

IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

**REPORT OF THE FINANCE COMMITTEE ON A REQUEST FOR A  
WRITE-OFF OF A DEFICIENCY IN PUBLIC FUNDS (DEFUNCT  
LOANS RECEIVABLES) AMOUNTING TO THREE HUNDRED AND  
SEVENTY MILLION, SIXTY-TWO THOUSAND AND FIFTY-FIVE  
GHANA CEDIS, THIRTY-SEVEN PESEWAS (GH¢370,062,055.37)  
RECORDED IN THE PUBLIC ACCOUNTS ON THE  
CONSOLIDATED FUND**

**1.0 INTRODUCTION**

The request for approval to write-off a Deficiency in Public Funds (Defunct Loans Receivables) amounting to Three Hundred and Seventy Million, Sixty-Two Thousand and Fifty-Five Ghana Cedis, Thirty-Seven Pesewas (GH¢370,062,055.37) recorded in the Public Accounts on the Consolidated Fund was presented to the House on Thursday, 21<sup>st</sup> November, 2019 by the Hon. Deputy Minister for Finance, Mrs. Abena Osei Asare on behalf of the Minister for Finance.

Rt. Hon. Speaker referred the request to the Finance Committee for consideration and report.

The Committee met with a Deputy Minister for Finance, Hon. Charles Adu Boahen and officials from the Ministry of Finance and Controller and Accountant-General's Department and considered the request.

The Committee is grateful to the Hon. Deputy Minister and the team of officials for attending upon the Committee.

## **2.0 DOCUMENTS REFERRED TO**

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Public Financial Management Act, 2016 (Act 921); and
- The Standing Orders of the Parliament of Ghana.

## **3.0 BACKGROUND**

In the past, Government implemented many intervention packages to make local businesses competitive, by providing financial support to some distressed businesses in the private sector as well as State Owned Enterprises (SOEs) in the form of on-lent loan facilities. This arrangement was to provide relatively cheap source of capital for both government agencies and the private sector in the form of affordable loans payable in short and long term periods at reasonable rates. However, overtime, these loans which were recorded in the Public Accounts as Account Receivables had seen little to no redemption by the various beneficiaries.

As at 31<sup>st</sup> December 2017, a total of One Billion, Seven Hundred and Eighteen Million Four Hundred and Twenty-Three Thousand, Seven Hundred and Thirteen Ghana Cedi (GH¢1,718,423,713.00) stood in the books of Government as Account Receivables (long term). Out of this, 22% represents account balances, which had not been settled by the defaulting entities over a long period (1995, 2002, etc), due to several reasons including: lack or absence of the relevant On-lending Loan Agreements, the now defunct status

of some defaulting entities and the lack of a monitoring mechanism to manage the proper disbursement, recording and accounting for such facilities.

Request from the Controller and the Accountant General's Department (CAGD) on 7<sup>th</sup> April, 2017 and 21<sup>st</sup> February, 2018 to the Ministry of Finance, based on audit observations and recommendations by the Ghana Audit Service, identified a list of non-performing loans receivables in the Public Accounts and recommended a write-off, in accordance with 53(1) of the PFM Act.

In order to ascertain the recoverability of the loans from the defaulting entities and determine the way forward, a working team was constituted on 9<sup>th</sup> November 2018. The Committee assessed the loans recoverability by:

- a. Establishing a threshold of GHS 5,000.00 below which any balance of loan receivables was recommended for write-off. This amounted to GHS 95,583.96
- b. Confirmation of the existence and balance of the loan receivables of defaulting entities through visits and issuance of circulars.

At the end of the assessment for recoverability, it was recommended that a total of GH¢ 370,062,055.37 should be written-off.

It is in accordance with Section 53 (1) of the Public Financial Management Act, 2016 (Act 921) that this request for a write-off has been submitted to Parliament.

#### **4.0 PURPOSE**

The purpose of the request is to seek approval to write-off a list of non-performing loans receivables in the Public Accounts of Ghana, as recommended by the Auditor-General amounting to GH¢370,062,055.37 in accordance with Section 53(1) of the Public Financial Management Act, 2016 (Act 921).

