

# THE LIMA DIGEST

FEBRUARY 2023 / VOL. 2



## UPCOMING DEADLINES

**PAY AS YOU EARN(PAYE),  
JANUARY – GHANA REVENUE  
AUTHORITY**

15  
FEBRUARY  
2023

**WITHHOLDING TAX, JANUARY –  
GHANA REVENUE AUTHORITY**

15  
FEBRUARY  
2023

**VALUE ADDED TAX, JANUARY –  
GHANA REVENUE AUTHORITY**

28  
FEBRUARY  
2023

**INCOME TAX SELF ASSESSMENT  
RETURN – GHANA REVENUE AUTHORITY**

31  
MARCH  
2023

**ANNUAL INCOME TAX RETURNS  
– GHANA REVENUE AUTHORITY**

30  
APRIL  
2023

**ANNUAL RETURNS – OFFICE OF THE  
REGISTRAR OF COMPANIES**

30  
APRIL  
2023

**EMPLOYERS' ANNUAL PAYE  
RETURN – GHANA REVENUE AUTHORITY**

30  
APRIL  
2023

## UPCOMING EVENT

### SUBJECT PERSONAL INCOME TAXATION TRAINING

**DATE: 20<sup>TH</sup>  
FEB., 2023**

**TIME: 12PM**



SCAN ME

A bond is a long-term contract (in the capital market). It is a fixed income instrument that represents a loan made by an investor to a borrower. Simply put, a bond is a contract between the investor and the borrower and can be thought of as an I.O.U between a lender and borrower. They are bought through a bank, broker or a dealer.

Bonds are typically issued by corporations and governments (at all levels), and investors purchase them as a form of savings and security. Roads, schools, dams, and other infrastructure must be funded by governments and bonds provide a steady means of obtaining funds to fund those projects. When a company or another entity needs to raise funds for whatever project or to refinance existing debts it may issue bonds to investors directly.

They are issued with a fixed maturity period of up to five, fifty, or even a hundred years, making it redeemable, or held to infinity, making it irredeemable. The coupon is the interest payment made by a bond at a fixed rate of interest. These bonds have a maturity date, and when that date comes, the bond issuer must repay the investor as well as a portion of the profit. Brokers handle bond transactions between the issuer and the investor.

Bonds are issued with a face value (the principal), a coupon rate (interest rate you will get paid periodically), and a maturity date (the date you will be paid the principal).

For example, a 5% coupon rate means that bondholders will receive 5% x GHS1,000 face value = GHS50 every year.

There are several types of bonds, a few of them are discussed as follows:

- Government Bonds:** They are safest bond investments, but provide relatively low returns. These bonds are typically long-term investments that provide investors with a regular stream of income in the form of coupon payments. For example, the GoG issued a three-year bond with a coupon rate of 15.75% in April 2021. This means that investors will receive 15.75% of the bond's face value in interest payments each year, and the bond will be repaid in full when it matures.
- Corporate Bonds:** They are issued by firms and are called loan stocks or debentures. They are risky but higher return. These bonds are typically higher risk than GoG bonds, but may offer higher returns as well. For example, in April 2021, Vodafone Ghana issued a five-year bond with a coupon rate of 16.25%.
- Eurobonds:** These are international bonds and are issued in a country other than the country of denomination. Meaning it is issued in a currency not native to the country where it is issued. For example, Ghana uses the Ghana cedi as its currency but issues bonds in US dollars, those bonds are termed Eurobonds.
- Callable and Puttable bonds:** Callable bonds can be redeemed at the issuer's discretion prior to the specified redemption date. This is done if the issuer can refinance the bond at a lower cost. Puttable bonds are the opposite and allow the bondholder to redeem the bond

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before the maturity date if interest rates rise. Both of these types of bonds provide the issuer and the investor with the flexibility to adjust their positions if market conditions change.

**5. Zero – coupon bonds:** When the coupon rate is zero and the issuer is only required to repay the principal amount to the investor, the bond is referred to as a zero-coupon bond. For example, in April 2021, Volta River Authority (VRA) issued a five-year zero-coupon bond with a yield of 17.25%. When zero-coupon bonds are issued at a discount, say Ghc 800, and the par value is Ghc 1,000, the difference is known as accreted interest. At maturity, the bond is redeemed at its par/face value.

Bond prices are inversely related to interest rates: as interest rates rise, bond prices fall, and vice versa. Companies in the financial services industry may need to make adjustments to their asset accounts in the event that some borrowers default on their loans during the year.

## Is a treasury bill a bond?

Treasury bills are short-term debt instruments issued by the Bank of Ghana with maturities ranging from 91 days to 364 days. The maturity term is the primary distinction between the two. Treasury Bills have maturities of up to one year, whereas Government Bonds have maturities of more than one year.

## What is 'Mark to Market' in accounting

*Mark to market is an accounting practice that involves adjusting the value of an asset to reflect its current market value. The market value is determined by what a company would receive for the asset if it were sold at that time. It simply changes the value of your funds from how much you deposited and the interest receivable on it to how much you would receive if the fund manager were to close the account and sell off all assets to pay you back.*

## OTHER AVAILABLE DOCUMENTS

SCAN ME



2023 BUDGET REVIEW

SCAN ME



THE LIMA DIGEST, VOL. 1

SCAN ME



2022 FIFA WORLD CUP, THE MONEY MATTERS

## SNAPSHOT OF THE ECONOMY OF GHANA AS AT 1<sup>ST</sup> JANUARY 2023

INFLATION

54%

MONETARY POLICY RATE

28%

DEBT TO GDP RATIO

93.5%

## EXCHANGE RATE AS AT 13TH FEBRUARY, 2023

	BUYING	SELLING
BANK OF GHANA	10.79	10.80
ABSA BANK	11.00	12.80
ZENITH BANK	10.80	12.80
STANBIC BANK	10.70	12.70
CAL BANK	10.60	12.71
GCB BANK	10.75	12.45

## QUOTES

**BONDS AS AN ASSET CLASS WILL ALWAYS BE NEEDED, AND NOT JUST BY INSURANCE COMPANIES AND PENSION FUNDS BUT BY AGING BOOMERS**

Bill Gross

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## ACCOUNTING AND CONSULTING SERVICES

We offer the following accounting and consulting services;

- Providing day-to-day bookkeeping and accounting services;

- Preparation of financial statements according to International Financial Reporting Standards (IFRS);
- Review and analysis of financial statements;
- Preparation of management accounts, budgets, financial models, etc.;
- Payroll services;
- Assistance with accounting system set up (chart of accounts, finance and accounting procedures manuals, software installation and configuration, etc.);
- Due diligence;
- Mergers and acquisitions;
- Internal audit and investigations;
- Preparation of business plans, policies and procedures manuals, etc.;
- Recruitment and Selection of Human Resource.

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