

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

IN SPITE OF THE EXAMINERS' GENERAL COMMENTS IN PREVIOUS EDITIONS OF THE "INSIGHT", IT WAS OBSERVED THAT A NUMBER OF CANDIDATES HAVE CONTINUED TO BREACH EXAMINATION INSTRUCTIONS AS STATED BELOW:

- A) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH PAPER; AND

- B) BY ATTEMPTING MORE QUESTIONS THAN ALLOWED IN EACH SECTION.

INADEQUATE COVERAGE OF THE SYLLABUS

IT HAS BECOME OBVIOUS THAT MANY CANDIDATES DO NOT COVER THE SYLLABUS IN DEPTH BEFORE PRESENTING THEMSELVES FOR THE EXAMINATION. CANDIDATES ARE THEREFORE ADVISED TO BE ADEQUATELY CONVERSANT WITH ALL ASPECTS OF THE SYLLABUS.

INSIGHT

FOREWORD

This **INSIGHT** is published principally, in response to a growing demand, as an aid to:

- (i) Candidates preparing to write future examinations of the Institute of Chartered Accountants of Nigeria (ICAN) at an equivalent level;
- (ii) Unsuccessful candidates in the identification of those areas in which they lost marks with a view to improving their knowledge and presentation in subsequent examinations;
- (iii) Lecturers and students interested in acquisition of knowledge in the relevant subject contained therein; and
- (iv) The profession in a bid to improving pre-examination and screening processes.

The answers provided in this book do not exhaust all possible alternative approaches to solving the questions. Efforts have been made to use methods, which will save much of the scarce examination time.

It is hoped that the suggested answers will prove to be of tremendous assistance to students and those who assist them in their preparations for the Institute's Examinations.

NOTE

Although these suggested solutions have been published under the Institute's name, they do not represent the views of the Council of the Institute. They are entirely the responsibility of their authors and the Institute will not enter into any correspondence about them.

ATSWA PART I MARCH 2019 DIET

INSIGHT

CONTENTS	PAGE
BASIC ACCOUNTING PROCESSES AND SYSTEMS	4 - 38
ECONOMICS	39 - 60
BUSINESS LAW	61 - 82
COMMUNICATION SKILLS	83 - 100

INSIGHT

AT/191/PI.1

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2019**

BASIC ACCOUNTING PROCESSES & SYSTEMS

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (30 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. **ALL** the following statements are true, **EXCEPT**
 - A. GAAP means Generally Accepted Accounting Practice
 - B. GAAP varies from one country to another
 - C. International Accounting Standards Committee (IASC) was the predecessor of International Accounting Standards Board (IASB)
 - D. GAAP means Generally Accepted Accounting Principles
 - E. IFRS means International Financial Reporting Standards

2. The full meaning of the acronym “IASB” within accounting regulatory framework is
 - A. Internal Accounting Standards Board
 - B. International Accounting Standards Bureau
 - C. International Accounting Systems Board
 - D. International Accounting Standards Board
 - E. Internal Accounting Systems Board

ATSWA PART I MARCH 2019 DIET

INSIGHT

3. Staplers, perforators and waste baskets are expected to be used for more than one accounting period and should be measured over the period of use regardless of their insignificant costs. The appropriate applicable concept to the above is
- A. Historical cost
 - B. Objectivity/Fairness
 - C. Fair value
 - D. Materiality
 - E. Substance over form
4. An accounting process that starts with book keeping and ends with the preparation and interpretation of financial statements is known as
- A. Final Accounting
 - B. Cost Accounting
 - C. Financial Accounting
 - D. Performance Accounting
 - E. Managerial Accounting
5. Accounting concepts and conventions are described in which International Accounting Standards (IAS)?
- A. IAS No 1
 - B. IAS No 2
 - C. IAS No 3
 - D. IAS No 4
 - E. IAS No 16
6. Which of the following statements is **NOT** true?
- A. Only limited liability companies are regarded as legal entities
 - B. The essence of entity concept is to distinguish the income and cost of the business from those of its owners
 - C. The entity concept is key to proper understanding of the double entry principle
 - D. Limited liability companies can enter into contracts on their own and cannot owe debts
 - E. Limited liability companies can sue and be sued

INSIGHT

7. If Kessellie allows his building worth L\$300,000 to be used for the business then, the
- A. Assets will increase by L\$300,000
 - B. Liabilities will increase by L\$300,000
 - C. Liabilities will decrease by L\$300,000
 - D. Equity will decrease by L\$300,000
 - E. Assets will decrease by L\$300,000
8. The total amount in the Sales Day Book should be
- A. Debited into the sales account
 - B. Credited into the sales account
 - C. Debited into the personal accounts of customers
 - D. Credited into the personal accounts of customers
 - E. Used as a contra entry in purchases account
9. Transactions that are **NOT** entered into other subsidiary books are recorded in a
- A. Special journal
 - B. Memorandum journal
 - C. Journal proper
 - D. Multi-purpose journal
 - E. Extra ordinary journal

The following information relates to questions 10 and 11. The invoice price of an inventory was ₦90,000 with a trade discount of 5%. It was issued by Mohammed to Chukwudi.