## **5.0 OBSERVATIONS**

### **5.1 Rationale for the Request**

The Committee was informed that as part of Government's efforts to support the private sector, loans were granted to the private sector as well as some State Owned Enterprises. Unfortunately, these loans have little to no redemption rate. Yet these loans as recorded continue to sit in the Public Accounts of Ghana.

The Auditor-General accordingly recommended that the Non-Performing Loans receivables in the Public Accounts be written off in order for the Public Accounts to show a true and fair view of Government's financial position.

The Committee was informed that writing off the defunct loan receivables would help clean up the books and comply with the Auditor-General's recommendation.

### **5.2 Efforts Made to Recover the Loans**

The Committee was informed that a working committee was formed to assess the recoverability of the loans. It came to the fore that:

- a. Eighteen (18) of the defaulting entities responded to the circulars to confirm their indebtedness to the State. Nine (9) fully accepting the indebtedness and are making arrangements to resume repayment:
- b. Another nine (9) entities rejected the claim of indebtedness and requested for detailed supporting documents on indebtedness. Unfortunately, there are no supporting documents to back the claim; and
- c. The remaining entities had ceased to exist.

The List of the Non-Performing Loans (NPLs) for which approval is being sought to be written off is attached as an Appendix to the report.

### 5.3 Way Forward

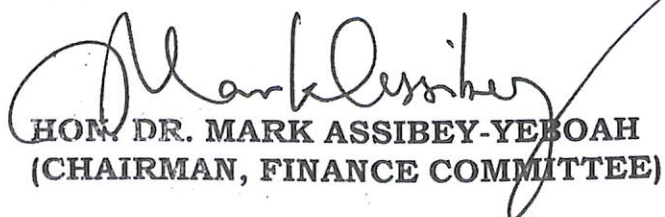
The Committee learnt that in order to avoid such an occurrence in future, the Ministry of Finance and the Controller and Accountant General's Department are putting in place proper systems for communication, disbursing, reporting, recording and filing of relevant supporting documentations for future on-lending facilities. Government will also centralize the monitoring and recovering of account receivables on Government books to ensure proper accountability and debt recoveries.

### 6.0 CONCLUSION

After careful consideration, the Committee is of the view that these loans have very little chance of recovery. There is therefore the need to clean up the Public Accounts to ensure that the Accounts reflect the true financial position of Government.

The Committee therefore recommends to the House to adopt its report and approve the request to write-off a Deficiency in Public Funds (Defunct Loans Receivables) amounting to Three Hundred and Seventy Million, Sixty-Two Thousand and Fifty-Five Ghana Cedis, Thirty-Seven Pesewas (GH¢370,062,055.37) recorded in the Public Accounts on the Consolidated Fund in accordance with the 1992 Constitution, Section 53 (1) of the Public Financial Management Act, 2016 (Act 921) and the Standing Orders of the Parliament of Ghana.

Respectfully Submitted.

