PARLIAMENTARY MEMORANDUM

SUBMITTED BY:

KEN OFORI-ATTA
(MINISTER FOR FINANCE)

TITLE:

REQUEST FOR APPROVAL FOR THE WAIVER OF TAX LIABILITY AMOUNTING TO GHANA CEDI EQUIVALENT OF US$315,148 IN FAVOUR OF DEBRIDGE INDUSTRIES LIMITED UNDER THE ONE DISTRICT ONE FACTORY (1D1F) PROGRAMME

DECEMBER 2019
1. **ACTION REQUIRED**

1.1 Parliament is respectfully invited to consider and approve the waiver of tax liability amounting to Ghana Cedi equivalent of US$315,148 on materials, plant, machinery and equipment or parts under the One District One Factory (1D1F) programme for Debridge Industries Limited:

1.2 At its Fourth Sitting of the Emergency Meeting held on Friday, 3rd May, 2019, Parliament approved by Resolution the request for the waiver of import duties, import VAT, GETFUND levy, import NHIL, EXIM levy on plant, machinery and equipment or parts as well as Corporate Income Tax for five years of operation being tax incentives to support implementation of the One District One Factory (1D1F) Programme.  

1.3 The Parliamentary Resolution also required that the 1D1F entities prepare and submit the Master List of their purchases for tax assessment and submission to Parliament for consideration and approval.

1.4 Accordingly, we submit for your consideration and approval the tax waiver request in line with the Resolution OP/T/R/0438 dated 3rd May, 2019 on 1D1F for Debridge Industries Limited.

2. **BACKGROUND**

2.1 Government has over the years made it a target to promote and grow the use and value addition to the country’s earth based raw materials. This together with the new initiative of One District One Factory, Debridge Industries Limited is desirous to be a major contributor to the Initiative and has therefore acquired a site in Gomoa East to relocate its operations on a much larger scale employing modern technologies.

2.2 Debridge industries limited is a limited liability company registered under the registration of business names Act 1962 (No 151) with registration number C0004420594 on December 18, 2014 to produce adhesive tile cement and grout. It currently operates from a facility in the Adjiringanor, East Legon, Accra. The company to intends to relocate and increase production from six thousand bags of 2kg a month to seven bags a day.

2.3 The project involves the production of adhesive tile cement and grout from local cement. The relocation has become necessary due to increase local
demand for the product. The new plant is projected to cost GH¢7.76 million for which GCB Bank has provided GH¢4.8 million.

3. PROJECT COST

The Tile Adhesive and Grout plant is projected to cost GH¢7,280,798 made up of:

<table>
<thead>
<tr>
<th>Item</th>
<th>Existing (GH¢)</th>
<th>Additional (GH¢)</th>
<th>Total (GH¢)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building</td>
<td>470,000.00</td>
<td>2,638,540.00</td>
<td>3,108,540.00</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>50,000.00</td>
<td>2,391,180.00</td>
<td>2,441,180.00</td>
</tr>
<tr>
<td>Vehicles</td>
<td>-</td>
<td>601,200.00</td>
<td>601,200.00</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>-</td>
<td>15,470.00</td>
<td>15,470.00</td>
</tr>
<tr>
<td>Installation and Engineering C</td>
<td>-</td>
<td>358,677.00</td>
<td>358,677.00</td>
</tr>
<tr>
<td>Preliminary Expenses</td>
<td>-</td>
<td>25,000.00</td>
<td>25,000.00</td>
</tr>
<tr>
<td>Working Capital</td>
<td>-</td>
<td>610,731.00</td>
<td>610,731.00</td>
</tr>
<tr>
<td>Contingency (5%)</td>
<td>-</td>
<td>120,000.00</td>
<td>120,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>520,000.00</strong></td>
<td><strong>6,760,798.00</strong></td>
<td><strong>7,280,798.00</strong></td>
</tr>
</tbody>
</table>

4. FINANCING PLAN

The investment plan and the application of the investment capital is shown below:

<table>
<thead>
<tr>
<th>Time 2: Financing Plan</th>
<th>Amount (GH¢)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>520,000.00</td>
<td>7.14%</td>
</tr>
<tr>
<td>Debt</td>
<td>6,760,798.00</td>
<td>92.86%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,280,798.00</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

5. PROJECT VIABILITY

5.1 The project was subjected to the Net Present Value (NPV) and Internal Rate of Return (IRR) using a 24% cost of capital.

<table>
<thead>
<tr>
<th>Viability Indicator</th>
<th>After Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV (using 24 discount rate)</td>
<td>GHC4,494,660</td>
</tr>
</tbody>
</table>
The Net Present Value is the present value of a future return and so an NPV of GH₵ 4,494,660 means that the project is viable since it is going to add value to our capital invested.

5.2 The results of the analysis show that, project is technically feasible, socio-economically desirable and financially viable. The projections from the financial analysis show positive results to strengthen the viability of the project. However, the project is sensitive to price fluctuations.

