and workers will continue to be strained. In the interest of good administration and efficient running of the business, therefore, it is strongly recommended that he should be relieved of his post with immediate effect. In view of the training he has
received as a chemist, however, it is recommended that he could be transferred to another Corporation, for example, the State Pharmaceutical Corporation, to serve in a subordinate capacity in a technical grade which does not involve administration.

5 Meanwhile, pending the appointment of a new Managing Director it is recommended that the affairs of the Corporation should be manned by, a Management Committee comprising:—

(a) a person who has had training and adequate practical experience in the alcoholic distillation industry. Two gentlemen, who could be considered are:

(i) Mr. Kwabena Owusu of the Ghana Academy of Sciences;
(ii) Mr. Felix Tekyi of the State Cannery Corporation, Nsawam.

(b) A representative of the State Enterprises Secretariat.

S. K. B. TAYLOR
(Chairman)

S. O. GYANDOH, Jr.
(Member)

F. I. ANDOH, Jr.
(Member)

The Chairman,
National Liberation Council,
The Castle,
Accra.
APPENDIX II

COMMITTEE OF INQUIRY INTO THE STATE DISTILLERIES CORPORATION

C/o Finance Office,
University of Ghana
P.O. Box 50,
Legon.

SECOND INTERIM REPORT OF THE COMMITTEE

Proposed Kumasi Distillery

We notice from a Daily Graphic publication dated 24th November, 1966, the following:

"The Wine and Spirits Distributors (Ghana) Limited have reached agreement with the Government for the setting up of a £200,000 distillery in Kumasi.

"Announcing this at a Press conference in Accra, Mr. Paul Danquah, the newly appointed Public Relations Officer of the company, said the company had already paid a deposit of £17,000 to a West German firm, C. Woermann and Company, to set up the factory.

"Mr. Danquah, a barrister, stated that the plant and machinery of the factory would cost the company £85,000.

"Mr. Danquah said the Wine and Spirits Distributors had acquired a large stand at the Ghana International Trade Fair where they would display some of their latest blends.

"He described the Trade Fair as 'a magnificent project which is going to be a great success and put the country well and truly on the map of trade in commerce and industry'.

"Mr. Danquah said the company had plans to export some of their products to many Eastern and Western countries as well as to some African States.

"The conference was attended by Mr. D. F. M. Hubrecht, Deputy Chairman, and Mr. Kofi Addo, Managing Director, both of the company."

2. We would like to state, as a matter of urgency, that we are unalterably opposed to the establishment of another distillery in the country as proposed by Messrs. Wine & Spirits Distributors (Ghana) Limited. This proposed venture is, in fact, a means adopted by their parent company, Duncan, Gilbey & Matheson Limited, to perpetuate its stay in the country and to cripple the State Distilleries Corporation which, from all accounts, could have done much better but for the intrigues of Duncan, Gilbey & Matheson Limited.

3. As our final report, which we hope to submit to the National Liberation Council very soon will point out in detail, Duncan, Gilbey & Matheson Limited, the parent company of Wine & Spirits Distributors (Ghana) Limited, has managed to obtain a number of far-reaching concessions from the former Government of Ghana by way of the Agreement between themselves, i.e. Duncan, Gilbey & Matheson Limited and the State Distilleries Corporation,
and through these concessions, Duncan, Gilbey & Matheson Limited has been able to make fantastic and unconscionable profits at the expense of the State Distilleries Corporation, and the country at large.

4. It is probably relevant to also point out that one of the main reasons behind the original decision to set up a distillery at Kumasi was to make use of excess crude Akpeteshie in the country. To this end a Management Agreement was reached between Wine & Spirits Distributors (Ghana) Limited and the Distillers Co-operatives Association under which the new distillery was supposed to be set up through the joint co-operation of the two bodies. The truth of the matter, however, is that this so-called joint enterprise was really the sole idea of Duncan, Gilbey & Matheson Limited, which, so far, has borne all the initial expenses involved in the establishment of the new venture.

5. We reiterate that the establishment of a new distillery at Kumasi would jeopardise the smooth running of the State Distilleries Corporation. Whilst full reasons for this assertion will appear in our final report it would probably not be out of place to note hereunder a section of our draft report dealing with this subject matter:—

“The idea of a distillery at Kumasi became part of the contractual obligations of the two parties (i.e. Duncan, Gilbey & Matheson Limited and the State Distilleries Corporation) at the time when the 1962 Agreement was due for renewal in 1965. Prior to this point of time a new company, Associated Distillers Limited, was formed with two major partners, namely, Wine & Spirits Distributors (Ghana) Limited, and Ghana Co-operatives Distillers Association Limited. The two partners were to contribute equal shares towards the establishment of a factory on the Kumasi/Accra road to absorb the Akpeteshie produced by the Association which could not be absorbed by the existing Distilleries in Ghana. In fact this new distillation venture is on the evidence before us purely as a matter for Duncan, Gilbey & Matheson Limited.

“The Association has not contributed anything at all towards the cost of setting up this venture although Counsel for Wine & Spirits Distributors (Ghana) Limited stated that an amount of £G31,358 (or €74,724) has already been spent by Wine & Spirits Distributors (Ghana) Limited on the project. The amount spent comprises mainly orders placed for plant and machinery to the specification of Wine & Spirits Distributors (Ghana) Limited. It seems quite clear to us as indicated earlier that this venture of Duncan, Gilbey & Matheson’s is merely clothed ostensibly as a venture between the Distillers Association and Wine & Spirits Distributors (Ghana) Limited. In spite of this, Duncan, Gilbey & Matheson Limited have been able to obtain agreement from the State Distilleries Corporation on the establishment of the new distillery. We were informed during the last stages of our Committee’s sittings that the Distillers Association has indicated in writing to Wine & Spirits Distributors (Ghana) Limited that they are no longer interested in this proposed distillery. Also the then Managing Director of the State Distilleries Corporation (Mr. Kobina Nyinaku) stated in evidence before us that his Corporation had opposed the project throughout. This is, however, not borne out by the minutes of the meeting of the Board of Directors of the State Distilleries Corporation dated 17th December, 1965. This particular meeting is of enormous importance because it is at that meeting that it was decided to renew the 1962 Agreement.”

62
From the minutes it is clear that the Board of Directors expressed its willingness, indeed its anxiety, to continue the 1962 Agreement. The Board also accepted the idea of another distillery at Kumasi on terms which were to form the subject of addenda to the 1962 Agreement which was to be renewed. At this meeting both Mr. Mark Gilbey, Managing Director of Duncan, Gilbey & Matheson Limited, and Mr. Kofi Addo, Managing Director of Wine & Spirits Distributors (Ghana) Limited, were present. On the invitation of the Board of Directors of the State Distilleries Corporation, Mr. Addo was asked to introduce the two gentlemen named above —

(a) When and where the proposed distillery was to be established?
(b) Whether the operations of the new distillery would affect the relationship between Duncan, Gilbey & Matheson Limited and the State Distilleries Corporation?
(c) What products the new distillery would be manufacturing?
(d) Whether the concentrates to be supplied to the Kumasi distillery would be identical in quality with those supplied to the State Distilleries Corporation?

The two gentlemen replied as to question (a), that the plant and machinery for the new distillery was to be delivered in September, 1966, and the factory was to be situated near Kumasi on the Kumasi-Accra road.

As to question (b), Mr. Mark Gilbey assured the Board of Directors of the State Distilleries Corporation that since the new distillery would produce new brands of alcoholic beverages and since the existing arrangements between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited whereby the former produced drinks for the latter's distribution would continue, the relationship between the two would not be affected at all. He further continued that a new Agreement was to be concluded between the two distilleries on the one hand, and Duncan, Gilbey & Matheson on the other.

As to question (c), Mr. Mark Gilbey again replied that the new distillery intended to produce cheap brands of gin, London Dry Gin, Whisky, and Rum, but did not have any intention whatsoever to produce Schnapps, which the State Distilleries Corporation would continue to produce for Wine & Spirits Distributors (Ghana) Limited.