10. In what book will the transaction be recorded by Chukwudi?
- A. Sales day book
 - B. Sales ledger
 - C. Purchases Day Book
 - D. Purchases ledger
 - E. General ledger
11. How much will be recorded by Mohammed and in what book of original entry?
- A. ₦90,000 in purchases day book
 - B. ₦90,000 in sales day book
 - C. ₦90,000 in sales journal
 - D. ₦85,500 in sales day book
 - E. ₦85,500 in purchases day book

ATSWA PART I MARCH 2019 DIET

INSIGHT

12. Which of the following statements is **NOT** true?
- A. A current account is also known as demand deposit
 - B. A crossed cheque denotes a cheque that has two transverse lines drawn across the face of the cheque
 - C. The legal tenure of a properly endorsed cheque is three months from the date of issue
 - D. A cheque that the bank has refused to pay is referred to as a dishonoured cheque
 - E. A cheque is described as order cheque when it is only made payable to the person named on the cheque
13. The meaning of the acronym “PIN” in relation to electronic banking is
- A. Personnel identification number
 - B. Personal identification number
 - C. Principal identity number
 - D. People’s identification number
 - E. Public identification number

Use the information below to answer question 14.

The following information was extracted from the cash book of Mohammed for the year ended 31 December, 2018.

	₦'000
Balance b/d	5,180
Bank charges	20
Standing order	560
Dishonoured cheques	85
Direct credit	600

14. Calculate the closing balance on his adjusted cash book
- A. ₦5,115,000
 - B. ₦5,285,000
 - C. ₦5,675,000
 - D. ₦5,760,000
 - E. ₦5,865,000
15. The document used for withdrawing money from a current account with a bank is
- A. Credit note
 - B. Cheque book

INSIGHT

- C. Debit note
 - D. Withdrawal slip
 - E. Pay-in-slip
16. A cheque deposited in the business bank account and not yet recorded in the bank statement is an example of
- A. Unprescribed cheque
 - B. Unrecorded cheque
 - C. Uncredited cheque
 - D. Dishonoured cheque
 - E. Stale cheque

Use the information below to answer questions 17 and 18.

Standard time (allowed time)	150 hours
Wages rate per hour	GH¢25
Actual time taken	120 hours

17. Calculate the bonus, using ROWAN plan
- A. GH¢300
 - B. GH¢375
 - C. GH¢600
 - D. GH¢750
 - E. GH¢840
18. Calculate the total earnings
- A. GH¢3,375
 - B. GH¢3,600
 - C. GH¢4,050
 - D. GH¢4,125
 - E. GH¢4,150
19. Which of the following payroll deductions is compulsory?
- A. Pay as you earn
 - B. Medical Insurance
 - C. Hire purchase deductions
 - D. Union dues
 - E. Welfare fund contribution

INSIGHT

20. Which of the following is **NOT** true of a sole proprietorship?
- A. The individual provides the capital and employs a handful of people, if and when necessary
 - B. He takes decisions quickly without consulting anybody
 - C. He is highly committed because the profit is entirely his own
 - D. There is privacy
 - E. It is regulated by special rule of laws

21. Mr. Koffi, in partnership with Mr. Nana, withdrew GH¢100,000 from the partnership account for his personal use.

The amount should be:

- A. Credited into his capital account
- B. Debited into his current account
- C. Credited into his current account
- D. Debited into his capital account
- E. Debited into his personal account

Use the information below to answer questions 22 and 23

	L\$
Gross profit	350,000
Sales	1,250,000
Return Outwards	50,000
Opening inventories	180,000
Purchases	930,000

22. The closing inventories figure is

- A. L\$ 160,000
- B. L\$ 190,000
- C. L\$ 900,000
- D. L\$1,060,000
- E. L\$1,200,000

23. The cost of goods sold is

- A. L\$ 900,000
- B. L\$ 930,000
- C. L\$1,060,000
- D. L\$1,110,000
- E. L\$1,160,000

INSIGHT

24. The main sources of application packages are:
- I Computer Bureaux
 - II Computer manufacturers
 - III Specialist software houses
 - IV Bureau de change
 - V Computer operator
- A. I
 - B. I, II and IV
 - C. I and III
 - D. I, II and III
 - E. I, II, III and IV
25. Microsoft excel and Lotus 1-2-3 are examples of
- A. Word processing
 - B. Utilities
 - C. Spreadsheet
 - D. Banking application
 - E. Desktop publishing

The following information relates to questions 26 and 27.

Mensah Enterprises sold goods worth GH¢850,000 to Isaiah subject to a trade discount of 15% and cash discount of 10%.

26. Calculate the net sales value
- A. GH¢637,500
 - B. GH¢650,250
 - C. GH¢722,500
 - D. GH¢765,000
 - E. GH¢807,500
27. Calculate the amount received by Mensah Enterprises
- A. GH¢ 85,000
 - B. GH¢127,500
 - C. GH¢650,250
 - D. GH¢722,500
 - E. GH¢765,000

INSIGHT

28. From the following information, calculate the cash paid by trade debtors during the year

	Le'000
Credit sales during the year	1,020
Receivables at the end of the year	1,000
Receivables at the beginning of the year	700
A. Le 680,000	
B. Le 720,000	
C. Le 760,000	
D. Le1,040,000	
E. Le1,320,000	

Use the information below to answer questions 29 and 30.