6. TAX ASSESSMENT/FISCAL IMPACT

The Ghana Revenue Authority (GRA) has determined the quantum of taxes payable on materials and equipment to be procured under the project. The total amount shall be the revenue foregone. The breakdown is summarized below:

<table>
<thead>
<tr>
<th>Description of Items</th>
<th>Qty</th>
<th>CIF (USD)</th>
<th>I/D Rate</th>
<th>Imp. Duty</th>
<th>Nhil/Gfund</th>
<th>Imp. VAT</th>
<th>EXIM Levy 0.75%</th>
<th>TOTAL (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRY MORTAR PLANT</td>
<td>1</td>
<td>563,000</td>
<td>5%</td>
<td>28150</td>
<td>0</td>
<td>0</td>
<td>4223</td>
<td>32,373</td>
</tr>
<tr>
<td>STEEL STRUCTURES VARIOUS</td>
<td>136,600</td>
<td>20%</td>
<td>27320</td>
<td>8196</td>
<td>21515</td>
<td>1025</td>
<td>58,055</td>
<td></td>
</tr>
<tr>
<td>WEIGHING BRIDGE</td>
<td>80,000</td>
<td>5%</td>
<td>4000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4600</td>
<td>16800</td>
</tr>
<tr>
<td>LABORATORY EQUIPMENT VARIOUS</td>
<td>60,000</td>
<td>5%</td>
<td>3000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3450</td>
<td>4150</td>
</tr>
<tr>
<td>FORK LIFT</td>
<td>3</td>
<td>76,071</td>
<td>5%</td>
<td>3804</td>
<td>0</td>
<td>0</td>
<td>571</td>
<td>4374</td>
</tr>
<tr>
<td>PAYLOADER</td>
<td>3</td>
<td>135,000</td>
<td>5%</td>
<td>6750</td>
<td>0</td>
<td>0</td>
<td>1013</td>
<td>7763</td>
</tr>
<tr>
<td>TIPPER TRUCK</td>
<td>2</td>
<td>150,000</td>
<td>5%</td>
<td>7500</td>
<td>7875</td>
<td>20672</td>
<td>1125</td>
<td>37172</td>
</tr>
<tr>
<td>TRAILER</td>
<td>3</td>
<td>270,000</td>
<td>10%</td>
<td>27000</td>
<td>14880</td>
<td>38981</td>
<td>2025</td>
<td>82856</td>
</tr>
<tr>
<td>PICK-UP</td>
<td>1</td>
<td>45,000</td>
<td>5%</td>
<td>2250</td>
<td>2363</td>
<td>6202</td>
<td>338</td>
<td>11152</td>
</tr>
<tr>
<td>CCTV CAMERAS VARIOUS</td>
<td>60,000</td>
<td>5%</td>
<td>3000</td>
<td>3150</td>
<td>8269</td>
<td>450</td>
<td>14869</td>
<td></td>
</tr>
<tr>
<td>AIR-CONDITIONERS (SHP)</td>
<td>15</td>
<td>18,000</td>
<td>20%</td>
<td>3600</td>
<td>1080</td>
<td>2835</td>
<td>135</td>
<td>7650</td>
</tr>
<tr>
<td>OFFICE FURNITURES VARIOUS</td>
<td>10,000</td>
<td>20%</td>
<td>2000</td>
<td>600</td>
<td>1575</td>
<td>75</td>
<td>4250</td>
<td></td>
</tr>
<tr>
<td>PLASTIC PALLETS</td>
<td>800</td>
<td>40,000</td>
<td>20%</td>
<td>8000</td>
<td>2400</td>
<td>6300</td>
<td>300</td>
<td>17000</td>
</tr>
<tr>
<td>GRANITE FLOOR TILES 800sq/m</td>
<td>32,000</td>
<td>20%</td>
<td>6400</td>
<td>1920</td>
<td>5040</td>
<td>240</td>
<td>13600</td>
<td></td>
</tr>
<tr>
<td>LIFT(1000kg)</td>
<td>1</td>
<td>28,000</td>
<td>5%</td>
<td>1400</td>
<td>0</td>
<td>0</td>
<td>210</td>
<td>1610</td>
</tr>
<tr>
<td>GENERATOR(500kva/600kw)</td>
<td>1</td>
<td>250,000</td>
<td>5%</td>
<td>12500</td>
<td>0</td>
<td>0</td>
<td>1875</td>
<td>14375</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,953,671</td>
<td>146674</td>
<td>42434</td>
<td>111388</td>
<td>14653</td>
<td>315,148</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

pg. 4
6. CONCLUSION

6.1 The “One District, One Factory” programme, presents a unique opportunity to fundamentally change the economy of each District and to create significant number of decent jobs. The proposed incentives are expected to accelerate the realisation of Government’s vision of resource-based industrialisation, job creation and value addition for improved livelihoods and equal opportunity for all.

6.2 Parliament is therefore, respectfully requested to consider and approve the tax waiver in line with Resolution OP/T/R/0438 dated 3rd May, 2019 on the 1D1F programme and Article 174 (2) of the 1992 Constitution for each of the companies listed above.

KEN OFORI-ATTA

MINISTER FOR FINANCE

Attachment

1. Parliamentary Resolution
2. Ministry of Trade and Industry letter
3. Tax Assessment
SUMMARY ASSESSMENT REPORT ON DEBRIDGE INDUSTRIES LIMITED

1.0 BACKGROUND

1.1 Business Incorporation

Debridge Industries Limited is a Limited Liability company registered under the Registration of Business Names Act 1962 (No. 151) with Registration number C0004420594 on 18th December 2014 to produce Adhesive Tile Cement and Grout. It currently operates from a facility at Adjiringanor, East Legon, Accra. The company intends to relocate and increase production from six thousand (6,000) bags of 2kg a month to seven thousand (7,000) bags a day.