On question (d), the Board of Directors of the State Distilleries Corporation was assured that the concentrates to be supplied to the Kumasi distillery would be identical in quality to those supplied to the State Distilleries Corporation.

Mr. Mark Gilbey and Mr. Kofi Addo were then asked to incorporate these points agreed upon between the parties in the form of a letter to the Corporation, and presumably this letter was renewed so as to embody the proposed distillery at Kumasi.
The Committee has been at great pains to find out if there in fact exists a need for a distillery in Kumasi, and also what effect should a distillery, when established, would have on the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited. We are unable to accept Mr. Mark Gilbey's contention which was reiterated by Counsel for Duncan, Gilbey & Matheson Limited in his submissions before us, that because the new distillery will be producing new brands of drinks its existence would not affect the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited. It is not too clear to us what is meant by 'new' brands of drinks. From all accounts it would appear that this is an exercise aimed at extending the lines that are presently produced for distribution by Wine & Spirits Distributors (Ghana) Limited. It is also worth noting that no definition was given to 'cheap brands of gin'. By this expression presumably Mr. Mark Gilbey was referring to a possible low cost gin which would compete with the State Distilleries Corporation's 'Ghana Gin'. We intend to say something about this matter on the section concerning the future of the alcoholic industry generally. We must point out here, however, that any arrangements whereby an expatriate firm is allowed to manufacture a low cost drink which would appeal to the great majority of the drinking population of Ghana would be a disastrous move for the economy of the country.

Whilst it would be speculation on our part to purport to state in any definitive terms what is likely to be the effect of this proposed distillery on the relationship between the State Distilleries Corporation and Duncan, Gilbey & Matheson Limited, it would not be unfair for us to state that the new distillery is not likely to benefit the State Distilleries Corporation at all, or even the alcoholic industry, having regard to the potentialities of that industry. But the question must now be answered: Is there a need for a new distillery in Ghana irrespective of what its effect would be on present relationships? Our answer is an emphatic No.

Although Counsel for Duncan, Gilbey & Matheson Limited questioned the ability of West African Enterprises Limited, the second distillery in the country, to meet the demands of the public, our investigations have led us to the conclusion that that enterprise has a great potential for the production of alcoholic beverages of a sound quality in reasonably large quantities. We are inclined to believe the evidence of Mr. Le Roy Francis, the Managing Director of West African Enterprises Limited, that the slackening in his business within the last few months is as a result of the harassment and pressurisation to which it was subjected during the old regime. Powerful vested interests were interested in seeing to it that Duncan, Gilbey & Matheson prospered in Ghana whilst other competitors, especially, those not in the Government Sector of the economy, were squeezed out. If there is to be another distillery in Ghana, and we are not convinced that one would be needed for the next few years, then this should be owned by the State Distilleries Corporation as a State corporation. The point here is not simply a matter of discouraging private enterprise in a sphere where it is in competition with public enterprise. The point rather is that where a State corporation has shown signs of possessing a great potential for expansion and thereby increasing profits to the State this should be encouraged and such efforts should not be frustrated by the wanton avarice of a privileged few."
6. We respectfully suggest that further action on the proposed distillery in Kumasi be suspended pending the submission of our full Report soon.

S. K. B. TAYLOR—Chairman.

S. O. GYANOH, Jnr.—Member.

F. I. ANDOH, Jnr.—Member.

G. R. H. GLOVER—Acting Secretary.

THE CHAIRMAN,
NATIONAL LIBERATION COUNCIL,
The Castle, Osu,
P.O. Box 1627,
Accra.
APPENDIX III

Section 2.0. CHAPMAN
Exhibit 'AM'

Dated the 29th day of May, 1958

To

THE GHANA DISTILLERIES (IDC) LTD.

AGREEMENT

Solicitor, High Court of Justice, Ghana—Accra
THIS INDENTURE made the 28th day of May One Thousand Nine hundred and Fifty-eight (1958) Between DUNCAN, GILBEY AND MATHESON LIMITED a Company incorporated under the Laws of England and having its registered offices situate in London per their lawful Attorney Mr. A. JABEZ SMITH (hereinafter called the COMPANY which expression where the contest so admits shall include their successors and assigns) of the one part and the GHANA DISTILLERIES (I.D.C.) LIMITED, a Subsidiary of the Ghana Industrial Development Corporation a corporation incorporated under the Laws of Ghana and having its registered office situate in Accra in the Accra Region of Southern Ghana West Africa hereinafter called the “DISTILLERS;” which expression where the context so requires or admits include the successors and assigns) of the other.

NOW THIS INDENTURE WITNESSETH and it is HEREBY MUTUALLY AGREED as follows:—

1. “The COMPANY” agrees to grant “THE DISTILLERS” the sole distribution rights of their products and the exclusive use of their labels in Ghana.

2. “The COMPANY” agrees to supply “the DISTILLERS” whenever necessary with any technical advice required in the production of the “COMPANY’S” products. They will furthermore undertake to procure qualified technical and managerial staff for the “DISTILLERS”.

3. The COMPANY will supply the DISTILLERS with the necessary flavouring extracts and containers at scheduled price plus transport and Insurance charges.

4. The DISTILLERS agree to manufacture the COMPANY’S products only in accordance with formulae laid down by the COMPANY and to market them under only such packaging including type of labels capsules bottles et cetera as the COMPANY agree to have used.

5. With each shipment of flavouring extracts the COMPANY will supply to the DISTILLERS free of charge the necessary labels.

6. The flavouring extracts and containers supplied by the COMPANY to the DISTILLERS and any other material procured by the COMPANY at the request of the DISTILLERS will be paid by irrevocable Letter of Credit opened in London in favour of the COMPANY.

7. The DISTILLERS will submit samples of all blenders and distillations of the products concerned to the COMPANY for their approval before offering them for sale.

8. The Distillers agree to submit to the Company a statement of sales during the previous six months on the 31st of March and 30th of September of each year.

9. The Distillers agree neither to make nor to distribute any alcoholic beverages competitive with the Company’s products during the time this agreement remains in force.

10. The Company agrees to contribute a sum equal to 9.3 per cent of the f.o.b. value of all flavouring extracts ordered during the first year of the validity of this agreement and 3.4 per cent during all
subsequent years towards advertising expenses. The Distillers agree to devote not less than 5 per cent of the value of their nett ex-factory selling price towards advertising expenses.

11. It is agreed that all sales promotion and advertising will have the approval of the Company.

12. The duration of this agreement will be for ten years from the date of execution of these presents and thereafter automatically extended subject to discussion and cancellation by either party at six months' notice in writing.

13. In the event of any dispute arising from this Agreement such a dispute shall be referred to a mutually agreed Arbitrator whose decision shall be binding on both parties.

IN WITNESS WHEREOF the COMPANY hereto has hereunto set its hand and seal and the Common Seal of the DISTILLERS was hereunto affixed the day and year first above written.

SIGNED SEALED and DELIVERED by the

said
for and on behalf of DUNCAN, GILBEY AND MATHESON LIMITED in the presence of:—

The Common Seal of the GHANA DISTILLERIES (I.D.C.) LIMITED was hereunto affixed in the presence of:—

Chairman

Secretary
APPENDIX IV

THIS AGREEMENT made this 15th day of December, 1962 between DUNCAN, GILBEY & MATHESON LIMITED a company incorporated under the laws of England and having its registered office in London (hereinafter called “the Company” which expression where the context so requires or admits shall include its successors and assigns) of the one part and the GHANA DISTILLERIES LIMITED a Company incorporated under the laws of Ghana and having its registered office situated at Accra (hereinafter called “the Distillers” which expression where the context so requires or admits shall include its successors and assigns) of the other part.

