

# **LESS FOCUS GHANA LIMITED**

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**PROPOSAL  
TO  
PARTNER STRATEGIC INVESTOR TO EXPAND  
COCOA  
TRADING BUSINESS IN GHANA**

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# **JAN, 2025**

## **LESS FORCUS GHANA LIMITED**

### **OVERVIEW**

LESS FORCUS GHANA LIMITED(LFGL) is a wholly owned a Ghanaian company and subsidiary of Tower ASSEST LIMITED. The company was incorporated with sole aim of supporting all the keys stakeholders in the cocoa industry in various forms to bring efficiency and value addition for the mutual benefits of all parties and Ghana as whole.

### **REQUIRED WORKING CAPITAL**

LFGL is seeking strategic partners who can bring in additional working capital of GH100,000.00 or more to enable LFGL to expand its cocoa trading business which has proved to be less risk and exceedingly profitable than the traditional Licensed cocoa buyer concept. we are able to turn-around our working capital in shortest cycle, on average of 21days with no less losses. This is a leap compared to LBCs average turn-around of 2.5times in the whole 12month cocoa season. This makes our system very profitable and less risky.

### **Challenges facing the international marketing of cocoa in the Ghana.**

There are about 65 active licensed cocoa buying companies competing to buy approximately 800,000MT of dry quality cocoa beans per each cocoa season which runs from August to December the following year. However, there are lots of challenges in the industry affecting both large and small LBCs. The major challenge is the industry has not attracted expertise enough like the banking sector and things which were being done 20years ago are still done today. The supply chain of cocoa business is not complex; however, inefficiencies have been the hallmark of the entire chain, usually caused by the District Managers and the

purchasing clerks. This has resulted in LBCs making a huge losses due to under –delivery of stocks, high interest cost among other things. This phenomenon has bedeviled the industry making it most unattractive to financiers despite the fact that Ghana Cocoa Board who is the off –taker of all cocoa purchased and supplied is always financially sound and the industry’s annual trade is worth over USD8bn. These enumerated challenges have resulted in the average turn-around cycle of just 2.8times per whole cocoa season.

## **LFGL SOLUTION**

LFGL has seen the huge opportunities in the cocoa sector with potential return on investment unrivalled in Ghana and has put together comprehensive and practical support program for **LICENESD BUYING COMPANIES (LBCs)** in Ghana. This solution is through a long period of study of activity of licensed cocoa buying companies and critically braking down the entire supply chain of cocoa trading in Ghana and realized the existing challenges. Our solution has been welcome by some licensed buying company with many capacity to received over 20,000MT of cocoa beans from us.

All LBC’s are vulnerable to fund losses due to misuse of fund by the District Mangers and purchasing clerks.

Our job is to eliminate risk of all LBCs losing funds through pre-financing of cocoa purchases and improve turn-around cycle of their capital.

LFGL take the pain of supporting LBCs with its logistics and trained personal in cocoa purchases and evacuation, through rigorous quality testing, swift delivery to warehouses for grading and sealing.

We also offer primary and secondary evacuation service to companies that need those service. Moreover, we offer leasing of tools of trade and depots at competitive rate to ease pressure on LBCs.

### **Our service bring enormous benefits to LBCs including:**

1. Elimination of cash losses
2. Improved Turn-around per season
3. Improved working capital
4. Better profitable leading to growth

Attraction of more funds from lenders and investors

The business is managed by in

dividuals with many years of experience in the entire supply chain of cocoa business.

The Executive chairman of LFGL are **MR.JOASH BRAFI KESSEH and MRS.SARAH- ADJOA GYAMFA QUARTEY**. The head office in Accra has qualified accountant and internal auditors also act as compliance & Recovery manager and usually goes to filed at least once a week. There is Assistant with strong IT background and Administration skills with one security personnel

Our operational model is simple. We eliminate the traditional method of buying cocoa beans using District Managers and purchasing clerks. These two 'peoples' are the bane of the LBCs till date. Using traditional DMS&PCs poses two major risks:

1. Misappropriate of funds
2. Slow turn –around time of operations resulting in loss of millions of Ghana cedis every year to LBCs.

LFGL uses simple model of having a '**purchase &Delivery Team'(PTD)** comprising five(5) well trained personnel of male and female with evacuation truck capable of carrying minimum of 50bags and maximum 100bags of cocoa at a time.

