



ASSOCIATESHIP EXAMINATION

LEVEL IV

MULTINATIONAL CORPORATE BANKING – FINANCE & INVESTMENT

APRIL 2025

[OLD SYLLABUS]

N.B.

- 1. Read carefully the instructions on the cover of the answer booklet.**
- 2. Answer FOUR (4) questions only as follows:**
SECTION A: TWO questions only.
SECTION B: TWO questions only.
- 3. Each question in Section A carries 30 marks. Questions in Section B carry 20 marks each.**
- 4. Time allowed: THREE HOURS**
- 5. Silent, non-programmable electronic calculators may be used in this examination. Whether or not candidates use them, it is in their own interest to show the basic figures from which their calculations are made.**
- 6. Candidates must ensure that they answer questions in the appropriate answer booklets and NOT on loose sheets which may be used as supplementary sheets. Such answers will not be marked.**
- 7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.**
- 8. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

SECTION A - ANSWER ONLY TWO QUESTIONS

QUESTION 1

“Tom Palmer, CEO of Newmont said the Company hoped to reduce its portfolio down to exclusively ‘Tier one’ assets, and that shift would require the sale of those companies. It also plans to sell two ‘non-core’ projects, Havieron in Australia and Coffee Gold in Canada.”

“Perseus Mining has already expressed interest in acquiring the Ghanaian mine from the US-based company, according to the CEO of Perseus Mining, Jeff Quartermine “We will certainly explore the opportunity”. Mr Quartermine said Perseus Mining possessed significant familiarity with the Akyem Project, given its existing ownership of the Edikan Mine in Ghana. Through this deal, Perseus Mining could double its gold output.”

(Ref: Daily Graphic, Monday, June 10, 2024, Page 45)

Required:

(a) Describe ten (10) initiatives that successive Governments had introduced to make Ghana, an attractive investment destination for investors, like Perseus Mining.

(15 marks)

(b) “Perseus Mining may have opportunities to lower the overall Cost of Capital than a ‘domestic’. This is often due to its larger size, and partly due to greater access to International Finance Markets, allowing it to exploit any temporary disequilibria, as well as receiving host government concession.”

Required:

(i) What are the elements of International Financing?

(6 marks)

(ii) What is the case **for** borrowing?

(5 marks)

(iii) What is the case **against** borrowing?

(4 marks)

(Total: 30 marks)

QUESTION 2

“GSE on 08/07/2024 admitted into trading 455,150,509 units of CAL Bank Plc Ordinary Shares issued through a Right Issue (192/2024), also admitted into trading 47,765,376 units of CAL Bank Plc Preference Shares under the symbol CAL PREF (192/2024).”

(GSE Trading Session 6782, August 15, 2024)

Required:

- (a) What are Right Issues? **(2 marks)**
- (b) State and explain four (4) advantages of Right Issues. **(8 marks)**
- (c) State and explain three (3) disadvantages of Right Issues. **(6 marks)**
- (d) What are the benefits of Right Issues to both the Shareholders and CAL Bank PLC? **(14 marks)**

(Total: 30 marks)

QUESTION 3

“Fan Milk Plc (“FML”) released its unaudited 1H2024 financial results ..., reporting an impressive profit outturn which significantly surpassed our expectations. The large ice cream producer churned out a net profit of GHS 23.9mn, a 51.7% y/y improvement, despite the slow growth in topline. The profit outturn was mainly as a result of a 2.0% y/y decline in input cost to GHS 200.8mn, a 17.1% y/y rise in other income to GHS 1.9mn, and a 37.9% y/y plunge in finance cost to GHS 9.4mn. We observed a slower-than-expected growth of 4.3% y/y in topline to GHS 318.6mn. Management attributes the slow growth in revenue for 1H2024 to the drop in export sales in 1Q2024. However, the improved operating margin was attributed to a better product mix and significant work on productivity initiatives such as the use of biomass energy. Overall, we are impressed by the significant surge in earnings. However, we remain cautious about the near-term prospect. In our view, the primary drivers for the 1H2024 earnings growth are not sustainable in the short to medium term. While the current results are commendable, we do not expect these contributing factors to provide the same level of support in subsequent quarters.”

(<https://www.ic.africa/insights/fan-milk-plc-1h2024-results-rake-in-the-dough/>)

Required:

(a) In your opinion, what are the likely exposures in relation to Foreign Exchange that FML PLC might have faced in the course of the operating year? **(25 marks)**

(b) Clearly distinguish between re-investment risk and financial risk. **(5 marks)**

(Total: 30 marks)

SECTION B - ANSWER ONLY TWO QUESTIONS

QUESTION 4

The Dividend Calendar of the Ghana Stock Exchange always displays the key listed Companies who regularly pay Interim Dividends and Final Dividends during their financial year. They include Anglo Gold Ashanti (AGA), Total Energies Marketing Ltd PLC (Total), MTN Ghana PLC (MTNGH) and Enterprise Group Ltd (EGL), and Shareholders are also happy any time there are such declarations by these Companies.

What is your understanding of the following?

(a) Dividend **(5 marks)**

(b) Ex-Dividend Date **(5 marks)**

(c) Clearly differentiate between Bonds and Treasury Bills. **(10 marks)**

(Total: 20 marks)

QUESTION 5

“The Collective Investment Scheme industry has gone through turbulent times in the recent past, with investors also losing heavily on their investments. However, the key Stakeholders including the Regulator and Investment Advisors are of the opinion that, the industry shall bounce back to winning ways in the near future and therefore advising their Clients to start investing in the various Funds once again.”

Required:

Clearly identify the main characteristics of the following types of Unit Trust Funds operating on the market.

(a) Balanced Funds (5 marks)

(b) Growth Funds (5 marks)

(c) Fixed Income Funds (5 marks)

(d) Equity Funds (5 marks)

(Total: 20 marks)

QUESTION 6

(a) “On July 16, 2024, Yaw Kyei called his Investment Advisor/Broker and requested for his Valuation Statement, made up of both Equities and Government Bonds. Yaw Kyei was excited about investing in Government Bonds. Notwithstanding, he thinks he needs more insight before investing in them in the future.”

Required:

Clearly outline and explain four (4) features of a Government Bond to him, to enable him make an informed decision in the future. (8 marks)

(b) “The Company Secretary of Standard Chartered Bank Ghana PLC (SCB) issued a Notice of Extra – Ordinary General Meeting to be held virtually and streamed live from the Head Office of Standard Chartered Bank Ghana PLC, Accra on Wednesday 28th August 2024 at 11.00 am for the purpose of transacting the following business:

1. To declare dividends in respect of the 2023 financial year.

Dated 25th July 2024.”

Required:

State and explain five (5) other important businesses that are likely to be dealt with at the Annual General Meeting of SCB? (12 marks)

(Total: 20 marks)