	L\$'000
Trade receivables control account	1,000
Provision for doubtful debts	100
Provision for discount allowed on Receivables is 5%	

29. Calculate the amount of discount allowed
- A. L\$ 5,000
 - B. L\$40,000
 - C. L\$45,000
 - D. L\$50,000
 - E. L\$55,000
30. Calculate the amount receivable at the end of the year
- A. L\$850,000
 - B. L\$855,000
 - C. L\$895,000
 - D. L\$900,000
 - E. L\$950,000

INSIGHT

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

Write the correct answer that best completes each of the following questions/statements:

1. Rudimentary form of accounting started with book-keeping by, an Italian monk.
2. The classification and recording of business transactions in the books of account is termed
3. Where a partner has advanced the sum of GH¢100,000 to his firm which has no formal agreement, how much interest is payable to him for the year under the Partnership Act?
4. Relevance principle is one of the characteristics of financial information.
5. Partnerships are regulated by Partnership Act of
6. All transactions involving partners' share of profits, interest, salary and drawings should be dealt with in the partners' accounts.
7. A company whose total number of members must not be more than 50, is a company.
8. What is the minimum percentage of the authorised share capital that must be taken up at incorporation
9. What is the current minimum authorised share capital for a private company?
10. Economic resources of an entity that are used for income generation for more than one accounting period are

INSIGHT

11. Use the information below to calculate the profit for the year

		R
Drawing	31/12/2018	27,800
Equity	1/12/2018	146,200
Equity	31/12/2018	230,600

12. Assets and liabilities of a going concern entity are generally valued on historical cost basis or basis.
13. An authorising document for payment of a particular expense or service is called
14. The difference between gross emoluments and statutory/non-statutory deductions is described as
15. What is the name of an allowance given to a trader who buys in large quantities?
16. The book of original entry that gives a brief explanation of the transaction, referred to as “narration” is called
17. Control accounts are also called ledgers.
18. A cheque that cannot be endorsed from one person to another is a cheque.
19. A remuneration package that is said to be time-based is called
20. In computerised accounting systems, Dac-Easy, Peach Tree and Sage are examples of packages.

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS IN THIS SECTION (50 Marks)

QUESTION 1

- a. Most business entities now use computers to handle their accounting data.

You are required to:

- i. List **THREE** advantages of modern computerised accounting systems. (3 Marks)
- ii. Describe **TWO** shortcomings of computerised accounting systems. (2 Marks)
- b. Partnerships and limited liability companies are different in several respects. Present in tabular form **SEVEN** observable differences between the **TWO** forms of business entities. (7½ Marks)

(Total 12½ Marks)

QUESTION 2

- a. Explain the term “Cash discount”. (2½ Marks)
- b. The cash book of Doe is maintained with cash, bank and discount columns. Details of the transactions that took place during the month of December 2018 are given below:

December

- | | |
|----|--|
| 1 | Cash balance in hand L\$20,000 and at bank L\$244,000 |
| 2 | Paid Nana by cheque, L\$21,000 in full settlement of his account for L\$22,000. |
| 5 | Cash purchases L\$96,000 and purchases by cheque L\$170,000 |
| 10 | Cash sales L\$156,000 |
| 12 | Cash paid into bank L\$112,000 |
| 15 | Received cheque from Kofi L\$130,000 |
| 18 | Received cheque from Nene L\$13,000, in full settlement of his account for L\$13,600 |
| 23 | Paid L\$130,000 cash into bank |
| 26 | Cash sales L\$80,000
Cheque sales L\$20,000 |
| 28 | Drew cash from bank for office use L\$40,000 |

ATSWA PART I MARCH 2019 DIET

INSIGHT

- 29 Received L\$47,000 cash from Joe, in full settlement of his account of L\$50,000
- 29 Paid Mensah L\$28,000 cheque in full settlement of L\$30,000 payable
- 30 Transferred L\$50,000 from bank to cash

You are required to:

Post the above transactions in the cash book of Doe for the month of December 2018.

(10 Marks)

(Total 12½ Marks)

QUESTION 3

- a. Explain the term “suspense account”. (2 ½ Marks)
- b. The trial balance of Obeg Enterprises, extracted on 31 December 2018 showed that the debit side of the business trial balance was higher than the credit side by GH¢14,450.

A review of all ledgers revealed the following errors:

- i. A sum of GH¢1,800 on a payables account was omitted from the balance of Trade payables.
- ii. An item of furniture purchased for GH¢14,400 had been debited to repairs.
- iii. The payment side of the cash account had been undercast by GH¢8,750.
- iv. The total of one page of the sales Day Book had been carried forward as GH¢32,310, whereas the correct amount was GH¢37,710.
- v. A debit note of GH¢3,150 received from a customer had been posted to the wrong side of his account.
- vi. Mr. Obiri, whose debt of GH¢7,800 to the business had been written off, paid during the year. His personal account was credited but no corresponding entry was made.