  
**HON. DR. MARK ASSIBEY-YEBOAH**  
**(CHAIRMAN, FINANCE COMMITTEE)**

  
**EVELYN BREFO-BOATENG (MS)**  
**(CLERK, FINANCE COMMITTEE)**

9<sup>th</sup> December, 2019



**LIST OF LOAN RECEIVABLES IN THE PUBLIC ACCOUNTS RECOMMENDED FOR**

**PREPARED BY: MINISTRY OF FINANCE**

**SUBMITTED TO: PARLIAMENT**

**DATE: DECEMBER 2019**

| <b>No.</b>                                 | <b>ENTITY</b>                              | <b>BRIEF DESCRIPTION OF TRANSACTION</b> | <b>AMOUNT GH¢</b> |
|--|--|---|-------------------|
| <b>LIST BELOW THRESHOLD OF GH¢5,000.00</b> |  |   |                   |
| 1  | Ghana Tourist Corporation                  | Information not available               | 20.00             |
| 2  | Trade Cross Limited                        | Information not available               | 156.63            |
| 3  | Ghana Co-operative Bank                    | Information not available               | 180.00            |
| 4  | Valico Limited                             | Information not available               | 267.49            |
| 5  | General Leasing and Finance Co             | Information not available               | 465.00            |
| 6  | Ghana Seed Company                         | Information not available               | 500.00            |
| 7  | Ghana Agricultural Development Corporation | Information not available               | 629.98            |
| 8  | Mark Cofie Engineering Co.                 | Information not available               | 839.21            |
| 9  | Ghana Tuna Fishing Dev                     | Information not available               | 900.00            |
| 10   | Animal Health Production Dept              | Information not available               | 925.53            |
| 11   | Boama Corp                                 | Information not available               | 967.96            |
| 12   | Reka Limited                               | Information not available               | 991.95            |
| 13   | Pharmadex Limited                          | Information not available               | 999.95            |
| 14   | Yellow Cab Ghana Limited                   | Information not available               | 1,000.03          |
| 15   | Western Link Construction Limited          | Information not available               | 1,036.67          |
| 16   | Chasas Enterprise                          | Information not available               | 1,247.39          |
| 17   | Michael Smith                              | Information not available               | 1,472.94          |
| 18   | Barnartme Enterprise                       | Information not available               | 1,749.96          |
| 19   | Hospitality Associate                      | Information not available               | 1,929.99          |
| 20   | Somuah Dapaah Construction                 | Information not available               | 2,000.00          |
| 21   | Ebonabe Construction Ltd                   | Information not available               | 2,056.53          |
| 22   | Alumdor Ent Ltd                            | Information not available               | 2,273.89          |
| 23   | Ghana Concrete Engineering Ltd             | Information not available               | 2,325.94          |
| 24   | National Inventives                        | Information not available               | 2,500.00          |
| 25   | A Kennin Construction Ltd                  | Information not available               | 2,527.43          |
| 26   | Rasasi Company Limited                     | Information not available               | 3,062.64          |
| 27   | Envionnneeds Ltd                           | Information not available               | 3,243.28          |
| 28   | Interante Ltd                              | Information not available               | 3,260.35          |
| 29   | Ghana Supply Commission                    | Information not available               | 3,282.16          |
| 30   | Sapos Comm. Services                       | Information not available               | 3,307.18          |
| 31   | Kuffour Medical Laboratory                 | Information not available               | 3,444.56          |
| 32   | All Good Electricals                       | Information not available               | 3,461.08          |
| 33   | Seel (Gh) Limited                          | Information not available               | 3,502.16          |
| 34   | Oxy Air Limited                            | Information not available               | 3,567.49          |

|  |                                    |  |                  |
|--|------------------------------------|--|------------------|
| 35   | Big Youth                          | Information not available                        | 3,822.39         |
| 36   | Vickata Construction Limited       | Information not available                        | 3,830.61         |
| 37   | Ghocar Industries                  | Information not available                        | 4,066.99         |
| 38   | Saltpond Oil Mills                 | Information not available                        | 4,479.00         |
| 39   | Jowak Ent. Limited                 | Information not available                        | 4,661.66         |
| 40   | Volta Allied Quarries Limited      | Information not available                        | 4,814.58         |
| 41   | Ken Sworth Mining & Cont. Limited  | Information not available                        | 4,888.50         |
| 42   | Amani Cold Store Ltd               | Information not available                        | 4,924.86         |
|  | <b>TOTAL</b>                       | <b>A</b>   | <b>95,583.96</b> |
| <b>LIST ABOVE THRESHOLD OF GH¢5,000.00</b> |                                    |  |                  |
| 43   | Ridge Timbers                      | Information not available                        | 5,114.36         |
| 44   | A B Management Agency              | Information not available                        | 5,511.63         |
| 45   | Jasmedi Group Limited              | Information not available                        | 5,600.00         |
| 46   | Sunyani Medical Laboratory         | Information not available                        | 5,601.79         |
| 47   | Tericom Ghana Limited              | Information not available                        | 5,856.54         |
| 48   | Prebuo Limited                     | Information not available                        | 5,867.63         |
| 49   | Bosomtwi Motors                    | Information not available                        | 5,925.06         |
| 50   | Seiwaa Daban                       | Information not available                        | 6,233.66         |
| 51   | Jek Moses Co Ltd                   | Information not available                        | 6,445.48         |
| 52   | Accra Metropolitan Assembly        | Information not available                        | 6,488.50         |
| 53   | Louis Jewellery Factory Limited    | Export Finance Company<br>(Auction On Lent Loan) | 6,495.68         |
| 54   | Cashew and Spices Prod Ltd         | Information not available                        | 7,057.40         |
| 55   | Ghana Household Utilities          | Information not available                        | 7,061.00         |
| 56   | Laboratory Diagnostic Limited      | Information not available                        | 8,005.76         |
| 57   | Manill Limited                     | Information not available                        | 8,135.34         |
| 58   | Brensuo Co Ltd                     | Information not available                        | 8,427.52         |
| 59   | Joe Mara                           | Information not available                        | 8,656.88         |
| 60   | West Africa Salt Limited           | Export Finance Company<br>(Auction On Lent Loan) | 8,772.92         |
| 61   | J.Adom Limited                     | Information not available                        | 8,842.97         |
| 62   | Big Aidoo                          | Information not available                        | 9,183.00         |
| 63   | Tamale Muincipal Assembly/GFA      | Information not available                        | 10,000.00        |
| 64   | Josco Trading & Construction Works | Information not available                        | 10,000.00        |
| 65   | Asante Yamoah                      | Information not available                        | 10,239.54        |
| 66   | Wilhem Jay Limited                 | Information not available                        | 10,285.31        |
| 67   | Saltreff                           | Information not available                        | 10,506.41        |
| 68   | Fotoklinic                         | Information not available                        | 10,677.41        |
| 69   | Bend -Koy- Ltd                     | Information not available                        | 10,932.41        |