WHEREAS at the request of the Ministry of Industries the parties hereto have agreed to amend an agreement dated 28th May, 1958 and made between the Company of the one part and the Distillers of the other part (hereinafter called “the Old Contract”) to enable the Distillers to produce and market products under Ghanaian names and WHEREAS this Agreement is in substitution for the Old Contract NOW IT IS HEREBY AGREED as follows:—

1. Upon the date of this Agreement the Old Contract shall become void and of no effect save as regards all and any matters arising under the Old Contract prior to the date of this Agreement;

2. In this Agreement unless the context otherwise requires:—

“Distillers Products” means all spirits, wines and liqueurs produced by the Distillers other than company’s products as hereinafter defined. “Company Products” means all spirits, wines and liqueurs of which the Company and its associates and subsidiaries hold the formulae and/or the Trade Marks. “Ghanaian Names” means any Ghanaian English or other names which are not the same as do not resemble and are not similar to any brand names in use whether by the Company or others in the sale of spirits, wines or liqueurs.

3. The Company hereby agrees as follows:—

(a) To grant to the Distillers the exclusive right to produce spirits, wines and liqueurs in Ghana according to the Company’s formulae.

(b) To supply the Distillers whenever necessary with any technical advice required in the production of the Distillers’ products.

(c) To procure whenever necessary qualified technical and managerial staff for the Distillers.

(d) To supply the Distillers with the necessary concentrates for the production of the Company’s products at the prices stated in Schedule “A” hereto and to supply the necessary labels for the Company’s products free of charge.

(e) To purchase from the Distillers not less than 500 gallons per month of the Company’s products at the prices stated in Schedule “B” hereto.

(f) To supply the Distillers with all extracts and concentrates for the manufacture of the Distillers’ products at the prices stated in Schedule “C” hereto.
(g) There shall be no change in the quality and flavour of extracts and concentrates supplied by the Company for the Distillers' products except at the Distillers' request.

(h) To supply the Distillers with extracts and concentrates under the terms of this Agreement for a further period of three years after the expiration of this Agreement if so required by the Distillers.

(i) The Distillers may carry out experiments in the manufacture and production of extracts and concentrates.

(j) To produce or obtain any particular blend or taste of extract or concentrate that the Distillers may require provided that the Company shall not be in breach of this clause if after making every reasonable effort to produce or obtain such blend or taste it is unable to do so.

4. The Distillers hereby agree throughout the continuance of this Agreement.

(a) To purchase all their requirements of extracts and concentrates from the Company at the prices as stated in Schedules "A" and "C" hereto.

(b) To purchase from the Company all bottles, closures, cartons and wrapper bags for the packaging of the Company's products.

(c) To manufacture the Company's products strictly in accordance with formulae laid down by the Company and to package the same (including labels, capsules and bottles) in strict conformity with the instructions of the Company and for the purpose of maintaining the quality of the Company's products the Company's representative may under the general control of the Distillers' General Manager supervise the manufacture of the Company's products and the obtaining of all necessary supplies for such manufacture.

(d) To manufacture as required by the Company all products required by the Company but so that the Distillers shall not be required to devote more than 25 per cent of their capacity to manufacturing the Company's products.

(e) To pay for all flavouring extracts concentrates and containers supplied by the Company to the Distillers and for all other material procured by the Company at the request of the Distillers by irrevocable Letter of Credit opened in London in favour of the Company.

(f) To submit for approval samples of all distillations and blendings of the Company's products before bottling the same to the Company or its accredited representative in accordance with the terms of the Agreement.

(g) To manufacture under the terms of this Agreement for a further period of three years after the expiration of this Agreement the Company's products if so required by the Company.
5. The Company and the Distillers mutually agree as follows:

(a) The Company may sell and distribute the Company’s products in Ghana either by itself or through subsidiaries or agents.

(b) The Distillers shall be entitled to produce distribute and sell the Distillers’ products competitive with the Company’s products provided:

(i) all such products are sold under Ghanaian names;

(ii) they shall not use the Company’s name nor the Company’s trade marks nor anything resembling the same in the sale of such products;

(iii) they shall use in those products only such flavouring extracts as they may purchase from the Company.

(c) The retail selling price of the Company’s products and the Distillers’ products shall not be less than those set out in Schedule “D” hereto save with the written consent of the other party provided that if there shall be any rise or fall in the duties or other payments to Government in respect of the manufacture distribution or sale of the products the prices set out in Schedule “D” hereto shall be increased or decreased pro rata.

(d) To manufacture during each calendar month the quantities of each of the Company’s products notified in writing to the Distillers by the Company on or before the 15th of the preceding month but so that the Distillers shall not be required to devote more than 25 per cent of their capacity to such manufacture of the Company’s products.

(e) This Agreement shall be for a period of three years from the date of execution of these presents.

(f) In the event of any dispute arising from this Agreement such dispute shall be referred to a single arbitrator to be agreed on by both parties. The decision of the arbitrator shall be binding on both parties.

(g) This Agreement shall be governed by and construed in accordance with the laws of Ghana.

**The Schedule “A” above referred to:**

**Prices of Concentrates for the Company’s Products**

<table>
<thead>
<tr>
<th>Product</th>
<th>F.O.B. price per litre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schnapps</td>
<td>s. d.</td>
</tr>
<tr>
<td>Whisky (proof)</td>
<td>40 2</td>
</tr>
<tr>
<td>Queen Elizabeth Gin</td>
<td>54 6</td>
</tr>
<tr>
<td>Brandy</td>
<td>60 10</td>
</tr>
<tr>
<td>Vodka</td>
<td>189 6</td>
</tr>
<tr>
<td>Vermouth</td>
<td>42 0</td>
</tr>
</tbody>
</table>

71
The Schedule “B” above referred to:

The Distillers’ Selling Prices to the Company of the Company’s Products

<table>
<thead>
<tr>
<th>Item Description</th>
<th>£</th>
<th>s</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schnapps one case containing 12 bottles of 3/4 litre each</td>
<td>8</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>Schnapps one case containing 24 bottles of 3/8 litre each</td>
<td>9</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Schnapps one case containing 48 bottles of 3/16 litre each</td>
<td>10</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Schnapps one case containing 96 bottles of 3/32 litre each</td>
<td>12</td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>Schnapps one case containing 192 Miniature bottles</td>
<td>16</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Whisky one case containing 12 bottles of 3/4 litre each</td>
<td>12</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Whisky one case containing 24 bottles of 3/8 litre each</td>
<td>12</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Whisky one case containing 48 bottles of 3/16 litre each</td>
<td>13</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Q.E. Gin one case containing 12 bottles of 3/4 litre each</td>
<td>7</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Q.E. Gin one case containing 48 bottles of 3/16 litre each</td>
<td>7</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Q.E. Gin one case containing 96 bottles of 3/32 litre each</td>
<td>8</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Brandy one case containing 12 bottles of 70 ctl.</td>
<td>8</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Brandy one case containing 24 bottles of 35 ctl.</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Brandy one case containing 48 bottles of 3/16 litre each</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Vodka one case containing 12 bottles of 3/4 litre each</td>
<td>7</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Vodka one case containing 24 bottles of 3/8 litre each</td>
<td>8</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Vodka one case containing 48 bottles of 3/16 litre each</td>
<td>8</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Vermouth one case containing 12 bottles of 3/4 litre each</td>
<td>4</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Rum one case containing 12 bottles of 3/4 litre each</td>
<td>9</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Rum one case containing 24 bottles of 3/8 litre each</td>
<td>9</td>
<td>11</td>
<td>3</td>
</tr>
</tbody>
</table>

The Schedule “C” above referred to:

Prices of Concentrates for the Distillers’ Products

<table>
<thead>
<tr>
<th>Item Description</th>
<th>£</th>
<th>s</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schnapps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whisky (proof)</td>
<td>1</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Q.E. Gin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vodka</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Vermouth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rum</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Ghana Gin</td>
<td>9</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>

F.O.B. Price
per litre
THE SCHEDULE “D” above referred to:

Retail selling price of the Company’s Products and the Distillers’ Products

<table>
<thead>
<tr>
<th>Product Description</th>
<th>£</th>
<th>s.</th>
<th>d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schnapps one bottle containing 3/4 litre</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Schnapps one bottle containing 3/8 litre</td>
<td>13</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Schnapps one bottle containing 3/16 litre</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Schnapps one bottle containing 3/32 litre</td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Schnapps one Miniature bottle</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Whisky one bottle containing 3/4 litre</td>
<td>1</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Whisky one bottle containing 3/8 litre</td>
<td>15</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Whisky one bottle containing 3/16 litre</td>
<td>8</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Queen Elizabeth Gin one bottle containing 3/4 litre</td>
<td>1</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Queen Elizabeth Gin one bottle containing 3/8 litre</td>
<td>13</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Queen Elizabeth Gin one bottle containing 3/16 litre</td>
<td>7</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Brandy one bottle containing 70 cttl.</td>
<td>1</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Brandy one bottle containing 35 cttl.</td>
<td>13</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Brandy one bottle containing 3/16 litre</td>
<td>7</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Vodka one bottle containing 3/4 litre</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Vodka one bottle containing 3/8 litre</td>
<td>13</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Vodka one bottle containing 3/16 litre</td>
<td>7</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Vermouth one bottle containing 3/4 litre</td>
<td>14</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Rum one bottle containing 3/4 litre</td>
<td>1</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Rum one bottle containing 3/8 litre</td>
<td>16</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF the parties have caused their Common Seals to be hereunto affixed the day and year first above written.