1.2 Project Description

The project involves the production of adhesive tile cement and grout from local cement. The relocation has become necessary due to increase in the local demand for the products. The new plant is projected to cost GHC7.76 Million for which GCB Bank has provided GHC4.8 Million. It is expected to employ about forty-five (45) people against the current employment of fifteen (15) people. About eighty-five percent (85%) of the raw materials are sourced locally. Key local raw materials are:

- Kaolin
- Sand
- Cement; and
- Calcium Carbonate

1.3 Location of the Project
The company’s new production facilities would be re-located at Gomoa Akoti in the Agona East District Assembly in the Central Region on completion of the structures and on-site infrastructural facilities.

1.4 Company Ownership Structure
Debridge Industries Limited has an ownership structure as follows:
- Anthony Kwasi Kwansare 90%
- Bridget Yaa Asantewa Kwansare 10%

1.5 The Board
The Company has a six (6) member Board made up of the following:
- Anthony Kwasi Kwansare;
- Bridget Yaa Asantewa Kwansare;
- Nana Abew Kobina Otu II, Manwirchen;
- Lawyer Reindorf Twumasi Ankrah;
- Kojo Asemanya;
- Dr. Mark Bediako

1.6 List of Management

<table>
<thead>
<tr>
<th>Name</th>
<th>TIN</th>
<th>SSNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthony Kwasi Kwansare CEO</td>
<td>P0003120104</td>
<td>C001619310099</td>
</tr>
<tr>
<td>Bridget Yaa Asantewa Kwansare MD</td>
<td>P0004318013</td>
<td></td>
</tr>
<tr>
<td>Mark Dwaa Osei, General, Manager</td>
<td>F219304280038</td>
<td>P0032834961</td>
</tr>
</tbody>
</table>

2.0 Viability Analysis of the Project
2.1 Profitability
The project is highly profitable. It posts:
- Average net profit ratio of 21%.
- IRR of 61%
2.2 Value Addition
The project has a very high value addition, in that by value and volume local inputs constitute close to 85% of value and volume.

2.3 Tax Office and Analysis
The company currently has its tax office at Medina and this would shift to Kasoa when the new plant become operational.
## TAX ASSESSMENT

**MINISTRY OF TRADE AND INDUSTRY/1D1F/DEBRIDGE INDUSTRIES**

<table>
<thead>
<tr>
<th>Description of Items</th>
<th>Qty</th>
<th>CIF (USD)</th>
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<td>27320</td>
<td>8196</td>
<td>21515</td>
<td>1025</td>
<td>58,055</td>
</tr>
<tr>
<td>WEIGHING BRIDGE</td>
<td>2</td>
<td>80,000</td>
<td>5%</td>
<td>4000</td>
<td>0</td>
<td>0</td>
<td>600</td>
<td>4,600</td>
</tr>
<tr>
<td>LABORATORY EQUIPMENT</td>
<td>VARIOUS</td>
<td>60,000</td>
<td>5%</td>
<td>3000</td>
<td>0</td>
<td>0</td>
<td>450</td>
<td>3,450</td>
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<td>3804</td>
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<td>7875</td>
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<td>37,172</td>
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<td>82,856</td>
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<td>45,000</td>
<td>5%</td>
<td>2250</td>
<td>2363</td>
<td>6202</td>
<td>338</td>
<td>11,152</td>
</tr>
<tr>
<td>CCTV CAMERAS</td>
<td>VARIOUS</td>
<td>60,000</td>
<td>5%</td>
<td>3000</td>
<td>3150</td>
<td>8269</td>
<td>450</td>
<td>14,869</td>
</tr>
<tr>
<td>AIR-CONDITIONERS (5HP)</td>
<td>15</td>
<td>18,000</td>
<td>20%</td>
<td>3600</td>
<td>1080</td>
<td>2835</td>
<td>135</td>
<td>7,650</td>
</tr>
<tr>
<td>OFFICE FURNITURES</td>
<td>VARIOUS</td>
<td>10,000</td>
<td>20%</td>
<td>2000</td>
<td>600</td>
<td>1575</td>
<td>75</td>
<td>4,250</td>
</tr>
<tr>
<td>PLASTIC PALLETS</td>
<td>800</td>
<td>40,000</td>
<td>20%</td>
<td>8000</td>
<td>2400</td>
<td>6300</td>
<td>300</td>
<td>17,000</td>
</tr>
<tr>
<td>GRANITE FLOOR TILES</td>
<td>800sq/m</td>
<td>32,000</td>
<td>20%</td>
<td>6400</td>
<td>1920</td>
<td>5040</td>
<td>240</td>
<td>13,600</td>
</tr>
<tr>
<td>LIFT(1000kg)</td>
<td>1</td>
<td>28,000</td>
<td>5%</td>
<td>1400</td>
<td>0</td>
<td>0</td>
<td>210</td>
<td>1,610</td>
</tr>
<tr>
<td>GENERATOR(500kva/600kw)</td>
<td>1</td>
<td>250,000</td>
<td>5%</td>
<td>12500</td>
<td>0</td>
<td>0</td>
<td>1875</td>
<td>14,375</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>1,953,671</td>
<td></td>
<td>146674</td>
<td>42434</td>
<td>111388</td>
<td>14653</td>
<td>315,148</td>
</tr>
</tbody>
</table>

## CERTIFICATE

TOTAL TAX LIABILITY = 315,148 US DOLLARS

This is to certify that the assessment given is true and correct.

