



CHARTERED INSTITUTE OF BANKERS, GHANA)

ASSOCIATESHIP EXAMINATION

LEVEL IV

MULTINATIONAL CORPORATE BANKING – FINANCE & INVESTMENT

OCTOBER 2022

N.B.

- 1. Read carefully the instructions on the cover of the answer book.**
- 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 book and NOT on loose sheets which are supplementary sheets. Such answers will not be marked.**
- 7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
- 8. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

SECTION A

QUESTION 1

Standard Chartered Bank Ghana PLC and Tullow Oil PLC are Multinational Corporations (MNC) listed on the Ghanaian Bourse. There are increasing demands in these quoted shares.

- (a) What do you think in your opinion are the factors that are driving the demand in these shares? **(17 marks)**
 - (b) What are the differences between bonds and treasury bills? **(5 marks)**
 - (c) Which of the above will you recommend to government, and why? **(8 marks)**
- (30 marks)**

QUESTION 2

Shell Petroleum PLC divested its distribution outlets to Vivo Energy to market its brands.

Required:

- (a) In your opinion, what are the reasons that drove Shell Petroleum to divest their holdings to Vivo Energy
 - (i) General factors **(10 marks)**
 - (ii) Specific factors **(5 marks)**
 - (iii) Why a firm may choose to divest part of its business. **(10 marks)**
- (b) What are the main causes of “failure” of takeovers? **(5 marks)**

(Total: 30 marks)

QUESTION 3

KFC Incorporated is an MNC engaged in operating a food chain in Ghana. The Chief Executive Officer (CEO) hinted recently that the food giant intends acquiring a heavy powered gen set to supplement their energy needs. The Board had advised the Chief Executive Officer to contact their Bankers to arrange a Finance Lease, to enable them acquire the gen set.

Required:

(i) What is a Lease? **(2 marks)**

(ii) What are the main differences between an Operating Lease (OL) and a Finance Lease (FL)?
(16 marks)

(iii) Advise the CEO of your preferred choice and give reasons in respect of your choice.
(4 marks)

(iv) What in your opinion are some of the motives for holding cash by MNC? **(8 marks)**

(Total: 30 marks)

SECTION B

QUESTION 4

According to the Dividend Calendar of the Ghana Stock Exchange quoted on the Trading Results of July 26, 2022, a list of shares going ex-dividend during the year is published.

What is your understanding of the following:

(i) Dividend **(5 marks)**

(ii) Ex-dividend date **(5 marks)**

(iii) Capital market **(5 marks)**

(iv) Money market **(5 marks)**

(Total: 20 marks)

QUESTION 5

Naa Kwarley Quartey resides in the UK and she intends to buy a property in Ghana towards her retirement. Meanwhile, whilst searching for the property to buy, she sold her land at Oyarifa to finance this new housing project. Naa Kwarley specifically instructed you as the Advisor that the proceeds from the sale of the land would be used to pay for the new housing project.

Required:

(a) In accepting the mandate to manage the funds, what questions will you ask prior to developing your investment strategy? **(10 marks)**

(b) In your opinion, what type of investment would you recommend for Naa Kwarley and why?

(10 marks)

(Total: 20 marks)

QUESTION 6

The Securities market is saturated with varieties of Collective Investment Schemes that the Regulator has authorized and can meet the investment objectives of the individual investor.

Required:

Identify the main characteristics of the following types of Unit Trust Funds:

(i) Balanced Funds **(5 marks)**

(ii) Growth Funds **(5 marks)**

(iii) Fixed Income Funds **(5 marks)**

(iv) Equity Funds **(5 marks)**

(Total: 20 marks)