THE COMMON SEAL OF DUNCAN, GILBEY & MATHESON LIMITED was hereunto affixed in the presence of:

THE COMMON SEAL OF THE GHANA DISTILLERIES LIMITED was hereunto affixed in the presence of:

Dated..........................................................1962

DUNCAN, GILBEY & MATHESON LIMITED

AND

GHANA DISTILLERIES LIMITED

AGREEMENT

Reproduction of Spirits, Wines and Liqueurs

COUNTERPART:

LYNES & CRIDLAND
SOLICITORS
GHANA COMMERCIAL BANK BUILDING
KWAME NKRUMAH AVENUE
ACCRA.
An agreement for the supply of products and services

THE COMMERCE DISTRIBUTORS LIMITED

CONTRACT DISTRIBUTORS LIMITED

AGREEMENT

Subject to the supply of services and products

Date: [Date]

[Details of Companies]
APPENDIX V

Minutes of an Emergency Meeting of the Board of Directors of State Distilleries Corporation held in the Corporation's Board Room on Friday, 17th December, 1965.

The meeting was opened at 4.25 p.m. with the following members present:—

Mr. J. O. T. Agyeman . . . . . . Chairman.
Mr. E. W. Kobina Nyinaku . . . . Managing Director.
Mr. S. A. Addo . . . . . . Member.

Mr. A. Gaisie came in after the opening. Mr. J. H. Frimpong-Ansah was absent.

In attendance: Mr. F. G. Hansen . . . Hon. Secretary.

Mr. Mark Gilbey, Managing Director of Duncan, Gilbey & Matheson Limited and Mr. Kofi Addo, Managing Director of Wine and Spirits Distributors (Ghana) Limited, a subsidiary of the above company, were present on the invitation of the Board of Directors.

The Chairman took the opportunity to welcome Mr. Gilbey to Ghana and stated that as the Agreement between Mr. Gilbey's Company and this Corporation was due to expire shortly, the Board wished to take advantage of his visit to Ghana to have a discussion on it with him. He further stated that the Board felt that the Agreement should be continued for another term of three years but before a final decision was made they wished to introduce a few points for discussion and clarification.

First of all, the Board wished to know when the proposed distillery to be established in Kumasi by his Company would take place. Also in view of the fact that his Company were the suppliers of raw materials to the Corporation the effect this would have on the Corporation when the Kumasi distillery commenced operation, considering that the latter would be in the position of a competitor.

Mr. Kofi Addo replied to the first part of the question by stating that the proposed distillery would be situated on the Kumasi/Accra road and that the plant and machinery for the distillery were expected to be delivered in September, 1966. It was anticipated that production would commence about December, 1966.

Mr. Gilbey assured the Board that the operations of the projected distillery would not in any way disturb the relationship between his Company and the Corporation as new brands of products would be produced by the Kumasi distillery. The Corporation would continue to produce for his Company all the brands now being supplied to them by the Corporation. He also stated that on the establishment of the Kumasi distillery a new agreement would be drawn up between the two distilleries and his Company.

In reply to a question by Mr. Nyinaku as to the products which would be produced by the Kumasi distillery, Mr. Gilbey stated that cheap brands of Gin, London Dry Gin, Whisky and Rum would be among the drinks to be produced. He emphasised that Schnapps would not be produced at the Kumasi distillery and that this would continue to be produced by the Corporation.
Mr. Nyinaku also wished to know the terms as far as prices of the brands produced at Kumasi would be as against those of the Corporation's brands and Mr. Gilbey stated that both distilleries would work together in an elastic way and that the maintenance of minimum retail prices would be embodied in the agreement between the two distilleries.

On the financing of the Corporation's imports raised by the Chairman, Mr. Gilbey stated that the current credit facilities up to 180 days as being granted by his Company would be continued for so long as Ghana experienced difficulties in the balance of payments provided his Company would continue to receive guarantees from the Bank of Ghana.

Mr. Gaisie wished to know whether the concentrates to be supplied to the Kumasi distillery would be of the same quality as supplied to the Corporation. Mr. Gilbey replied that the quality of the concentrates supplied to both distilleries would be identical and that the standard of the quality of concentrates as had been supplied to the Corporation by his Company for the past six years would be maintained. This assurance would also be embodied in the agreement to be drawn up.

On the supply of bottles, Mr. Nyinaku stated that whenever the glass factory in Ghana could produce the bottles required by the Corporation, he would be bound to obtain his requirements of bottles locally. This was accepted by Mr. Gilbey who stated that his Company would also obtain bottles from the local glass factory if they were satisfied with the quality. Mr. Nyinaku remarked that among the samples of bottles submitted to the glass factory for the purpose of making moulds were those used for the bottling of products for Wine and Spirit Distributors.

After some discussion, it was unanimously agreed that the current Agreement between Duncan, Gilbey & Matheson Limited and this Corporation should be continued for a further period of three years as provided for in clauses 3 (h) and 4 (g) of the Agreement. It was decided that it was not necessary to draw up a new agreement and that the matters discussed and agreed upon should form the subject of addenda to the Agreement. It was further decided that Mr. Gilbey should write to the Corporation confirming the decisions at the meeting.

After the Chairman had expressed the thanks of the Board of Directors to Mr. Gilbey and Mr. Addo for accepting the Board's invitation to the meeting, he declared the meeting closed at 5.05 p.m.

F. G. HANSEN
Hon. Secretary

Confirmed.

(Sgd.) J. O. T. Agyeman
Chairman

APPENDIX VI

Ref. GD. 012/578

GHANA DISTILLERIES CORPORATION
P.O. Box 2769
Accra.
15th December, 1962.

THE PRINCIPAL SECRETARY,
MINISTRY OF INDUSTRIES,
P.O. Box M.39,
Accra, Ghana.

Confidential

Dear Sir,

AGREEMENTS WITH DUNCAN, GILBEY & MATHESON LIMITED

We wish to take this opportunity to inform you that after working under the existing agreement between Duncan, Gilbev & Matheson Limited and the dissolved Ghana Industrial Development Corporation, which acted on our behalf, for the past four years, it is our considered opinion that the agreement is not in the best interests of Ghana Distilleries Corporation and should therefore be abrogated or varied for the following reasons:

1. According to the agreement, all our purchases have to be made from Duncan, Gilbev & Matheson Limited although they are not themselves manufacturers of the products. As a result, the prices charged are considerably higher as compared with the prices of the same goods on the world markets. A glaring example is the price of the Essence for our speciality, the Ghana Gin, which costs us approximately £54 per gallon although Essences of the same type cost not more than £12 per gallon.

2. Further, we would like to mention that the import licencing conditions and Exchange Control Regulations prevailing in Ghana at the moment are counter indications that the terms of the existing agreement are not in keeping with our import commitments. This makes it imperative to cancel or vary the existing agreement.

3. The agreement prevents Ghana Distilleries Corporation from developing indigenous liquours and flavours or concentrates although these can be developed locally to avoid foreign currency which could be utilized for other needful purposes.