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

Signature:........................................

 Importer/Agent’s Name & Designation:..............................

For Official Use

Assessment rechecked and found correct and complete.

........25-11-2019........

Date

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

Signature:........................................

Officer’s Name & Rank:........................................

(SNR REV. OFFICER)
The Honorable Minister

Ministry of Trade and Industries

Accra

Ghana

Dear Sir,

APPLICATION FOR TAX EXEMPTION UNDER 1D1F PROJECT

PERIOD: 2019-2024

DEBRIDGE INDUSTRIES LIMITED- TIN NUMBER: 0004420594

We wish to apply for tax exemption of the underlisted equipment and raw materials to be imported under the 1D1F project

Thank you for the usual cooperation.

Yours faithfully,

[Signature]

Anthony Kwasi Kwansare

CEO
### BOARD MEMBERS

<table>
<thead>
<tr>
<th>NAME</th>
<th>SSNIT NUMBER</th>
<th>TIN NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ANTHONY KWASI KWANSARE</td>
<td>C016103190099</td>
<td>P0003120104</td>
</tr>
<tr>
<td>2 BRIDGET YAA ASANTEWAA KWANSARE</td>
<td></td>
<td>P0004318013</td>
</tr>
<tr>
<td>3 LAWYER REINDORF TWUMASIAANKRAH</td>
<td></td>
<td>P0007935862</td>
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<tr>
<td>4 DR. MARK BEDIAKO</td>
<td>F017906230017</td>
<td>P0008021422</td>
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<tr>
<td>5 HON. KWADWO ASEMANYI</td>
<td>B017909100035</td>
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</table>

### MANAGEMENT MEMBERS

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>SSNIT NUMBER</th>
<th>TIN NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ANTHONY KWASI KWANSARE</td>
<td>CEO</td>
<td>C016103190099</td>
<td>P0003120104</td>
</tr>
<tr>
<td>2 BRIDGET YAA ASANTEWAA KWANSARE</td>
<td>SECRETARY</td>
<td></td>
<td>P0004318013</td>
</tr>
<tr>
<td>3 MARK DWAAH OSEI</td>
<td>MANAGER</td>
<td>F219304280038</td>
<td>P0022834761</td>
</tr>
</tbody>
</table>
Certificate of Incorporation

I hereby certify that

DEBRIDGE INDUSTRIES LIMITED

is this day incorporated under the Companies Act, 1963 (Act 179) and that the liability of its members is limited.

Given under my hand and official seal at Accra, this 18th day of December 2014

For: Registrar of Companies
The Companies Act, 1963, Act 179

Certificate To Commence Business

I hereby certify that

DEBRIDGE INDUSTRIES LIMITED

having complied with the provisions of Sections 27 and 28 of the Companies Act, 1963, Act 179 is entitled to commence business with effect from 27th day of February 2015

Given under my hand and official seal at Accra, this 27th day of February 2015

For: Registrar of Companies
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>₵0.00</td>
</tr>
<tr>
<td>2018</td>
<td>₵0.00</td>
</tr>
<tr>
<td>2017</td>
<td>₵0.00</td>
</tr>
</tbody>
</table>

The Commissioner of the Ghana Revenue Authority issues this clearance certificate to be used as evidence of tax clearance within the current year and for three years as required by the Inland Revenue Act, 2015 (Act 900) for the purposes of tax clearance certificate.

Le Drible Associates Limited

1. I confirm that the information provided here is correct and true.

2. I hereby certify that the tax for the period of

   June 2019

   has been settled.

3. This letter is issued in accordance with section 14 of the Inland Revenue Act, 2015 (Act 900).

AHOR

MADINA

Tax Clearance Certificate

Ghana Revenue Authority

Z.C.0014508

Issued On

15/07/19
BETWEEN

GCB BANK LIMITED

AND

DEBRIDGE INDUSTRIES LIMITED
(A & C MALL BRANCH)

CREDIT FACILITY AGREEMENT

Solicitor,
GCB Bank Limited
Accra
THIS CREDIT FACILITY AGREEMENT is made this 30th day of DECEMBER, 2018

BETWEEN

GCB BANK LIMITED a company incorporated under the laws of the Republic of Ghana having its registered office situate at GA-183-2490- John Evans Atta Mills High Street, Accra in the Greater Accra Region of the Republic of Ghana (hereinafter referred to as “the Bank” which expression shall where the context so admits or requires include its successors and assigns) acting by its True and Lawful Attorney of the one part.

AND

DEBRIDGE INDUSTRIES LIMITED a company incorporated under the laws of the Republic of Ghana having its registered office situate at Plot 257, Adjiringanor, East Legon and whose postal address is P.O Box GP2822, Accra -Ghana in the Greater Accra Region of the Republic of Ghana acting by its Managing Director, Mr. Anthony Kwansare (hereinafter called “the Customer” which expression shall where the context so admits or requires include her successors and assigns), of the other part.