|     |                                   |   |           |
|-----|-----------------------------------|---|-----------|
| 70  | Havilin                           | Information not available                         | 11,361.87 |
| 71  | Rio Grande Industries             | Information not available                         | 11,802.05 |
| 72  | Jagmas                            | Information not available                         | 11,982.40 |
| 73  | Finewood Trading Co               | Information not available                         | 12,278.00 |
| 74  | Worweco Enterprise                | Information not available                         | 12,654.62 |
| 75  | Kensitah Contract Works           | Information not available                         | 12,859.86 |
| 76  | Mattham (Gh) Limited              | Information not available                         | 13,153.47 |
| 77  | CEGO Associates Ltd               | Information not available                         | 13,260.00 |
| 78  | Frank Walter Const Ltd            | Information not available                         | 13,314.24 |
| 79  | Life Construction Limited         | Information not available                         | 13,516.60 |
| 80  | Bartholomew Ltd                   | Information not available                         | 13,707.65 |
| 81  | Simplicity Building Works         | Information not available                         | 13,711.87 |
| 82  | Magna Limited                     | Information not available                         | 14,167.81 |
| 83  | Losodi Agency                     | Information not available                         | 14,364.07 |
| 84  | Shante Suppliers                  | Information not available                         | 14,422.70 |
| 85  | Franffield Holdings               | Information not available                         | 14,479.18 |
| 86  | Precise Co. Limited               | Information not available                         | 15,349.65 |
| 87  | ADAP Company Ltd                  | Information not available                         | 15,579.50 |
| 88  | Tropical Crop Export Limited      | Export Finance Company<br>(Austrian On-Lent Loan) | 15,862.99 |
| 89  | Wassa Menerals                    | Information not available                         | 16,195.48 |
| 90  | Solid Development Limited         | Information not available                         | 16,592.00 |
| 91  | Osbon Limited                     | Information not available                         | 16,674.65 |
| 92  | Lamim Co. Limited                 | Information not available                         | 16,910.15 |
| 93  | Scopus Trading Limited            | Information not available                         | 17,026.30 |
| 94  | K.A. Anno Wng Co. Limited         | Information not available                         | 17,376.09 |
| 95  | Woodstock Limited                 | Information not available                         | 17,799.68 |
| 96  | Midjinmata Construction           | Information not available                         | 17,889.77 |
| 97  | Dadwene Cold Store                | Information not available                         | 18,127.97 |
| 98  | Loyalty Industries Ltd            | Information not available                         | 18,327.19 |
| 99  | Sarpest Stores Limited            | Information not available                         | 18,400.00 |
| 100 | Ocablock                          | Information not available                         | 18,563.91 |
| 101 | Sodas Co. Limited                 | Information not available                         | 19,078.14 |
| 102 | Obboye Estates Limited            | Information not available                         | 19,588.28 |
| 103 | Tropical Vision Storm Limited     | Information not available                         | 20,362.34 |
| 104 | Biwuus Const Co                   | Information not available                         | 20,491.27 |
| 105 | Alluvial Recovery System          | Export Finance Company<br>(Austrian On-Lent Loan) | 21,798.97 |
| 106 | Katson Limited                    | Information not available                         | 21,890.06 |
| 107 | O & A Limited                     | Information not available                         | 21,926.53 |
| 108 | AP Systems (GH) Ltd               | Information not available                         | 22,975.06 |
| 109 | Cofie Zane Jewellery Ltd          | Export Finance Company<br>(Austrian On-Lent Loan) | 23,651.60 |
| 110 | Fine Print Ltd                    | Information not available                         | 23,985.23 |
| 111 | Cape Coast Municipal Assembly/GFA | Information not available                         | 25,000.00 |
| 112 | Ghana Sanyo Co.                   | Information not available                         | 25,429.00 |
| 113 | Dickie Ltd                        | Information not available                         | 25,557.05 |
| 114 | Jay W. Limited                    | Information not available                         | 25,883.49 |
| 115 | J K Enterprise                    | Export Finance Company<br>(Austrian On-Lent Loan) | 26,759.93 |