4. When freed of this agreement, we shall be able to produce a type of Vodka which does not need any flavouring at all.

5. The whole agreement restricts the freedom of Ghana Distilleries Corporation from the world markets as it is compelled to be attached to an intermediary company which does not itself produce concentrates, bottles and other raw materials required in our production. By the cancellation or variation of the agreement, Ghana Distilleries Corporation can develop its own labels with African background and obtain bottles and seals from the world markets through Ghana Supply Commission which is in a better position to negotiate for reasonable prices which will go a long way in assisting us to enter into the export trade.

.77
6. For the use of Duncan, Gilbey & Matheson’s labels on our products, we pay royalties to them. This is calculated and added to the cost of the concentrates we purchase from them. The methods of calculation are not quite familiar to us but the fact remains that as far as we are aware no tax on the royalties is paid to the Ghana Government.

With reference to the proposed agreement to replace the present one, among the several points which are detrimental to the interests of Ghana Distilleries Corporation, and therefore the Ghana Government, is one which will require Ghana Distilleries Corporation to utilize its own capital to purchase concentrates, bottles and other raw materials from Duncan, Gilbey & Matheson, and after production Ghana Distilleries Corporation would turn over the finished products to Duncan, Gilbey & Matheson at the bare cost of production plus ten per cent as Ghana Distilleries Corporation’s reward for producing the goods. Duncan, Gilbey & Matheson would market the goods in Ghana and all the profits would go to them although the capital, labour, plant, machinery, etc., were all provided by Ghana Distilleries Corporation. Furthermore, there is no disputing the fact that they will offer stiff competition to our own products.

We feel that the agreement is one-sided and for this and other reasons we believe that it will not be in the best interest of Ghana Distilleries Corporation if the agreement is concluded.

It may interest you to know that the sum of £5,000 deposited by Duncan, Gilbey & Matheson limited for shares in Ghana Distilleries (I.D.C.) Limited has now been refunded to them.

We can assure you that if freed from the encumbrances of the present agreement and no other agreement is entered into, the present set-up of Ghana Distilleries Corporation will be capable of carrying on in the best interests of the State.

Yours faithfully,

for GHANA DISTILLERIES CORPORATION

(Sgd.) KWABENA OWUSU
Manager.
APPENDIX VII

GD.051/3760

COPY


THE CHAIRMAN OF THE BOARD OF DIRECTORS,
STATE DISTILLERIES CORPORATION,
ACCRÁ, GHANA.

Dear Sir,

As approved at the meeting of the Board of Directors held on 18th August, 1965, I proceeded to Europe on 1st September, 1965 to see if we could obtain favourable conditions in the procurement of our raw materials.

My first call was in Italy where I started negotiations for the supply of Vermouth concentrate. With the possibility of a continuance of the present credit system for imports for the next year, I requested credits for 180 days. As our requirements were very small in comparison with their usual volume of sales, they were very reluctant to extend credit for our supplies. However, I requested them to forward quotations to Accra together with the terms of payment acceptable to them. I also gave them a sample of our present Vermouth concentrate so that they could match it. I followed this up by a second trip to check the sample produced.

It is very important to note that whatever concentrate we obtain from a new source should be identical with the concentrate we are using at present in order not to disturb the market as any change in flavour or taste may have an adverse effect on the sales of the product.

I then proceeded to the United Kingdom where I contacted some suppliers and gave them samples of our concentrates for Whisky and Gin. The quotations for these were expected soon after my arrival here.

After these contacts, I proceeded to France where I visited the Cognac district and requested suppliers to send us quotations for their best Brandy concentrate.

From France I went to Holland where I negotiated for Schnapps that will be identical to Henkes' Schnapps which is very popular in Ghana, the quotations for which were expected upon my arrival.

I must point out here that in all the places I visited the manufacturers were very reluctant to extend credits, particularly for Whisky, as there is a shortage of Whisky concentrate in Scotland as a result of which prices have gone up in recent months.

Assuming that the quotations we shall receive from the manufacturers I visited are competitive to the present prices of our concentrates, it will be necessary for us to have a representative on the Continent to look after our interests, particularly in the case of empty bottles. It will not be possible to place our orders with the manufacturers without having an agent or representative to see that our orders are executed and shipments made promptly.
A disadvantage that I faced was that the quantity of concentrates to be supplied were considered as being negligible, and in some cases the prices quoted to me were even higher than what we are paying now. Our present suppliers probably are able to obtain cheaper prices as they own and operate distilleries in Gambia, Sierra Leone, Uganda, Malawi and Malaysia and also supply to us. This may mean that their orders are of such bigger volume than ours and therefore are able to obtain cheaper prices.

I was allowed 20 days in which to visit all these places and to make negotiations. On my arrival in Europe I found that much more time was needed than the 20 days allowed, hence my cable of 8th September, 1965, for an extension of the time. In fact I was not able to visit as many companies as I would have liked because of the time factor involved. Appointments had to be made and samples of the concentrates I took with me had to be analysed and attempts made to duplicate them. All these took considerable time. The Board’s approval for my allowances and expenses for the extended time at the usual official rates will be greatly appreciated.

You will recall that earlier before taking the trip I was involved in a motor accident. I therefore took the opportunity while in the United Kingdom to undergo further treatment, and I have been advised by the Doctor to report again by the middle of next year for a complete check up.

Yours faithfully,

(Sgd.) E. W. KOBINA NYINAKU
Managing Director

C.c. The Executive Secretary,
State Enterprises Secretariat,
Accra.
APPENDIX VIII

(COPY)

made the 29th day of May 1958

BETWEEN

DUNCAN, GILBEY & MATHESON LIMITED of 10 Hamilton Place, Park Lane, London, England, and other persons representing or claiming to represent either themselves (for and on their own behalf) (hereinafter referred to as the Company, which expression shall where the context so requires or admits include their successors Heirs and Assigns) of the One Part and the NADECO LIMITED (hereinafter referred to as the Promoters which expression shall where the context so requires or admits include their and each of their Heirs personal representatives and Assigns) of the Other Part and whereas the Company intends to grant its franchise in Ghana for the production of alcoholic beverages to Ghana Distillers (I.D.C.) Limited to whom it will supply its flavouring extracts used in the manufacture of these alcoholic beverages, has invited and persuaded the Promoters to assist them in arranging, developing and acquiring a steady business which the said Promoters have agreed to do upon the terms herein appearing:

NOW THEREFORE IT IS HERETO AGREED as follows:

1. The Company shall be entitled to use the services, goodwill, business prestige and experience of the Promoters for the purpose of promoting, getting, acquiring all the necessary formalities and doing all such other things in whatsoever manner touching the formation and consequent carrying on of the said business acting as local Advisers on behalf of the Company and the Promoters shall place their prestige, endeavours, goodwill and business experience at the disposal of the said Company.

2. The Company so long as it continues in business in Ghana and supplies flavouring extracts for alcoholic beverages offers hereby its irrevocable promise to remunerate the Promoters jointly and severally in the manner set forth hereunder:

(a) That the Promoters should receive and the Company shall pay a fee of 1s. 6d. (One shilling and sixpence) for every case of 2 liquid gallons equivalent to 1275 ctn bottles of alcoholic beverage produced by Ghana Distillers (I.D.C.) Limited.

(b) That in pursuance of above the Company further agrees and undertakes to pay all fees so accrued not later than five days from the day on which they themselves receive payment from Ghana Distillers (I.D.C.) Limited for flavouring extracts previously ordered. Such payment to be made into an account to be nominated by Nadeco Limited.

3. In the event of the Company winding up or for reasons outside its control being unable to continue in business in Ghana or being unable to produce the flavouring extracts for alcoholic beverages in Ghana then and in any one of such events this agreement shall forthwith cease.

4. That any matter the subject of difference between the parties hereto shall be referred to an Arbitration of an Umpire to be nominated and/or approved by the Promoters in Ghana and his findings shall be final and conclusive.
IN WITNESS WHEREOF the parties hereto have hereunto set their hands the day and year first above written.