WHEREAS

The Customer has applied to the Bank for credit facility (hereinafter called “the Facility” which expression shall include but is not limited to overdrafts, contingent liabilities and loans)

The Bank has agreed to grant the Customer the Facilities upon the terms, conditions and covenants hereinafter stated.

1. NOW THIS AGREEMENT WITNESSES AS FOLLOWS:

THE BANK HEREBY offers and the Customer accepts the Facility:-

1.1 Term Loan 1 of GHS2,700,000.00
1.2 Term Loan 2 of GHS1,800,000.00
1.3 Overdraft facility of GHS300,000.00

2. PURPOSE OF FACILITIES:

2.1 The acquisition of a tile adhesive and grout production plant.
2.2 Relocation of factory to Gomoa Akotsi.
2.3 To purchase vehicles for distribution and for carting raw materials.
2.4 To augment working capital.

3. TERMS AND CONDITION:-

3.1 Misapplication of Funds:-

The Customer shall not misapply or divert the Facilities but shall use it for the purpose stated in clause 2 above only.
3.2 Commencement Date:-

This Agreement starts on the date of execution.

3.3 Duration

3.3.1 Term Loan 1 is available for sixty (60) months.
3.3.2 Term Loan 2 is available for sixty (60) months.
3.3.3 Overdraft facility is available for twelve (12) months.

3.4 Expiry Date

3.4.1 Term Loan 1 & 2 shall expire 60 months from date of first disbursement with 12 months moratorium on both principal and interest only.
3.4.2 Overdraft facility shall expire Twelve (12) months from date of setup.

3.5 Availability and Drawdown

3.5.1 The Facilities will be made available to the Customer subject to the completion of the formalities in the terms and conditions set out in this Credit Facility Agreement and receipt by the Bank of the Security required in terms of this Credit Facility Agreement (correctly completed and registered, where applicable), to the Bank's satisfaction.

3.5.2 Any Facility not disbursed within three (3) months after approval shall automatically be deemed to have lapsed and the Bank may if it so desires re-appraise it for a fresh decision in which case, the Bank will not be bound to re-instate the Facilities or re-confirm approval.

3.6 Repayment

3.6.1 If a repayment in terms of this Credit Facility Agreement falls due on a date which is not a business day (being a day which is a Saturday, Sunday or official public holiday in Ghana), then such repayment shall be made on the proceeding business day.

3.6.2 The Overdraft Facility is repayable strictly on demand, in which event the Facility shall immediately become due and payable and the Bank shall not be obliged to give any notice in making, or prior to, demand.

3.6.3 The Term Loans are to be repaid in equal monthly instalments of [insert monthly repayment amount in figures and in words] each inclusive of interest, commencing in the month of draw down.
3.7 Pricing:-

The Pricing of the Facilities shall be as follows:

3.7.1 The Medium Term Loans and Overdraft facilities shall attract an interest rate of 25% per annum being the (Ghana Reference Rate of 16.12% as advised by Bank of Ghana plus a margin of 8.88%) or any rate to be determined by the Bank from time to time. The Ghana Reference Rate is the interest rate benchmark advised by Bank of Ghana from time to time upon which the Bank is required to price its credit in relation to Ghana Cedis. The Bank shall not be required to notify the Borrower of any changes to the Ghana Reference rate.

3.7.2 Any default in repayment of the facilities will attract or excesses over sanctioned overdraft limit would attract a penal interest rate of additional 10% p.a. or any other rate determined by the Bank from time to time.

3.8 Fee:-

3.8.1 Processing fee: 0.5% of total facility amount of GH₵4,800,000.00 = GH₵24,000.00.

3.8.2 Facility Fee: 0.5% of total facility amount of GH₵4,800,000.00 = GH₵24,000.00.

3.8.3 Monitoring Fee: 0.5% of GH₵4,800,000.00 upfront and subsequently on remaining balance on every anniversary.

3.9 Security/Fallback

The Facilities shall be secured by:-

3.9.1 Legal Mortgage to be taken over a single storey residential building situate at Afotey Odai Link Adjuriganor, Accra valued at GH₵555,100.00 (fsv-2018) belonging to Mr. Anthony Kwansare.

3.9.2 Legal Mortgage to be taken over a 51 acre title land situate at Doyimu, Afienya valued at GH₵1,750,000.00 (fsv-2018) belonging to Mr. Anthony Kwansare.

3.9.3 Legal Mortgage to be taken over a 1.9 acre project land and factory situate at Goma Akotsi in the Central Region.

3.9.4 Joint and Several Guarantee of Shareholders and Directors of the company.

3.9.5 Domiciliation agreement to domicile all sales proceeds into their GCB account.
3.9.6 Should the Bank extent the terms of the Loans and Overdraft facility (mark forward) for any reason, collaterals held will be applicable in case of default.

3.10 Acceptance of Facilities:-

The Customer shall submit a written document unconditionally accepting the Facilities before the execution of any legal document.

3.11 Execution of Legal Documents:-

The Customer shall execute all relevant legal documents with the Bank before the disbursement of the Facilities.