|     |  |  |           |
|-----|--|--|-----------|
| 116 | Ibnat Garment Ind                              | Information not available                        | 26,865.83 |
| 117 | Cartbrandys Enterprise                         | Information not available                        | 26,967.51 |
| 118 | CKA Industries Ltd                             | Information not available                        | 27,044.14 |
| 119 | Alhaji Abu Bala and Sons                       | Information not available                        | 27,660.80 |
| 120 | Jokumaks Limited                               | Information not available                        | 28,042.89 |
| 121 | Hildad Company Ltd                             | Information not available                        | 28,302.03 |
| 122 | Modern Petroleum Products                      | Information not available                        | 28,538.40 |
| 123 | Gellina Packaging Co Ltd                       | Export Finance Company<br>(Auction On Lent Loan) | 29,348.48 |
| 124 | Electronic Works                               | Information not available                        | 29,807.32 |
| 125 | Panafest Secretariat                           | Information not available                        | 30,000.00 |
| 126 | Carreg   | Information not available                        | 31,220.65 |
| 127 | Westar Mining                                  | Information not available                        | 34,058.09 |
| 128 | All Gate Co                                    | Information not available                        | 34,813.00 |
| 129 | Farmers Services Co Ltd                        | Information not available                        | 36,630.33 |
| 130 | Bonsa Tyre Co. Ltd                             | Information not available                        | 37,354.56 |
| 131 | Volta Lake Transport Company                   | Information not available                        | 41,006.65 |
| 132 | Hicent Enterprise                              | Export Finance Company<br>(Auction On Lent Loan) | 45,019.90 |
| 133 | Jupiter Services                               | Information not available                        | 46,742.07 |
| 134 | Planstic Packaging Products Limited            | Export Finance Company<br>(Auction On Lent Loan) | 47,851.90 |
| 135 | Coppon Wood Processing                         | Information not available                        | 48,024.06 |
| 136 | Gold Coast Motors                              | Information not available                        | 50,845.91 |
| 137 | Western Veneer & Lumber Co. Ltd                | Information not available                        | 51,111.48 |
| 138 | Trans Allied Co. Limited                       | Information not available                        | 59,443.96 |
| 139 | Chiraa Forest Mills                            | Information not available                        | 64,396.21 |
| 140 | Alhaji Sulemana Ind                            | Information not available                        | 70,407.44 |
| 141 | Ghana Sacks Ltd                                | Information not available                        | 71,173.96 |
| 142 | Architectural Engineering Services Corporation | Information not available                        | 79,106.34 |
| 143 | Bonte Gold Mines                               | Information not available                        | 84,697.22 |
| 144 | Wood Merchant & Trading Co.                    | Information not available                        | 90,489.89 |
| 145 | Twifo Oil Palm Plantation Ltd                  | Information not available                        | 93,100.00 |
| 146 | Ghana Primewood                                | Information not available                        | 95,888.65 |