Signed Sealed and Delivered by..............................................................

for and on behalf of themselves jointly and severally as Agents for and on behalf of DUNCAN, GILBEY & MATHESON LIMITED, in the presence of:

Signed Sealed and Delivered by ISAAC A. AMIHERE on behalf of MESSRS. NADECO LIMITED.
APPENDIX IX

Wine & Spirits Distributors (Ghana) Limited, P.O. Box 3412, Accra, Ghana, and other persons representing or claiming to represent either themselves (for and on their own behalf) (hereinafter referred to as the Company, which expression shall where the context so requires or admits include their successors Heirs and Assigns) of the One Part and the Nadeco Limited (hereinafter referred to as the promoters which expression shall where the context so requires or admits include their and each of their Heirs personal representatives and Assigns) of the Other Part and whereas the Company markets alcoholic beverages produced by Ghana Distilleries Corporation on behalf of Duncan, Gilbey & Matheson Limited, London, has invited and persuaded the promoters to assist them in arranging, developing and acquiring a steady business which the said promoters have agreed to do upon the terms herein appearing:

NOW THEREFORE it is hereto agreed as follows:

1. The Company shall be entitled to use the services, goodwill, business prestige and experience of the Promoters for the purpose of promoting, getting, acquiring all the necessary formalities and doing all such other things in whatsoever manner touching the formation and consequent carrying on of the said business acting as Local Advisers on behalf of the Company and the Promoters shall place their prestige, endeavours; goodwill and business experience at the disposal of the said Company.

2. The Company so long as it continues in business in Ghana and markets and distributes alcoholic beverages offers hereby its irrevocable promise to remunerate the Promoters jointly and severally in the manner set forth hereunder:

(a) That the Promoters should receive and the Company shall pay a fee of 2s. (two shillings) for every case of two liquid gallons equivalent to 12 75 ctn bottles of alcoholic beverage sold by the Company. This will cover sales on the following products:—
   Henkes' Schnapps
   Campbell's Whisky
   Duncan's Whisky
   Queen Elizabeth Gin
   Reine Marie Brandy
   Tourell 3-Star Brandy
   Catherine of Russia Vodka
   Pirate Rum
   Marie Vermouth.

(b) That in pursuance of the above the Company further agrees and undertakes to pay all fees so accrued not later than seven days from the day on which they have finalised the previous month's sales. Such payment to be made into an account in Ghana to be nominated by Nadeco Limited.

83
3. In the event of the Company winding up or for reasons outside its control being unable to continue in business in Ghana or being unable to distribute and market alcoholic beverages in Ghana then and in any one of such events this agreement shall forthwith cease.

4. That any matter the subject of difference between the parties hereto shall be referred to an Arbitration of an Umpire to be nominated and/or approved by the Promoters in Ghana and his findings shall be final and conclusive.

In witness whereof the parties hereto have hereunto set their hands the day and year first above written.

Signed sealed and delivered by...........

........................................................................................................

for and on behalf of themselves jointly and severally as Agents for and on behalf of WINE & SPIRITS DISTRIBUTORS (GHANA) LTD. in the presence of:

........................................................................................................

........................................................................................................

Signed sealed and delivered by...........

........................................................................................................

on behalf of MESSRS. NADECO LIMITED.
## APPENDIX X

### QUOTATION OF CONCENTRATES

<table>
<thead>
<tr>
<th>Independent Inquiries</th>
<th>Malt Whisky</th>
<th>Brandy Concentrate</th>
<th>Dry Gin</th>
<th>Aromatic Schnapps</th>
<th>Vodka</th>
<th>Vermouth</th>
<th>Rum</th>
<th>Ghana Gin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bols.</td>
<td>38/- per gal.</td>
<td>15/- per lit.</td>
<td>4/- per lit.</td>
<td>3/- per lit.</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Wynand Fockink</td>
<td>35/- per lit.</td>
<td>12/6 per lit.</td>
<td>5/- per lit.</td>
<td>2/6 per lit.</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**W/A Enterprises Ltd.**

(Invoice Prices)

<table>
<thead>
<tr>
<th>Simon Rynbende</th>
<th>—</th>
<th>—</th>
<th>28/- gal. (f.o.b)</th>
<th>—</th>
<th>—</th>
<th>—</th>
<th>—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>—</td>
<td>19/- gal. (f.o.b)</td>
<td>Nov. 65</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>—</td>
<td></td>
<td>June 1963</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**Duncan, Gilbey & Matheson—as per 1962 Agreement. For:**

- W. & S. Distributors (Ghana) Ltd. products

  | —   | 28/- per gal. | 60/10 per lit. | 54/6 per lit. | 40/2 per lit. | 47/1 per lit. | 189/6 per lit. | 42/2 per lit. | —       |

For:

- State Distilleries Corporation products

  | —   | 15/9         | 42/3 per lit.   | 27/11 per gal. | 20/5 per lit. | 29/9 per lit. | 97/4 per lit. | 20/2 per lit. | 188/- a litre |
APPENDIX XI

F. E. R. DIXON & SON LTD.
Scotch Whisky Blenders & Exporters
"Royal Baron" Scotch Whisky
EAGLE HOUSE,
JERMYN STREET,
LONDON S.W. 1.

10th January, 1967.

The Chairman,
The Ghana Distillery,
Accra, Ghana.

Dear Sir,

Re WHISKY PRODUCTION IN GHANA

We understand that the existing contract for the supply of Scotch Malt Whisky concentrate expires in 1968, but is now under consideration.

As you may know, we were the original brand owners of Campbell’s Whisky, and supplied our malt concentrates to you through the firm holding the contract, until about 1964.

Since that date, we have made offers at very advantageous prices direct to Ghana, and through the Board of Trade in London, keeping your Commercial Counsellor in London and our High Commissioner’s Office in Accra duly informed.

We can guarantee to match any malt you require and to give you continuity of quality in subsequent orders. We are also prepared to give you at least 10 per cent reduction on the price you are now paying.

Information has reached us that you now have a new General Manager, whom we believe is the same gentleman who visited our Bond and blending establishment in Aberdeen, and who no doubt, will be familiar with our products.

Awaiting the favour of your reply and assuring you of our most careful attention to all your requirements.

Yours faithfully,

F. E. R. DIXON & SON LTD.
Managing Director.

Copy to:
Board of Trade, London.
Commercial Department of the Ghanese Embassy,
London.
High Commissioner’s Office, Accra.
The Managing Director,
State Distilleries Corporation,
P.O. Box 2796,
Accra, Ghana.

Dear Sirs,

Re WHISKY PRODUCTION IN GHANA

We would refer to our letter of the 10th instant on the above subject incorrectly addressed to the Ghana Distillery in error, and trust that it may have reached you safely.

In addition to the information conveyed to you in that letter, we would mention that we supply Gin, Brandy, Rum and Vodka concentrates, and should be pleased to quote you at prices, and on terms where Royalties are concerned, much more favourable than those you are now paying.

Since dictating the fore-going, we received your cable, which reads as follows:—

"PLEASE SUPPLY US THE ACTUAL PRICE OF THE CAMPBELLS WHISKY CONCENTRATE SOLD TO DUNCAN GILBEY AND MATHESON LONDON WHO IN TURN SUPPLIED US STOP URGENT SUPPLY WITHIN 48 HOURS STOP"

GHANASTILL

We replied:—

"YOUR CABLE 12 JANUARY PRICE OF WHISKY CONCENTRATE SUPPLIED THROUGH DGM OCTOBER 1964 WAS 45/9 PER PROOF GALLON FOB SCOTTISH PORT"

BESMALT

We trust that in due course, we may be favoured with your valuable instructions for the supply of our products, and will be pleased to give you an up-to-date quotation.

Assuring you of our most careful attention to your requirements.

Yours faithfully,

F. E. R. DIXON & SON LTD.
Managing Director
APPENDIX XII

JOHs DE KUYPER & ZOON
SCHIEDAM
The Ghana State Distilleries Corporation,
P.O. Box 2769,
Accra, Ghana.