3.12 Disclosure of Information on Facilities:-

The customer consents to the Bank making available information on the Facilities to the Central Data Bank of the Ghana Association of Bankers and Credit Reference Bureau and Agencies.

3.13 Right of Set-Off:-

Where accounts are maintained at more than one branch or in the same branch which are in the same name and right, then the Bank shall have a right of set-off between such accounts.

3.14 Prepayment

The Customer may prepay part or the entire loan before due date subject to the payment of a penalty (0.25% of outstanding principal balance). Any prepayment under this Agreement shall be made together with accrued interest to date of prepayment. Where Customer prepays part of the loan, regular monthly instalment payments must still be made.

3.15 Monitoring:-

3.15.1 The Customer agrees and consents that the Relationship Manager, Branch Manager or any other representative of the Bank may visit the Customer’s business premises from time to time to monitor the performance of the customer’s business in connection with the Facilities hereby granted.

3.15.2 SME & 1D1F should advise customer in writing of the terms and conditions of the facility and ensure full compliance within the shortest possible time.
3.15.3 Branch Manager and Relationship Manager to jointly monitor account and ensure full recovery of facilities.

3.15.4 Relationship Manager to regularly monitor the operations of the account and provide needed back-up support to customer.

3.15.5 Branch Manager to update customer Account Opening Forms including KYC details in FCUBS before disbursement of the facility.

3.15.6 Proposed security values to be confirmed by Properties and Facilities Management Unit.

3.15.7 Clear Certificate from Legal Services Department on properties proposed as security to be submitted.

3.15.4 Pre-disbursement conditions are to be completed before disbursement of the facilities.

3.15.2 The Relationship Manager to submit quarterly status reports on account performance.

3.16 Garnishee Order

If any Garnishee Order from a court of competent jurisdiction or any other institution authorized to issue a garnishee Order id served on the Bank in respect of a debt or any statutory obligation of the Customer, the Facilities shall immediately crystallize and become due, owing payable and outstanding and the Bank shall exercise its rights to combine the Customer's account and the right of set-off without any reference to the Customer.

4. COVENANTS:-

This Customer covenants:-

4.1 To adhere to its cash flow forecast and agrees that the review of any future Facilities shall be on the basis that the Customer's turnover is in line with the cash flow achieved.

4.2 To submit annual audited financial statements to the Bank not later than three (3) months after end of the financial year.

4.3 To ensure a proportionate increase in the Customer's business.

4.4 That its turnover shall be commensurate with the level of borrowing from the Bank.

4.5 That while the Facility or any part thereof remains outstanding or unpaid, the Customer shall not without the prior consent of the Bank, which consent shall not be unreasonably withheld, operate any other banking relationship, obtain a credit or place Corporate funds to the credit of any other
accounts. Any breach of this clause shall constitute a material breach, which shall render the Facilities plus accrued interest immediately repayable on demand.

4.6 To formally visit the Bank at least every month to review their account performance with Relationship Manager.

4.7 Direct payments to Vendors.

4.8 On expiry date the Overdraft facility, the Bank reserves the right to mark forward to ensure uninterrupted operations of the company. Appropriate fees will be charged as determined by the Bank from time to time

5. REPRESENTATIONS AND WARRANTIES:

The Customer makes the following representations and warranties:

5.1 That the customer is a company duly registered under the Laws of Ghana and has the power to conduct its business as presently conducted, and to consummate the transaction contained in this Agreement.

5.2 That neither the making of this Agreement nor the compliance with its terms and conditions will conflict with or result in a breach of its regulations.

5.3 That the customer's audited financial statements, cash flow statement and management accounts submitted to the Bank are complete and correct and have been prepared in accordance with acceptable principles of good accounting practice and represent the true financial position of the company.

5.4 That the Customer has taken all necessary action to legalize and/or authorize the execution and delivery of this Agreement, the performance of its obligations under this Agreement and the consummation of the transaction contained in this Agreement.

5.5 That the Customer has fulfilled all conditions and complied with all legal and procedural requirements and obtained all confirmations, resolutions, consents, licenses or registrations necessary to make its obligations hereunder and this entire Agreement valid, binding and enforceable against the Customer.

5.6 That there is no litigation, or arbitration proceedings taking place, pending or threatened against the Customer or its assets which may have a material adverse effect on its business, assets or financial position.

5.7 That the above representations and warranties shall be continuing and deemed to be repeated on the making of any request for a Facilities or additional Facilities.

5.8 Any consent or approval of, or notice to, any creditor of the Customer required by the terms of any agreement or instrument evidencing any indebtedness of the Customer for the execution or delivery of, or the performance of the Customer
under this Agreement has been obtained and that the execution, delivery, performance and consummation of this Agreement will not result in any breach or violation of, or constitute a default under any agreement, instrument, judgment, order, statute, rule or regulation applicable to the Customer or to any of its property.

6. **EVENTS OF DEFAULT:-**

The occurrence of any or all of the following events shall constitute a default. If any of the following events shall occur and be continuing the Bank may call in the Facilities, demand repayment of the Facilities and realize the security herein:

6.1 If the Customer does not operate its account to the satisfaction of the Bank, (i.e. lack of satisfactory swings on the overdraft account, excesses on sanctioned overdraft limit, evidence of hardcore on overdraft).

