

## QUESTION 1

- a. Dencedep Ltd, a local consultancy firm submitted a claim of GHC30,150,000 (VAT inclusive) to your Ministry for payment. The claim was in respect of services rendered to your Ministry.

**Required:**

As the accountant of the Ministry, compute:

- i. The VAT element payable to the VAT Service (2 marks)
- ii. The Withholding tax payable to the Internal Revenue Service (2 marks)
- iii. The net amount due to Dencedep Ltd. (2 marks)
- b.
- i. Under what circumstances can a government department undertake a **restrictive tendering**? (3 marks)
- ii. What are **the procedures** involved in restrictive tendering? (3 marks)
- c. Public debt has been defined as the large volume of money owed by the government to domestic and foreign lenders which matures periodically. On maturity, it is the responsibility of the government to fulfill its obligation under the agreement.

**Required:**

List and explain **four major sources** of government domestic borrowing.

(4 marks)

- d. Explain the circumstances under which public funds can be invested under the Financial Administration Act 2003 (Act 654) (4 marks)
- (Total: 20 marks)**

## QUESTION 2

- a. The Minister of Finance and Economic Planning has just presented the annual Budget Statement to the Parliament of Ghana. It was observed that the revenue estimates were far lower than the expenditure estimates.

**Required:**

- i. Identify and explain **the type of Budget** that the Minister has presented (2 marks)
- ii. Identify **four (4) main sources** of financing this type of Budget. (4 marks)
- iii. Examine the **economic implications** of any two sources of financing that you have identified in (ii) above (2 marks)
- b. The National Petroleum Authority (NPA) has adopted hedging of petroleum prices as one of the solutions to the problem of petroleum subsidy.
  - i. Explain the **concept of hedging** petroleum prices (2 marks)
  - ii. State **two benefits of hedging** petroleum prices (2 marks)
- c. The Activity Based Budgeting System (ABB) was introduced to bring a stronger performance focus to the Metropolitan, Municipal and District Assemblies (MDA's); by linking strategic objectives to budget programmes and output to activities.

**Required:**

State **four (4) limitations** of the Activity Based Budgeting System (ABB) (4 marks)

- d. The HIPC initiative was aimed at lowering the country's eligible external debts to acceptable limits of the international financial institutions.

**Required:**

State **four (4) methods** that can be used to reduce Ghana's debts (4 marks)  
(Total: 20 marks)

**QUESTION 3**

- a. The external debts of the Government of Ghana are the total of public and private debts owed to non-residents, repayable in foreign currencies, goods and services.

**Required:**

State and explain **five (5) major sources** of government's external debts. (5 marks)

- b. The balances below were taken from the books of Ghana Development Trust Fund; an entity established by an Act of Parliament; for the year ended 31 December 2011.

	GHC000
Receipts from the Consolidated Fund	4,318
Interest on Fund Investments	315
Fixed Deposits Investments	1,210
External Grants Received	4,000
Internal Loans acquired	6,375
External Loans acquired	8,118
Rural Development cost	4,050
Mining Development cost	1,863
Air Transport Development cost	2,570
Education Development cost	1,635
Health Care Cost	1,675
Cash & Bank	2,110
Environmental Development cost	2,120
Housing Development cost	1,348
Defence Development cost	4,608
General Administrative Expenses	1,053
Trade Promotion Cost	1,115
Accumulated Fund Balance	2,231

***Required:***

Prepare a Fund Statement of Accounts for Ghana Development Trust Fund for the year ended 31 December, 2011 and a Statement of Financial Position as at 31 December, 2011.

***(15 marks)***

***(Total: 20 marks)***

**QUESTION 4**

- a. The National Pension Act 2008 provides for the introduction of a mandatory basic National Social Security Scheme and a mandatory fully funded but privately managed occupational pension scheme.

***Required:***

- i. State the required contributions to these two mandatory schemes.

***(2 marks)***

- ii. State the basis for the computations of the total minimum contributions (2 marks)
- b. With the approval of Parliament, the President may acquire or purchase from the Consolidated Fund all or part of the Equity capital of a company.

**Required:**

State **three (3) benefits** derived from government equity investment. (3 marks)

- c. The Consolidated Fund serves as a central mechanism for controlling public funds.

**Required:**

Explain **three 3 main receipts** into the Consolidated Fund. (3 marks)

- d. List **five (5) features** of the Incremental –Line Item Budgeting System. (5 marks)

- e. Describe **five (5) ways** by which the government controls public corporations. (5 marks)

**(Total 20 marks)**

## QUESTION 5

- a. The Ghana Education Trust Fund was established to assist the financing of education and provision of funds for educational purposes.

**Required:**

Outline five (5) sources of funding stated in the Ghana Education Trust Fund Act 2000, Act 581.

(5 marks)

- b. You are the Accountant in charge of Final Accounts at the Controller & Accountant General Department (CAGD). Your office uses the Government of Ghana Expenditure classifications like Personnel Emoluments, Goods & Services, Investment Costs and Statutory Payments and Cash based on International Public Sector Accounting Standards (IPSAS).

The Controller & Accountant General has provided you with the following extracts from the Consolidated Fund, for the year ended 31 December, 2011.

	GHC' Million
Direct Taxes	1,285
Indirect Taxes	500
Local Taxes	52
Revenue from Sales of Goods & Services	51
Other Revenue	46
Salaries & Wages	152
Goods & Supplies Costs	84
Utilities	38
Social Security Costs	11
Consultancy Costs	22
Rent	47
Property, Plant & Equipment	522
Staff Pension Costs	42
International Travels	12
Communication Costs	94
Investment Property Costs	35
Repairs of Equipment Costs	40
Road Construction Costs	243
Workshops & Seminars Costs	43
Staff Allowances	172
Investment Revenue	13
Costs of Subsidies & Grants	66
Equity Investments in Bonds	65
Other Financial Instruments	190
Cash & Bank Balances	133
Gold Holdings	19
Foreign Debts Interest	35
Domestic Debts Interest	59
External Debts	201
Internal Public Debts	765
Payables	103
Receivables	74
Net Accumulated Results (DR)	1,415
Trust Funds	255
Petroleum Taxes	642
District Assemblies Common Fund Releases	148
GETFUND Releases	152

**Required:**

Prepare a Revenue and Expenditure Accounts for the year ended 31 December 2011 and a Statement of Financial Position as at that date. **(15 marks)**

**(Total 20 marks)**