SCHIEDAM


Dear Sirs,

We refer to the pleasant conversation you had with Mr. J. H. Bellis, who visited you on behalf of our subsidiary company, N.V. Distilleerderij De Noordzee, who as you will remember supplied in 1960 and 1961 the Aromatic Schnapps concentrate for the local manufacture of your Schnapps.

In order to avoid any possible misunderstanding and moreover to facilitate matters, we have decided to handle ourselves all correspondence and negotiations with your esteemed company.

Before handling the various points you discussed with our Mr. J. H. Bellis, we would like to thank you for the kind reception and hospitality extended to this gentleman. We do hope that the renewed contact may result in a pleasant and fruitful relationship with your company.

We were pleased to learn from Mr. Bellis that your Managing Director, Mr. Kwabena Owusu, intends to visit our country in March next. Needless to say that it would afford us a great pleasure to meet Mr. Owusu again. If, in due course, you would like us to take care for the necessary hotel-reservation, please do not hesitate to let us know.

Aromatic Schnapps concentrate.—We sincerely regret to learn that the quality of the sample of Schnapps we sent you last year was completely different from the required "Henkes" type. We duly noted from Mr. Bellis' report that you are going to send this gentleman some samples of the Henkes concentrate. As soon as we will have received these samples, we will immediately try to make a new type as closely as possible. Once we succeed, we shall send you a sample of half a gallon by airmail to enable you to taste the quality of it. We will also try to make a stronger and more aromatic concentrate than the Henkes type. If our efforts in this respect will be successful, we will also send you a sample of half a gallon of this new type.

Minted Chocolate Liqueur.—We were pleased to note that you are very interested in the local manufacture of a Minted Chocolate Liqueur. Quite incidentally our laboratory is just endeavouring to make a concentrate of this type of liqueur. If they succeed in making such a type of concentrate, we will immediately send you a sample as well as our quotation and recipe. Without your advice to the contrary we take it for granted that it is your intention to market the Minted Chocolate Liqueur under your own brand name, in other words not under the name De Kuyper (or the name of our subsidiary company N.V. Distilleerderij De Noordzee), on a royalty basis.

With our best wishes for a merry Christmas and a happy New Year, we remain, dear Sirs,

Yours faithfully,
P.P. JOHs DE KUYPER & ZOON
JOHs DE KUYPER & ZOON  
Established 1695  
Butenhavenweg 96  
Schiedam  
January 17, 1967.

The Ghana State Distillery Corporation,  
P.O. Box 2769,  
Accra, Ghana.

Dear Sirs,

We acknowledge receipt of your cable reading:

"Please supply us the actual price of the Aromatic Schnapps concentrate sold to Duncan, Gilbey and Matheson London who in turn supplied us stop urgent reply within 48 hours stop"

and confirm our reply reading:

"Our price has always been and is presently a 57 pound per hectolitre Schnapps concentrate strength 75 per cent stop prepared to consider reduction price if you place regular orders for minimum quantity to be mutually agreed upon".

We also confirm our additional reply reading:

"Re our cable stop quotation should read 57 pounds per hectolitre for delivery f.o.b. Rotterdam".

Please accept our apologies for having omitted to mention in our first cable the terms of delivery.

We take it for granted that contents of our cables is quite clear to you and are looking forward to further news with much interest.

For the sake of good order we inform you that so far we did not receive the samples of Henkes concentrate you promised to send to our Mr. J. H. Bellis on Las Palmas. Did you dispatch already these samples to him?

We remain, dear Sirs,

Yours faithfully,

JOHs DE KUYPER & ZOON
APPENDIX XIII

Wine & Spirit Distributors (Ghana) Ltd.
P.O. Box 3412, Accra.

Ref. WS/49/2145/65

The General Secretary,
Ghana Co-operative Association of
Alcohol Distillers,
P.O. Box 3640,
Accra.

Dear Sir,

We enclose, for your records, a copy of the Management Agreement between Wine & Spirit Distributors (Ghana) Limited and Associated Distilleries Limited.

Yours faithfully,

KOFI ADDO
General Manager

THIS AGREEMENT made the 7th day of December in the year of our Lord One thousand nine hundred and sixty-four (1964) between WINE & SPIRITS DISTRIBUTORS (GHANA) LIMITED of Accra a Company incorporated in Ghana of the One Part and ASSOCIATED DISTILLERIES LIMITED a Company incorporated in Ghana of the Other Part Whereby it is Agreed as follows:—

1. The Wine & Spirit Distributors (Ghana) Limited (hereinafter referred to as the Managers) will undertake on behalf of Associated Distilleries Limited (hereinafter referred to as the Company) to act as advisers consultants and managers for the erection commissioning and operation of a Distillery project to be established in Ghana.

2. That the Managers directly or through their duly appointed Agents shall be responsible to the Company for the following:—

(a) The selection of a suitable site for the distillery and advice on the provision of services thereto, with recommendations for approval by the Company.

(b) The economic planning and design of all necessary industrial and administrative building and for the roads, drainage, water and electricity services within and without the buildings.

(c) The appointment of Architects and/or Contractors to prepare tender schedules and to supervise erection of the buildings and provision of services.
(d) For inviting tenders from suitable contractors for the erection of the buildings and provision of services and for submitting recommendations for selection and approval by the Company.

(e) For preparing technical specifications and inviting tenders for all necessary machinery and plant and equipment for the distilleries from suitable manufacturers and for submitting recommendations for selection and approval by the Company.

(f) For the supervision and inspection of the proper installation in the distillery of the machinery plant and equipment.

(g) For the testing and commissioning of the entire plant under operating conditions up to a maximum of thirty days. This period to include such demonstrations and instructions as deemed necessary for the distillery personnel and the provision of a plant operating and maintenance manual.

(h) For the provision to the Company of a final Acceptance Certificate for the complete distillery from the Managers.

3. That the Managers will endeavour to arrange continuity and progress between the time of the completion of the erection of the buildings and the delivery and installation of the plant and equipment to enable the distillery to become operative in the shortest time possible.

4. That the Managers will undertake to recruit and engage on behalf of the Company, an experienced distillery Manager and qualified maintenance engineer and to select and train such other grades of staff and work-people as the Managers may deem necessary for the economic operation of the distillery.

5. That the Managers undertake to procure and the Company agrees to enter into not before December 19, 1965, a Franchise Agreement as per schedule “A” attached hereunto with the Managers parent company Duncan, Gilbey & Matheson Limited, a company incorporated under the laws of England, whose registered offices are situated at 52, Charles Street, London W.1. under which the Company are granted the manufacturing rights in Ghana of Duncan, Gilbey & Matheson’s products on the same terms as those rights currently held in Ghana by Ghana Distilleries Corporation in respect of Duncan, Gilbey & Matheson Ltd.,’s products.

6. That the Managers will undertake to train suitable Ghanaians to positions of responsibility in the management, technical, commercial and administrative operations of the distillery and the consumer spirit trade as soon as practicable. In particular, when the Company shall decide to select not more than two suitable persons to train in management, Managers will undertake a training course and programme for them in the United Kingdom and on the Continent of Europe for a period of not less than three months. Provided that the Company will be responsible for the salaries of the two persons and their return passages from Ghana during this training period, the Managers will likewise be responsible for their accommodation and travelling expenses in the United Kingdom and on the Continent of Europe.
7. That the Company or its appointed Agents shall accept responsibility for the following:

(a) For renting a suitable site on the recommendation of the Managers. The period of legal tenure of the land so acquired to be of not less than 25 years’ duration.

(b) For approving and making payments on the recommendation of the Managers for all proper contracts and commitments entered into for the design and erection of all necessary buildings, provisions of services, supply of plant and equipment (including insurance, freight, transport and handling costs), installation and commissioning charges, and labour and supervising costs, together with such local purchases and services as may be deemed necessary during the course of construction of the Distillery.

8. That this Agreement shall continue for a period of ten (10) years after which it may be determined at six months’ notice in writing given by either party to the other.