INSIGHT

You are required to:

- i. Prepare journal entries to correct the errors. (6 Marks)
 - ii. Write up the suspense account. (4 Marks)
- (Total 12½ Marks)**

QUESTION 4

- a. i. Briefly explain the term “bonus schemes”. (2½ Marks)
 - ii. List **FOUR** advantages of Rowan type of bonus schemes. (4 Marks)
 - b. i. What is petty cash book? (4 Marks)
 - ii. State the steps to be taken to exercise effective control over petty cash book. (2 Marks)
- (Total 12½ Marks)**

QUESTION 5

The receipts and payments account of Koffi Social Club for the year ended 31 December, 2018 are detailed below:

Receipts and Payments Account			
	GH¢		GH¢
	‘000		‘000
Balance b/d	60,000	Dance and socials	12,000
Subscriptions	19,200	Rent	27,000
Receipt from dance	28,000	Insurance	8,400
Receipt form Gala night	30,000	Office expenses	2,900
Donations	6,600	Electricity	4,700
		Stationery	5,000
		Wages	16,800
		Balance c/d	67,000
	143,800		143,800

INSIGHT

The following information was also made available:

The assets and liabilities of the club on January 1, 2018 were:

	GH¢'000
Club house	180,340
Office equipment	126,400
Subscription in arrears	120
Accrued wages	28
Subscriptions in advance	180

An examination of the financial records revealed the following:

- (i) Outstanding wages at the end of the year amounted to GH¢48,000.
- (ii) Electricity bill paid in advance was GH¢79,000.
- (iii) Subscriptions received in advance amounted to GH¢87,000
- (iv) 10% depreciation is to be provided for the club house.

You are required to prepare:

- a. A statement showing the accumulated fund of the club as at January 1, 2018. (3½ Marks)
 - b. The income and expenditure account of the club for the year ended 31 December 2018. (9 Marks)
- (Total 12½ Marks)**

QUESTION 6

- a. Professional accountants render a range of services to an entity, either as employees or as consultants.

You are required to:

Enumerate **FIVE** of such services (7½ Marks)

- b.
 - i. What are accounting concepts and conventions? (2 Marks)
 - ii. Enumerate **THREE** importance of Going Concern Concept (3 Marks)
- (Total 12½ Marks)**

INSIGHT

SECTION A

PART 1 MULTIPLE-CHOICE QUESTIONS

1. A
2. D
3. D
4. C
5. A
6. D
7. A
8. B
9. C
10. C
11. D
12. C
13. B
14. B
15. B
16. C
17. C
18. B
19. A
20. E
21. B

INSIGHT

- 22. A
- 23. A
- 24. D
- 25. C
- 26. C
- 27. C
- 28. B
- 29. C
- 30. B

NOTES

Q14

Adjusted Cash Book

	₦'000		₦'000
Balance b/d	5,180	Bank charges	20
Direct credit	600	Standing order	560
Dishonored cheque	<u>85</u>	Balanced c/d	<u>5,285</u>
	<u>5,865</u>		<u>5,865</u>

Q17

Calculation of bonus

$\frac{\text{Time saved}}{\text{Time taken}} \times \text{Time Rate}$

Time allowed

$$30 \times \frac{120}{25} = 600$$

$$150 \times 1 \times 1$$

Q18

Total Earning

(Time taken x Rate) + Bonus

$$(120 \times 25) + 600 = 3,600$$

INSIGHT

Q22 & Q23

	L\$ 000	L\$000
Sales		1250
Less gross profile		<u>350</u>
Cost of goods sold		<u>900</u>
Opening Inventory		180
Purchases	930	
Returns	<u>50</u>	
		880
Cost of goods available for sale		1060
Cost of goods sold		<u>(900)</u>
Closing inventory		<u>160</u>

Q26 & Q27

Invoice price	850,000
Less: 15% Trade discount	127,500
Net Sales value	722,500
Cash Disc - 10%	<u>72,250</u>
Amount Received by	<u>650,250</u>

Q28 Receivable Account

	Le'000		Le'000
Bal. b/d	700	Bal c/d	1000
Sales	1020	Bank	<u>720</u>
	<u>1720</u>		<u>1720</u>

ATSWA PART I MARCH 2019 DIET

INSIGHT

Q29 & 30

	Le'000	Le'000
Bal. b/d	1,000	Allowance for doubtful debts 100
		Allowance for Disc, allowed
		$(1,000 - 100) \times 5\% = 45$
		Receivable <u>855</u>
	<u>1,000</u>	<u>1,000</u>

Q29. Discount allowed = L \$ 45,000

Q30. Amount receivable at the end of the year = L \$ 855,000

Examiner's Report

The questions set under this section tested candidates' knowledge on the various areas of the syllabus. Candidates' performance was above average.

Candidate's major pitfall was their poor preparation for the diet's examination.

Candidates are advised to prepare very well for the future Institute's examinations

PART II SHORT-ANSWER QUESTIONS

1. Luca Pacioli
2. Book Keeping
3. ₵5,000 (5% of GH ₵100,000)
4. Qualitative
5. 1890
6. Current
7. Private
8. 25%

ATSWA PART I MARCH 2019 DIET

INSIGHT

9. ₦10,000
10. Non-Current Assets/Fixed assets
11. ₦112,200
12. Fair value
13. Payment voucher
14. Net pay or Net Emoluments
15. Trade Discount or Quantity Discount or volume Discount
16. The Journal
17. Self Balancing
18. Order
19. Salary/Wages
20. Accounting

Workings:

Q11. Calculation of profit for the year

	₦
Closing equity	230,600
Opening equity	<u>(146,200)</u>
	84,400
Drawings	<u>27,800</u>
Profit for year	<u>112,200</u>

Examiner's Report

All the questions under this part cover the subject syllabus. They tested candidates' basic accounting knowledge. Their performance was above average. Candidates' major pitfall was their poor knowledge in the areas the questions were tested.