6.2 Failure to inform the Bank of any event likely to have a substantial effect on the Customer's ability to repay the Facilities or continued financial viability of the customer's business.

6.3 Where the Bank has reason to believe that the Customer may not be able to repay the Facilities and or abide by the terms and conditions of the Facilities.

6.4 Where the Bank is not informed of any change in ownership structure of the Customer’s business before execution and or change in directorship and management of the business.

6.5 If the Customer shall fail to repay the Facilities or any instalment thereof on their due date.

6.6 If any representation or warranty made by the Customer under or in connection with this Agreement shall prove to be incorrect in any material respect when made.

6.7 If the Customer shall fail to perform or observe any of its covenants above described.

6.8 If any extraordinary situation shall occur or change adversely affecting the functions, business and financial position of the Customer which situation or change gives reasonable grounds to conclude in the judgment of the Bank that the Customer may not or may be unable in the normal course of business to perform its obligations under this Agreement.

6.9 If an order of the court is made or an effective Resolution is passed for the winding up of the Customer's business.

6.10 If the Customer shall fail to provide information required by the Bank.

6.11 If the Customer diverts the Facilities or any part thereof to finance projects other than those stated in the "Purpose Clause" herein before mentioned.
6.12 If any distress, execution, sequestration or other process is levied against any of the properties of the Customer and is not discharged within seven (7) days.

6.13 If in the opinion of the Bank the Customer ceases or threatens to cease to carry on its business or carry on any substantial part thereof.

6.14 If the Customer's inflows cease to materialize.

7. CHANGE IN LAW

Notwithstanding anything contained in the Credit Facility Agreement to the contrary, if any change in or introduction of any law, regulation, ruling, directive, policy and/or guidelines or any similar event with which the Bank is obliged to comply and/or which is in accordance with the practice of a responsible banker, or any interpretation, administration or application thereof, results in any increase to the in the cost of maintaining and/or providing the Facility or any unused portions thereof, the Bank reserves the right to recover such additional costs from the Customer on demand and/or to immediately amend the pricing structure of the Facility.

8. GOVERNING LAW AND JURISDICTION:

This Agreement shall be governed and construed in accordance with the laws of Ghana and the courts of Ghana shall have exclusive jurisdiction to hear and decide any suit, action, proceedings and any dispute that may arise out of or in connection with this Agreement.

9. COUNTERPARTS:

THIS AGREEMENT is executed in five (5) COUNTERPARTS each of which shall be deemed an original but all of which together shall constitute one and the same Agreement.

10. NOTICE:

Any notice required or permitted under the terms of this Agreement shall be sufficiently given if delivered personally or by registered mail to the last known address of the party to whom the notice is required to be given, respective parties as follows:

i. For Customer:

Address : P.O Box GP 2822, Accra
Mobile : 0205073919/0234122176/0262349944  
Attention : The Managing Director,  
Debridge Industries Limited

For the Bank:-
Address : GCB Bank Limited  
Post Office Box 134, Accra  
Telephone : 0302-672859 – 65  
Attention : The Head, SME & 1D1F Banking Department  
GCB Bank Limited, Accra

IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HANDS THE DAY AND YEAR
FIRST WRITTEN ABOVE

SIGNED and DELIVERED by the said  
AFUA POBEE for and on behalf of and in  
the name of GCB BANK LIMITED  
in the presence of:-

Name: Frederick Amoah
Address: Legal Services Department
Signature:

SIGNED and DELIVERED by the said  
ANTHONY KWANSARE, Managing Director of  
DEBRIDGE INDUSTRIES LIMITED  
in the presence of:-

Name: Mark Kwame Osei  
Address: P.O Box 6-PP22  
Signature:

DATED THIS 23RD DAY OF DECEMBER 2018
BUSINESS PLAN
FOR
DEBRIDGE INDUSTRIES LIMITED

ON
THE PRODUCTION OF TILE ADHESIVE AND GROUT

PREPARED BY
IN INVESTMENTS SERVICES LIMITED
P. O. BOX 13671
ACCRA

JANUARY 2017
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Certificate of Incorporation and Commencement of Business
Site Plan for the new Plant
Ghana Standards Authority Certification
Ghana Export Promotion Certification
Certificate of Membership of Association of Ghana Industries
Certificate of Membership of Ghana Chamber of Commerce and Industry
ECOWAS Trade Liberalization Approval Letter
Ghana Quality Logo from The Ministry of Trade and Industry
Ghana Real Estate Development Association (GREDA)
1.0 EXECUTIVE SUMMARY
1.1 Background

The Government of Ghana as part of its strategy to grow the economy beyond aid through Industrialisation has initiated a number of programmes all aimed at assisting to achieve the set objectives. In fulfilment of this, Ghana through the Ministry of Trade and Industry has initiated a new Industrial Reform and Accelerated Growth Programme to provide the foundation for the needed growth of our economy.

Among the programmes initiated to implement the core strategies are the:

- One District, One Factory;
- One District One Dam
- One District One Warehouse
- One Million Dollars to each Constituency, and the Stimulus Package

Government has over the years made it a target to promote and grow the use and value addition to the country’s earth based raw materials. This together with the new initiative of One District One Factory, Debridge Industries Limited is desirous to be a major contributor to the Initiative and has therefore acquired a site in Gomoa East to relocate its operations on a much larger scale employing modern technologies.