9. That any disputes arising under this Agreement shall be settled by an Arbitrator acceptable to both parties.

10. This Agreement shall be read and construed in all respects according to the laws of Ghana.

IN WITNESS WHEREOF the COMMON SEALS of the Managers and of the COMPANY were hereunto affixed the day and year first above written.

THE COMMON SEAL OF WINE & SPIRIT DISTRIBUTORS (GHANA) LTD were hereunto affixed in the presence of:

..................................................

Director

..................................................

Secretary

THE COMMON SEAL OF ASSOCIATED DISTILLERIES LTD was hereunto affixed in the presence of:—

..................................................

Director

Dated the 7th day of December 1964

BETWEEN

WINE & SPIRIT DISTRIBUTORS (GHANA) LIMITED

AND

ASSOCIATED DISTILLERIES LIMITED

AGREEMENT

93
APPENDIX XIV

JOINT CONSULTATIVE COMMITTEE

Good management—worker relations in any organisation is essential for efficiency and optimum output in production and one of the most effective ways of achieving this is through the institution of a Joint Consultative Committee.

This committee must comprise of equal members of management and workers; representation of the latter to be made by election.

It is desirable for the Committee to meet at least once a month in the initial stages. Thereafter, meetings could be bi-monthly.

The objects of the J.C.C. can be summarized as follows:

(1) To obtain results by pooling ideas.
(2) To discuss all matters fully and freely.
(3) To explain “why” management takes certain important steps.
(4) To develop understanding.
(5) To spread information.
(6) To improve working methods and raise efficiency.
(7) To ensure that working conditions are the best that circumstances permit.
(8) To discuss and improve conditions of employment.

The following points should be noted for the proper organisation of the meeting.

A. PREPARING FOR THE MEETING

(a) Arrange comfortable accommodation—avoid offices.
(b) Fix the time and date well ahead.
(c) Fix catering arrangement, if required.
(d) Check circulation of minutes.
(e) Check that all “Business arising” from the last meeting has been dealt with.

The Agenda

(i) See that it is properly set out;
(ii) eliminate departmental and individual items but see that action is taken on them;
(iii) ensure that the agenda do not contain too many items;
(iv) highlight management proposals and other points raised;
(v) circulate the Agenda;
(vi) discuss the items with Management representatives;
(vii) give Staff representatives a chance to discuss the items;
(viii) decide who is to put management’s point of view on particular items—warn him to avoid vagueness or ambivalence.

95
B. THE MEETING

(a) Start in time—put everyone at ease.
(b) Avoid an appearance of two opposing forces: see to it that management and staff representatives are mixed in terms of seating arrangements.
(c) Follow a standard pattern—circulation of minutes—matters arising (give reasons for rulings and decisions)—Chairman’s review—main agenda—any other business.
(d) Control the discussions.
(e) Avoid always answering from the chair.
(f) Ask other representatives for views.
(g) Summarise the discussions.
(h) Acknowledge dissentients.
(i) Make sure all understand and accept what conclusions are finally reached.
(j) Encourage representatives to report back.
(k) State clearly what action is to be taken and by whom.
(l) Announce the time, date and place of the next meeting, where possible.

C. THE MINUTES

(a) Have draft minutes produced the next day after the meeting.
(b) See that they record the name of the Committee, the date, place and time of the meeting.
(c) Check that the recording of all representatives present is correct.
(d) Record absentees and reasons for their absence.
(e) Make sure minutes are accurate and intelligible.
(f) Circulate these to all representatives.

D. ACTION

(a) Ensure that action is taken on decisions reached.
(b) Prepare and circulate Progress Report to all members of the Committee.
## APPENDIX XV

Selling Prices Differential: State Distilleries Corporation/Wine & Spirits Distributors (Ghana) Limited, 1964

<table>
<thead>
<tr>
<th>Name of Drink</th>
<th>Size</th>
<th>Ghana Distilleries Prices for Wine and Spr. prices to wholesale-saers per carton</th>
<th>Quantity of cartons supplied by Ghana Dist. to Wine and Spr. Distributors</th>
<th>Diff. in Prices between Ghana Distilleries and Wine &amp; Spr. Prices multiplied by Qty. Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henkes' Schnapps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 12 9 4 16 15 0</td>
<td>£ 8,874</td>
<td>£ 4 3 8</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 15 0 11 17 12 0</td>
<td>£ 23,295</td>
<td>£ 4 11 1</td>
</tr>
<tr>
<td>24 x ¾</td>
<td></td>
<td>£ 14 0 5 18 13 0</td>
<td>£ 1,837</td>
<td>£ 4 10 7</td>
</tr>
<tr>
<td>96 x ¾</td>
<td></td>
<td>£ 16 11 0 21 1 0</td>
<td>£ 236</td>
<td>£ 4 10 0</td>
</tr>
<tr>
<td>Duncan's Whisky</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 13 15 1 17 4 0</td>
<td>£ 805</td>
<td>£ 3 8 11</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 14 0 2 18 0 0</td>
<td>£ 705</td>
<td>£ 3 19 0</td>
</tr>
<tr>
<td>48 x ½</td>
<td></td>
<td>£ 13 4 8 16 4 9</td>
<td>£ 733</td>
<td>£ 2 19 4</td>
</tr>
<tr>
<td>Campbell's Whisky</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 13 13 1 16 16 0</td>
<td>£ 1,129</td>
<td>£ 3 2 11</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 14 0 9 18 16 0</td>
<td>£ 93</td>
<td>£ 4 15 5</td>
</tr>
<tr>
<td>48 x ½</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Queen Elizabeth Gin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 8 11 0 14 5 0</td>
<td>£ 1,509</td>
<td>£ 5 14 0</td>
</tr>
<tr>
<td>12 x ½</td>
<td></td>
<td>£ 4 10 6 7 14 0</td>
<td>£ 213</td>
<td>£ 6 7 0</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 9 1 0 15 8 0</td>
<td>£ 716</td>
<td>£ 3 3 6</td>
</tr>
<tr>
<td>48 x ½</td>
<td></td>
<td>£ 14 9 16 2 0</td>
<td>£ 207</td>
<td>£ 6 7 3</td>
</tr>
<tr>
<td>Reine Marie Brandy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 9 3 2 14 11 0</td>
<td>£ 2,716</td>
<td>£ 5 7 10</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 10 2 5 15 2 0</td>
<td>£ 3,215</td>
<td>£ 4 19 7</td>
</tr>
<tr>
<td>48 x ½</td>
<td></td>
<td>£ 9 7 6 15 16 0</td>
<td>£ 1,702</td>
<td>£ 6 8 6</td>
</tr>
<tr>
<td>Catherine of Russia Vodka</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vodka</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 8 16 9 14 5 0</td>
<td>£ 76</td>
<td>£ 5 8 3</td>
</tr>
<tr>
<td>12 x ½</td>
<td></td>
<td>£ 4 13 0 7 14 0</td>
<td>£ 207</td>
<td>£ 3 1 0</td>
</tr>
<tr>
<td>Marie Vermouth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 4 11 0 8 2 0</td>
<td>£ 915</td>
<td>£ 4 9 0</td>
</tr>
<tr>
<td>Private Rum</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 10 7 6 15 12 0</td>
<td>£ 547</td>
<td>£ 5 4 6</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 11 0 6 16 13 0</td>
<td>£ 462</td>
<td>£ 5 12 6</td>
</tr>
<tr>
<td>Tourell “3-Star”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 9 3 2 14 11 0</td>
<td>£ 1,016</td>
<td>£ 5 2 10</td>
</tr>
<tr>
<td>24 x ½</td>
<td></td>
<td>£ 10 2 5 15 2 0</td>
<td>£ 343</td>
<td>£ 4 19 7</td>
</tr>
<tr>
<td>48 x ½</td>
<td></td>
<td>£ 9 7 6 15 16 0</td>
<td>£ 633</td>
<td>£ 6 8 6</td>
</tr>
<tr>
<td>Gilbey's Gin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 x 1</td>
<td></td>
<td>£ 12 7 7 17 2 0</td>
<td>£ 1,167</td>
<td>£ 4 14 5</td>
</tr>
</tbody>
</table>

£248,308 12 7