Candidates are advised to prepare well for the Institute's future examination.

ATSWA PART I MARCH 2019 DIET

INSIGHT

SECTION B

SOLUTION 1

- (a) Advantages of computerized accounting systems
- i. They make implementation of an application to be quicker and cheaper
 - ii. They provide standard approach to common applications
 - iii. They are efficient in terms of speed, accuracy and storage requirements
 - iv. They save programming efforts
 - v. There is substantial reduction in systems efforts

The shortcomings of computerized accounting systems include:

- i. **Cost of Training:** The sophisticated computerized accounting packages generally require specialized staff personnel. As a result, huge training costs are incurred to understand the use of hardware and software on a continuous basis, because newer types of hardware and software are acquired to ensure efficient and effective use of computerized accounting systems.
- ii. **Staff Opposition:** Whenever the accounting system is computerized, there is a significant degree of resistance from the existing accounting staff, partly because of the fear that they shall be made redundant and largely because of the perception that they shall be less important to the organisation.
- iii. **Disruption:** The accounting processes suffer a significant loss of work time when an organisation switches over to the computerized accounting system. This is due to changes in the working environment that requires accounting staff to adapt to new systems and procedures.
- iv. **System Failure:** The danger of the system crashing due to hardware failures and the subsequent loss of work is a serious limitation of computerized accounting system. However, providing for back-up arrangements can obviate this limitation. Software

INSIGHT

damage and failure may occur due to attacks by viruses. This is of particular relevance to accounting systems that extensively use Internet facility for their online operations. No full proof solutions are available as of now to tackle the menace of attacks on software by viruses.

- v. **Inability to Check Unanticipated Errors:** Since the computers lack capability to judge, they cannot detect unanticipated errors as human beings commit. This is because the software to detect and check errors is a set of programs for known and anticipated errors.
- vi. **Breaches of Security:** Computer related crimes are difficult to detect as any alteration of data may go unnoticed. The alteration of records in a manual accounting system is easily detected by first sight. Fraud and embezzlement are usually committed on a computerized accounting system by alteration of data or programs. Hacking of passwords or user rights may change the accounting records. This is achieved by tapping telecommunications lines, wire-tapping or decoding of programs. Also, the people responsible for tampering of data cannot be located which in a manual system is relatively easier to detect.
- vii. **Ill-effects on Health:** The extensive use of computer systems may lead to development of various health problems: bad backs, eyestrain, muscular pains, etc. This affects adversely the working efficiency of accounting staff on one hand and increased medical expenditure on such staff on the other. Do It Yourself, Visit a commercial organisation where the accounting is performed manually. Observe the various accounting activities. Now list the advantages, which would have accrued, had the accounting been performed through computers.

(b) The observable differences between partnerships and limited liability companies are as follows:

FEATURES	PARTNERSHIPS	LIMITED LIABILITY COMPANIES
OWNERSHIP	The owners of a partnership business are called partners	The owners of limited liability companies are generally called members but where the company is financed by shares, then such members are called shareholders

INSIGHT

LIABILITY OF OWNERS	The liabilities of the partners are unlimited, except in the case a limited partner	The liabilities of the members are limited to the amounts of capital contributed into the business, hence the liabilities of members are limited
CONTROL	The business is controlled or managed by the partners, most especially, the active partner	The business is controlled or managed by the company Board of Directors
OWNERSHIP & CONTROL	These are fused together, the business is owned and controlled by the partners	Ownership and control may be separated, in the case of limited liability companies
EVIDENCE OF EXISTENCE	Formation of partnerships is evidenced by certificate of registration of business name, which is issued by the Corporate Affairs Commission (CAC)	Formation of limited liability companies is evidenced by certificate of incorporation, which is issued by the Corporate Affairs Commission (CAC)
NUMBER OF OWNERS	Partnership is an association of two (2) or more people but not exceeding twenty (20), except in the case of professional firms, where there is no restriction as to the number of partners. Liabilities of the partners are unlimited.	The minimum number of members is two (2), while the maximum number of members is fifty (50). Liabilities of the members are limited to the amounts of capital contributed.
LEGAL ENTITY	A partnership business cannot be sued or can the business sue	A company can sue and be sued
TAX	Partnership businesses are not required by law to pay tax based on their profit, rather it is the partners that pay tax based on	Limited liability companies pay tax and file tax returns with the Federal Inland Revenue Service (FIRS)

ATSWA PART I MARCH 2019 DIET

INSIGHT

	their share of profit from the business	
GUIDING RULES	Partnership businesses are guided by the contents of the business partnership deed	Limited liability companies are guided by the contents of the company memorandum and article of association
SHARE OF PROFITS/ LOSSES TO OWNERS	There is complete share of the business profits/losses to the partners	Part of the company profits are distributed to the members in form of dividends
PREFIX AT THE END OF NAME	Partnerships are not required by law to have any prefix with their business name	Limited liability companies are required by the provision of the Companies and Allied Matters Act (CAMA 2004) to have the prefix Limited at the end of their name
APPOINTMENT OF AUDITORS	Partnerships are not required by law to appoint any Auditor. They may choose to have an appointed auditor, if the partners so wish	Limited liability companies are required by the provision of the Companies and Allied Matters Act (CAMA 2004) to appoint Auditors.