|     |   |   |                       |
|-----|---|---|-----------------------|
| 147 | Osumanu Salt Industry Limited               | Export Finance Company<br>(Austrian On-Lent Loan) | 117,800.08            |
| 148 | Esterimo Packaging Ltd                      | Export Finance Company<br>(Austrian On-Lent Loan) | 128,019.82            |
| 149 | Direct Arts Industries Ltd                  | Export Finance Company<br>(Austrian On-Lent Loan) | 147,625.80            |
| 150 | Volta River Estates                         | Information not available                         | 148,821.72            |
| 151 | Alfralex Company Ltd                        | Export Finance Company<br>(Austrian On-Lent Loan) | 161,970.45            |
| 152 | Listar Medical Service                      | Information not available                         | 163,893.35            |
| 153 | Western Ventures                            | Information not available                         | 205,999.20            |
| 154 | University of Ghana                         | Information not available                         | 210,169.95            |
| 155 | Asamoah Raffan Works                        | (Austrian On-Lent Loan)                           | 212,458.49            |
| 156 | Poly Product Limited                        | Information not available                         | 217,122.74            |
| 157 | Academy Press                               | Information not available                         | 228,150.20            |
| 158 | FOS Company Ltd                             | Information not available                         | 251,627.28            |
| 159 | Tropical Golden Fruits Limited              | (Austrian On-Lent Loan)                           | 373,571.02            |
| 160 | Nana Boakye Austrian Casting Limited        | (Austrian On-Lent Loan)                           | 374,134.42            |
| 161 | Lorando Mining Co. Limited                  | (Austrian On-Lent Loan)                           | 389,330.11            |
| 162 | Asihene Brothers                            | (Austrian On-Lent Loan)                           | 394,481.62            |
| 163 | Banbert Dev Co Ltd                          | Information not available                         | 403,046.73            |
| 164 | Gidama Wood Processing                      | (Austrian On-Lent Loan)                           | 404,529.49            |
| 165 | Osei Research Centre                        | (Austrian On-Lent Loan)                           | 445,680.61            |
| 166 | Aggreko UK Ltd.                             | Information not available                         | 478,107.67            |
| 167 | Ghana Railways Corporation                  | Information not available                         | 484,552.18            |
| 168 | Ghana Civil Aviation Authority              | Information not available                         | 535,321.63            |
| 169 | Ghana Publishing Corporation                | available(Facility A)                             | 629,547.40            |
| 170 | Ghana Highway Authority                     | Information not available                         | 715,116.70            |
| 171 | Ghana Publishing Corporation                | available(Facility B)                             | 811,675.17            |
| 172 | Ghana National Fire Service                 | Information not available                         | 922,175.47            |
| 173 | Ghana Agro-Food Company                     | Information not available                         | 1,094,602.28          |
| 174 | Ghana Frequency Reg/Control                 | Information not available                         | 3,690,987.30          |
| 175 | G. P. R. T. U.                              | Information not available                         | 3,966,062.77          |
| 176 | Council for Indigenous Business Association | Information not available                         | 4,395,340.74          |
| 177 | Ghana International Airline LTD             | Information not available                         | 5,142,828.10          |
| 178 | Ghana National Petroleum Corporation (G.N.  | available(Facility A)                             | 10,870,959.05         |
| 179 | Quality Grain Co. Ltd.                      | Information not available                         | 13,495,351.00         |
| 180 | GNPC  | available(Facility B)                             | 14,978,700.00         |
| 181 | Subri Industrial Plantation Co. Limited     | Information not available                         | 18,129,368.80         |
| 182 | Volta Reg. Devt. Corporation                | Information not available                         | 19,989,705.80         |
| 183 | Ghana Oil Palm Devt Corp                    | Information not available                         | 22,708,353.50         |
| 184 | La Palm & Coco Palm                         | Information not available                         | 23,161,600.00         |
| 185 | Ghana Broadcasting Corporation              | Information not available                         | 71,113,533.33         |
| 186 | State Gold Mining Corporation               | Information not available                         | 144,249,401.73        |
|     | <b>TOTAL</b>                                | <b>B</b>  | <b>369,061,696.24</b> |
|     |   |   |                       |
|     | <b>GRAND TOTAL</b>                          | <b>C=A+B</b>                                      | <b>369,157,280.20</b> |