The team work together in a coordinator manner and they are mobile always carrying weighing scale. Daily, weekly, monthly Quarterly and yearly target are set for each team to meet. The team buys cocoa after going through our rigorous quality assessment and pay instantly to the farmer.

Purchased cocoa is immediately transported to the District central warehouse.

This facility is managed by a qualified person with minimum of first degree with training in inventory management and assisted by well trained personnel.

We are strategically chosen to operate from five major cocoa district after our successful information piloting last cocoa season. These five district are:

1. Assin Foso in Central region
2. Bregman Asikuma in the central region
3. Atoakrom in the Ashanti region
4. Sefwi bibiani in the western North region
5. Twifo Praso in the central region

## **IT SUPPORT**

**LFGL** business model is hinged on strong IT system which is being developed. The company is piloting paying farmers through mobile money system and handling on the field. At this stage each bag of cocoa purchased shall have bar code attached upon delivery. We intended to deploy end to end IT solution that will track our stocks immediately upon purchase till each is delivered to the LBC.

## **FARMERS CENTERED APPROACH**

We intended to roll out cocoa farmers support programs after registering farmers with detailed information about themselves and visiting their farms. This will give a complete picture of each farmer that we deal with to enable us to give them both financial and input support in times of need on credit basis. Our cooperative farmers will see enhancement in their lives upon joining our network of cooperatives. This is because the founders of LFGL are farmers themselves and very Passionate about the need of cocoa farmers. Full details of each support program will be unveiled as months and years go by.

## PROJECTION OUT PUT

We anticipate to become the biggest cocoa support company in the next 10years offering wide range of support service to LBCs, cocoa farmers, Ghana cocoa Board among other key stakeholders interested in seeing improvement in the cocoa sector for the betterment of all. We have the skills to turn- around our working capital at least once every **21days or 12times per cocoa season**

As in every business, there inherent risk that can derail the well thought out plans. Below are the risk identified and its mitigation actions.

Types of Risk	Mitigation
Risk of misappropriate of funds by purchasing team	Each of the purchasing team shall have collateral bond or civil servant guarantee not less than USD 25,000. Each member shall have his/her passport deposited with the company and shall be released upon clearance from the finance director or CEO.
Risk of buying poor quality cocoa beans and under weight	Each member undergoes a minimum of two weeks intensive training both in offsite and onsite. The leader of each team has a minimum of first degree or HND with not less than 3years of experience in cocoa buying.
Slow movement of stock	All purchasing cocoa shall be evacuated to the central warehouse on daily basis. Failure to adhere to this target will result in loss of commission to the group.
Risk of theft of stock at the central warehouse	There will be Daily reconciliation of stock at the central warehouse after close of business.
	LFGL intend to use bar-coding system to identify each bag of cocoa purchased and delivered. This will ensure automation of our inventory across all our warehouse to the central database at the head office in ACCRA and operational office in Kumasi .

Misappropriation of funds from LBC payment	All payment for cocoa delivered to LBC shall be paid by cheque payable to LFGL only. Under no circumstance should any warehouse/depot manager receive cash payment from an LBC for cocoa delivered. Each warehouse manager shall have collateral bond not less than USD100,000 and two civil servant with monthly salary not less than USD500 each.
Lack of adherence to procedure and reporting	There will weekly audits across all warehouses and physical audit reports submitted to haed office with all supporting document and receipts.

## FINANCIAL ANALYSIS

LFGL intends to apply prudent financial strategy to ensure that working capital is protected and Utilized d efficiently to bring in more returns far and above the average investments in Ghana.

### ***TOTAL INVESTMENT AVAILABLE***

ITEM	QTY	UNIT COST (GHS)	TOTAL (GHS)
Kia Truck	1	70,000	70,000
Used Double Cabin Pick Up	1	140,000	140,000
2 Depot Scales	2	2,500	5,000
2 Mobile Weighting Scales	2	1,500	3,000
Warehouse / Depot & Its Logistics	2	15,000	30,000

***Below are the assumptions underlying our financial projections attached in excel.***

1. *Working capital of **GHC 10,000.000.00***
2. *Full Utilization of 10 warehouses / depots with 1,000bags storage capacity each*
3. *Turn – around time of maximum 3 weeks*
4. *Splitting of 'buyer's Margin' with LBC of 70/30 in favour of LFGL*
5. *Receipt of payment upon delivery of cocoa to LBC*