Examiner's Report

The question tested candidates' knowledge on the advantages and shortcomings of computerised accounting systems. The part (b) of the question tested candidates' ability to observe differences between a Partnership and Limited Liability Companies. About 95% of the candidates attempted the question and their performance was good. Candidates' challenge was observed in the part b (i) of the question whereby majority of them could not state the shortcomings of a computerised accounting systems. Candidates are advised to read wide for the future Institute's examination.

INSIGHT

SOLUTION 2

- (a) **Cash Discount:** .This is an amount allowed to a customer so that he can pay promptly. It is often calculated as a percentage of the invoice value of the goods and the customer is required to settle his account within a specified period of time, otherwise, he will not be entitled to claim the allowance. If he pays in time, he takes off the discount from the invoice value and remits the net amount. If he pays after the specified period of time, he has to pay, the full value of the invoice.

INSIGHT

(b)

Doe

Three column Cashbook for the month of December, 2018

Date	Particular	Disc. Allow	Cash	Bank	Date	Particular	Disc Rec	Cash	Bank
2018		L\$	L\$	L\$	2018		L\$	L\$	L\$
1-Dec	Balance b/f		20,000	244,000	2 Dec	Paid to Nana	1,000		21,000
10 Dec	Sales		156,000		5 Dec	Purchases		96,000	170,000
12 Dec	Cash (c)			112,000	12 Dec	Bank (c)		112,000	
15 Dec	Rec. from Kofi			130,000	23 Dec	Bank (c)		130,000	
18 Dec	Rec. from Nene	600		13,000	28 Dec	Cash (c)			40,000
23 Dec	Cash (c)			130,000	29 Dec	Paid to Mensah	2,000		28,000
26 Dec	Sales		80,000	20,000	30 Dec	Cash (c)			50,000
28 Dec	Bank (c)		40,000		31 Dec	Balance c/d		55,000	340,000
29 Dec	Rec. form Joe	3,000	47,000						
30 Dec	Bank (c)		50,000						
		<u>3,600</u>	<u>393,000</u>	<u>649,000</u>			<u>3,000</u>	<u>393,000</u>	<u>649,000</u>
1 Jan	Balance b/d		55,000	340,000					

ATSWA PART I MARCH 2019 DIET

INSIGHT

Examiner's Report

The question tested candidates' knowledge in the preparation of a three-column cash book and the explanation of the concept 'cash discount'.

About 90% of the candidates attempted the question and performance was above average.

Candidates' major pitfall was their inability to explain the term cash discount and poor presentation of the cash book.

Candidates are advised to cover the examination syllabus very well before sitting for the Institute's examinations.

SOLUTION 3

(a) Suspense account is an account in which the net difference in the trial balance is recorded pending the location and correction of the errors causing the difference.

(b) Obang Enterprises

Journal Entries on 31 December, 2016

	DR	CR
	₦	₦
i Suspense Account	1,800	
To payables Account		1,800
Being entry in respect of omitted receivable balance		
Ii Furniture Account	14,400	
Repairs		14,400
Being correction of the purchase of furniture earlier credited to repairs account		
Iii Suspense Account	\$8,750	
Cash Account		\$8,750
Being correction of the undercast of cash book		

ATSWA PART I MARCH 2019 DIET

INSIGHT

	payment		
Iv	Suspense Account	5,400	
	Sales Account		5,400
	Being correction of wrong amount c/f on one page of the sales Day Book		
V	Suspense Account	6,300	
	Receivables Account		6,300
	Being correction of posting a debit note to the page of the sales Day Book		
Vi	Cash Account	7,800	
	Suspense Account		7,800
	Being entry of recovered debt omitted from cash account		

ii.

Suspense Account

	GH ₵		GH ₵
Trade payables	1,800	Balance b/d	14,450
Cash	8,750	Cash	7,800
Sales	5,400		
Trade receivables	<u>6,300</u>		
	<u>22,250</u>		<u>22,250</u>

INSIGHT

Examiner's Report

The question tested candidates' knowledge on the term suspense account and how to correct errors through journal entries and the suspense account.

About 50% of the candidates attempted the question and performance was average.

Candidates' major challenge was their inability to journalise correctly. They are advised to practice very well for the future Institute's examinations.

SOLUTION 4

- (a) These are schemes which are used by employers to reward exceptional performance of employees. Bonuses are paid in addition to the normal earnings mentioned above. Such incentives vary from one company to the other. The main purpose of providing these incentives is to encourage workers to produce their best for the company.

Advantages of Rowan type of bonus schemes

1. Just like Halsey plan, it provides guaranteed minimum wages to workers.
2. It protects the employers against loose rate setting.
3. It pays a higher bonus than that under the Halsey plan up to 50% of the standard time saved.
4. The worker is not induced to rush through the work, if time saved is more than 50% of the standard time, the bonus increases at a decreasing rate.
5. It provides good incentives for comparatively slow workers and beginners.