Vision

The company aspire to become the leading brand in the production and supply of quality, durable and affordable Tile Adhesive and Grout products in Africa

Mission

The Mission of the company is to support Africa’s building industry with indigenous, quality adhesives that are recognized internationally for their durability.

1.2 Key Objectives/Targets

- The core objective is to raise production volumes from the current 20 metric tons per day to 80 metric tons over the same period. Increase sales revenue from GHC13,023,000 in year 1 after construction to GHC16,495,800 by year 5.
To put into operation an ultra-modern factory to serve the West African market and beyond.

1.3 Project Cost

The Tile Adhesive and Grout plant is projected to cost GHC 7,280,798 made up of:

<table>
<thead>
<tr>
<th>Item</th>
<th>Existing (GH₵)</th>
<th>Additional (GH₵)</th>
<th>Total (GH₵)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Building</td>
<td>470,000</td>
<td>2,638,540</td>
<td>3,108,540</td>
</tr>
<tr>
<td>Plant and Equipment</td>
<td>50,000</td>
<td>2,391,180</td>
<td>2,441,180</td>
</tr>
<tr>
<td>Vehicles</td>
<td>601,200</td>
<td>601,200</td>
<td></td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td></td>
<td>15,470</td>
<td>15,470</td>
</tr>
<tr>
<td>Installation and Engineering Cost</td>
<td></td>
<td>358,677</td>
<td>358,677</td>
</tr>
<tr>
<td>Preliminary Expenses</td>
<td>25,000</td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Working Capital</td>
<td>610,731</td>
<td>610,731</td>
<td></td>
</tr>
<tr>
<td>Contingency (5%)</td>
<td>120,000</td>
<td></td>
<td>120,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>520,000</strong></td>
<td><strong>6,760,798</strong></td>
<td><strong>7,280,798</strong></td>
</tr>
</tbody>
</table>

1.4 Financing Plan

The investment plan and the application of the investment capital is shown below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount (GH₵)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>520,000</td>
<td>7.13%</td>
</tr>
<tr>
<td>Debt</td>
<td>6,760,798</td>
<td>92.86%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,280,798</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
1.5 Opportunities in the market place

- There is a growing domestic and export market for the tile adhesives and grout
- Falling trade barriers due the establishment of the Economic Community of West African States (ECOWAS) should facilitate intra-regional trade
- There is an increasing demand for the products given the growing construction industry especially the demand for office space, shopping malls, high rise office complexes and residential apartments;
- A stable macro-economic environment that presents an opportunity for private sector development, in addition this project enjoys the support of the current government.

1.6 Risk Assessment

Some potential risks that are critical to the survival of the project are:

- Irregular Electricity Supply and Failure to obtain orders
- Foreign Exchange, Interest Rates and Inflationary Risks; and
- Political Risks

1.7 Project Viability

The project was subjected to the Net Present Value (NPV) and Internal Rate of Return (IRR) using a 24% cost of capital.

<table>
<thead>
<tr>
<th>Viability Indicator</th>
<th>After Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV (using 24 discount rate)</td>
<td>GHC4,494,660</td>
</tr>
</tbody>
</table>

➢ The Net Present Value is the present value of a future return and so an NPV of GHC 4,494,660 means that the project is viable since, it is going to add value to our capital invested.

1.8 CONCLUSION

The results of the analysis show that, project is technically feasible, socio-economically desirable and financially viable. The projections from the financial analysis show positive results to strengthen the viability of the project. However, the project is sensitive to price fluctuations.
2.0 INTRODUCTION

2.1 OVERVIEW OF THE GHANAIAN ECONOMY

The economy of Ghana has over the years made positive progress as a result of policy reforms, which has improved macroeconomic performance and created a business environment conducive to the reduction of the cost of operating a business. Ghana is one of the top ten fastest growing economies in Africa. The economy has grown over an average of 5.5% over the past decade and has been classified as a low-middle income economy with per capita income over USD1, 696 and a GDP of USD37.54 billion as at the year 2015.

Ghana joined the league of oil producing countries in 2010. There has been a tremendous inflow of capital into the economy since the first quarter of 2011 when the country started producing oil in commercial quantities. The country expects to generate revenue additional from that received from the traditional exports.

Despite recent reverses in the economic fortunes, the economy has tremendous opportunities to overcome the trends and achieve the robust growth achieved over the past years. The discovery of and development of additional oil and gas field known as the TEN projects are expected to bring in much more revenue as well as gas to boost power generations when they become operational in the third quarter of the year 2016.

To overcome the challenges facing the economy and increase growth and development, the government seeks to address the problem by undertaking a massive Industrialisation campaign across the country, which will equip and empower communities to utilise their local resources in manufacturing products that are in high demand both locally and internationally. This will allow the country to reap the well-known rewards of Industrialisation, such as gains in efficiency in every facet of life in our society, increase in agricultural and manufacturing output, a reduce the reliance on imports and increase production of consumer goods and food availability.

Among the actions initiated are the One District One Factory, Stimulus Package and Planting for Food and Jobs among others.