



**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI, GHANA**

FACULTY OF HUMANITIES

DEPARTMENT OF PLANNING AND DEVELOPMENT

END OF SECOND SEMESTER EXAMINATIONS-2018/2019 ACADEMIC YEAR

MSC. MONITORING AND EVALUATION

DPSD 812 –PROJECT BUDGETING ANF FINANCE

May, 2019

60 Marks

Time Allowed: 3 hrs

INSTRUCTIONS TO CANDIDATES:

- Choose any four of the following questions and answer on the answer booklet provided.
 - *All questions carry equal marks*
 - Write your index number clearly at the top of every page of the question paper and answer booklet used.
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Question 1: [15marks]

- a) Discuss how resource allocation enhances cost containment in project implementation. (5 marks)
- b) Discuss how performance-based budgets can be used to influence national development. (5marks)
- c) Give at least two challenges that would be faced when implementing performance-based budgets for national development. (5 marks)

Question 2: [15marks]

In the year 2018, it cost Ghanalink Company limited ₵100,000 to produce 240,000 call credit cards. In the same year, the company spent ₵10,000 to attract and convince customers to buy 200,000 call credit cards at ₵2 per call credit card. Administrative costs (including salaries) for the year was ₵500,000, and revenue from other sources was ₵150,000. The company's income tax obligation is ₵20,000 per year, and interest on investments was ₵15,000.

- a) Calculate the following financial ratios of Ghanalink for the year 2018 and comment on your answers: (12 marks)
 - i. Current Ratio
 - ii. Quick Ratio
 - iii. Debt/Worth Ratio
- b) At the end of the financial year, Ghanalink Company Limited opted to take a loan facility of 300,000 at Asempra Rural Bank to be paid over a period of 15 months. Based on your answers in a) above, would you recommend that the bank provides the loan facility to Ghanalink? Explain your answer. (3marks)

Question 3 [15marks]:

Afiase Cocoa Producing Company Limited (ACPL) rents a warehouse at ₵300 per month, and a delivery truck at ₵100 per day for 200 days per year. As part of strategies to improve its business operations for the year 2019 the company is considering whether or not to buy the warehouse at the cost of ₵1.5m, and a delivery truck costing ₵70,000 in order to stop paying rent for the two properties. ACPL has ₵3m in its bank accounts and also has in store 2,500 bags of cocoa, out of which 1,500 bags will be bought by the Ghana Cocoa Company in 2019 at ₵300 per bag. ACPL pays six workers a monthly salary of ₵150 each but has annual tax obligations amounting to ₵1m, and a loan repayment of ₵3,000 per month.

- a) Assuming that ACPL has no other source of revenue, what would be the company's net income by 31st December 2019 if:
 - i. ACPL buys the warehouse and the delivery van?
 - ii. ACPL rejects the idea of purchasing the warehouse and delivery truck, and continues with its operations as usual?(10 marks)

- b) Based on your answers to a) above, provide expert advice to ACPL on the financial decisions to be made (5 marks)

Question 4:

Kukula Metropolis is made up of 10 towns situated in a tropical region with a total population of 600,000. During each rainy season, there is cholera outbreak in different parts of the towns, and crime activities also increase. Due to the worsening state of the already bad roads during the rainy seasons, the sick people do not reach the health facilities situated at central points within the metropolis, leading to some deaths. The police are also not able to effectively combat crime due to the bad roads, and school attendance is poor for children of school-going age during the rainy season.

To reduce the incidences of cholera outbreaks and school absenteeism, the health and education management teams within the Municipality have developed a joint door-to-door campaign programme in all the towns at the cost of ₦5,000 per town. There will be distribution of free ORS kits during the campaigns. The transport ministry plans to rehabilitate 20km of very bad roads at the cost of ₦3.5m before the rains set in. The plan laid out by the MCE to support police to improve security services during the rainy season includes purchasing 6 new 4x4 pick-ups and provision of fuel at a comprehensive cost of ₦300,000 per pick-up to increase police night patrols.

- a) Identify the key sectors involved in the case presented for the Kukula Metropolis (2 marks)
- b) Select ONE of the sectors identified and formulate *one goal, one outcome, and one output* for the case presented (3 marks)
- c) Develop *one indicator* each for the goal, output, and outcome (3 marks)
- d) Determine the *per capita expenses* for *each sector* for the case presented (7marks)

Question 5 [15marks]:

- a) Briefly outline the differences between the corporate, non-profit, and government budgeting methodologies (5 marks)
- b) Describe how cost containment and internal controls can be practically implemented within the development context. Give examples (5 marks)
- c) Describe how an organisation can use portfolio diversification for survival in a difficult economy. 5 marks

Question 6: [15marks]

- a) A stock broker invested an amount of ₵15,000 on Jan 1, 2018 at annual interest rate of 5% compounded on quarterly basis for two years. However, on Jan 1, 2019 the terms of agreement were changed such that compounding was to be done monthly from Jan 1, 2019 to Dec 31, 2019. Calculate the total value of the investment on Dec 31, 2019 if the interest rate for 2019 was 7%. Determine the total interest earned on the investment if the whole amount is withdrawn on Dec 31, 2019 (5 marks).
- b) The Ghana Shippers Council (GSC) intends to purchase a fishing vessel at the cost of ₵120m from the manufacturers under a special payment arrangement for the vessel to be delivered in two years from the day of agreement. Two options placed before GSC were as follows:
- i. Make a lump sum payment of ₵100m on the first day of agreement, at an interest rate of 12% per annum, and collect the vessel in two years
 - ii. Make equal quarterly payments of ₵15m at the end of each quarter for two years using the same interest rate, and collect the vessel.

As a financial advisor to the GSC governing council, provide expert advice on which of the terms should be accepted. Explain your answer. (10 marks)