(b) **The Petty Cash Book**

The petty cash book is used for recording expenses of a smaller size than those recorded in the main cash book. The petty cash book is usually operated on the imprest system in which cash float is maintained. The cash float is reimbursed by the amount spent at the end of a specific period.

INSIGHT

The only source of cash inflows to the petty cash is the imprest. The expenses are spread on various items which are separately analyzed. At the end of specific periods, the columns are added and posted to the debit side of the ledger accounts to which they relate.

Control over Petty Cash Imprest

- A petty cash voucher must be filled and approved before the disbursement of any expenditure.
- The petty cash voucher must show the date, the amount paid and the purpose of the expenditure
- The petty cash voucher must be signed by the person who approved the payment.
- The petty cash voucher must be signed by the person receiving the money.
- A surprise count of the imprest should be done occasionally so that the fund can be kept against fraud or misappropriation.

Examiner's Report

The question tested candidates' knowledge on the meaning of "bonus scheme" and its advantages. Part (b) of the question tested their understanding of petty cash book with control steps to be put in place over the petty cash book.

About 50% of the candidates attempted the question and the performance was below average.

Candidates' major pitfall was their poor knowledge in this area of the syllabus. They are advised to cover the Institute's Study Text very well for the future examinations.

INSIGHT

SOLUTION 5

Koffi Social Club

Statement of Affairs as at January 1, 2018

Assets		GH¢ '000
GH¢ '000		
Club House		180,340
Office Equipment		126,400
Subscriptions in Arrears		120
Cash		<u>60,000</u>
Liabilities		366,860
Accrued wages	28	
Subsc in adv.	180	<u>208</u>
Accumulated Funds		<u>366,652</u>

INSIGHT

Koffi Social Club
Income and Expenditure Account for the year ended 31 December,
2016

	GH¢'000	GH¢'000
Income		
Subscriptions (Wk 1)		19,173
Receipt from dance		28,000
Receipt from Gala Night		30,000
Donations		<u>6,600</u>
Total Incomes		83,773
Expenditure		
Dance and socials	12,000	
Rent	27,000	
Insurance	8,400	
Office Expenses	2,900	
Electricity (Wk2)	4,621	
Stationery	5,000	
Wages (Wk 3)	16,820	
Depreciation of club house (10% x 180,340)	<u>18,034</u>	
Total Expenditure	-	<u>(94,775)</u>
Excess of Income over expenditure		<u>(11,002)</u>

Working Notes

Wk 1 :

Subscription account

	GH¢'000		GH'¢'000
Subscription in arrears b/f	120	Subscription in advance b/f	180
Income & Exp. (Bal. Fig)	19,173	Receipt and Payment	<u>19,200</u>
Subscription in advance c/f	<u>87</u>		

ATSWA PART I MARCH 2019 DIET

INSIGHT

Wk 2:	Wages Account		
	GH¢ '000		¢ 000
Receipt and payment	16,800	Accrued b/f	28
Accrued c/d	<u>48</u>	Income & Exp. (Bal.Fig)	<u>16,820</u>
	<u>16,848</u>		<u>16,848</u>

Wk 3: Electricity Account

	GH¢ '000		GH¢ '000
Receipt and payment	4,700	Income & Exp. (Bal. Fig)	4,621
	<u>4,700</u>		<u>79</u>
	<u>4,700</u>		<u>4,700</u>

Examiner's Report

The question tested candidates' knowledge on the preparation of Not-for-Profit organizations; statement to compute its accumulated fund as at the beginning and its income and expenditure account of the club. About 50% of the candidates attempted the question and the performance was below average.

Candidates' major pitfall was their poor understanding of the basic requirements of the question, Candidates are advised to prepare very well for the future Institute examinations

SOLUTION 6

- (a) A professional accountant performs various types of work for an entity either as an employee or as a consultant. For instance, members of the Institute of Chartered Accountants of Nigeria (ICAN) are classified into two broad categories; members in public practice and members not in public practice.

Members in Public Practice

INSIGHT

These are accountants working in accounting firms which offer a variety of accounting services to their clients. Their principal functions are:

- i. **Auditing:** They examine the books and records of the entities, obtain reliable, relevant and sufficient audit evidence and then issue a report on the true and fair view of the financial statements. The report issued by the auditor enables users to rely on the financial statements.
- ii. **Tax Services:** They engage in tax planning for entities or individuals with a view to minimizing their tax payable. Their services are also engaged by government in the investigation of the adequacy of tax paid by entities and individuals.
- iii. **Management advisory services:** Firms rely on the extensive knowledge of accountants to provide a range of management consulting services. They could render advice in the area of mergers and acquisition as well as give advice on whether an entity should enter a new line of business or divest. They could also offer advice on asset replacement policy, the best Computer based accounting system to adopt, setting up and operating the accounting system, etc.
- iv. **Insolvency Services:** They could act as receiver manager in the process of winding up of entities.
- v. **Investigation Services:** They investigate fraud or any other matter for which investigation services are required, including the use of forensic accounting.

Members not in Public Practice

These are accountants in the employment of government ministries and parastatals or in private entities. Their main functions include the following:

- i. They prepare the financial statements and the annual reports of the entity on behalf of the management.
- ii. They provide relevant management accounting information for decision making.
- iii. They set up and run efficient systems of accounting and internal control.

INSIGHT

- iv. They act as treasury managers.
- v. They function as treasury and financial managers

(b) Accounting concepts and conventions

Accounting concepts: These are said to be the broad basic assumptions used in preparing the periodic financial accounts of a business. It can be defined as those sets of rules and regulations guiding the way and manner in which financial transactions of an entity are to be recorded, analysed and interpreted to the management and other users for the purpose of making an economic decision.

Accounting conventions: These are generally accepted approaches to the application of the concepts. They are those set of rules and regulations guiding the way and manner in which conflicts arising as a result of the application of two or more accounting concepts are to be resolved.

The importance of going concern concept

Unless otherwise stated, it is always assumed that a business entity will continue in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation or curtailing significantly the scale of its operation.

Concern concept:

The going concern concept will help investors, payables, employees, customers and other stakeholders to determine the extent to which they want to continue to patronize the business.

- The going concern concept may be more justified in a limited liability company where the death or withdrawal of any member (shareholder) may not affect its scale of operation.
- Assets and liabilities of a going concern entity are generally valued on historical cost basis, or fair value basis.
- It is assumed that the entity has neither the intention nor the necessity of liquidation or curtailing significantly the scale of its operation.

INSIGHT

Examiners' Report

The question tested candidates' knowledge on services provided by a Professional Accountant. The part (b) of the question tested their knowledge on accounting concepts and conventions.

About 75% of the candidates attempted the question and performance was below average. Candidates' major pitfall was their complete poor knowledge of the requirements of the question. Candidates are advised to prepare very well for the future Institute examinations.

INSIGHT

AT/191/PI.2

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2019**

ECONOMICS

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (30 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. The fundamental economic problem of how to produce is concerned with
 - A. Profit maximisation
 - B. Cost-effective technology
 - C. Welfare maximisation
 - D. Sustainable economic growth
 - E. Effective distribution of goods and services

2. Which of the following is NOT a determinant of the type of economic system under which a country operates?
 - A. The nature of the relationship between the individual and the society
 - B. The economic agent dictating the direction of economic activity
 - C. The extent of intervention of foreign government in the economy
 - D. The role of government in the allocation of resources
 - E. The mechanism by which resources are allocated

3. The functional relationship between quantities of inputs and outputs is expressed by a
 - A. Demand function
 - B. Production function
 - C. Supply function
 - D. Consumption function
 - E. Total cost function

ATSWA PART I MARCH 2019 DIET

INSIGHT

4. Which of the following do **NOT** justify government participation in business activities?
- A. To promote efficient allocation of resources
 - B. To provide large capital required
 - C. To promote national security
 - D. To provide social services
 - E. To reduce exploitation by private business
5. If the average cost (AC) of producing commodity X is ₦20 and the total cost is ₦100, the quantity of X is
- A. 120
 - B. 80
 - C. 50
 - D. 10
 - E. 5
6. If a production process is represented by $Q=f(L,K)$, where Q = output, L and K are labour and capital inputs respectively, the marginal rate of technical substitution ($MRTS_{L,K}$) between L and K is
- A. $MRTS_{LK} = MP_L/MP_K$
 - B. $MRTS_{LK} = MP_L/AP_K$
 - C. $MRTS_{LK} = MP_L/MP_L$
 - D. $MRTS_{LK} = AP_L/MPL$
 - E. $MRTS_{LK} = AP_L/MP_L$
7. Which economic concept explains why a large drug chain can produce at a lower average cost than single-scale individually owned drug store?
- A. Diseconomies of scale
 - B. Constant returns to scale
 - C. Diminishing marginal returns
 - D. Economies of scale
 - E. Scale of preference
8. A supply curve that is a vertical straight line has a price elasticity that is
- A. Zero
 - B. More than zero but less than one
 - C. One
 - D. Greater than one
 - E. Negative

INSIGHT

9. A price set above the equilibrium price will lead to
- A. Excess demand
 - B. Excess supply
 - C. Market shortage
 - D. Market equilibrium
 - E. Shortage supply
10. Which of the following illustrates consumer's constraint?
- A. Total utility curve
 - B. Demand curve
 - C. Budget line
 - D. Indifference curve
 - E. Indifference map
11. The functional relationship between demand and all factors affecting it is expressed by a
- A. Supply function
 - B. Consumption function
 - C. Demand function
 - D. Revenue function
 - E. Production function
12. The demand curve facing the monopolist will be downward sloping implying that
- A. More can be sold at a lower price
 - B. Less will be sold at a lower price
 - C. A change in price has no effect on sales
 - D. More or less can be sold at a higher price
 - E. More or less can be sold at a lower price
13. The market structure characterised by a large number of firms producing homogenous products is called
- A. Perfect competition
 - B. Monopolistic competition
 - C. Oligopoly
 - D. Monopoly
 - E. Duopoly

INSIGHT

14. A discriminating monopolist charges a higher price in the market where
- A. Demand elasticity exceeds unity
 - B. Supply elasticity exceeds unity
 - C. Agents have perfect information
 - D. Marginal revenue is low
 - E. Demand elasticity is fairly inelastic
15. Which of the following countries is **NOT** a member of the Organisation of Petroleum Exporting Countries (OPEC)?
- A. Venezuela
 - B. Gabon
 - C. Ghana
 - D. Algeria
 - E. Nigeria
16. Which of the following is **NOT** an example of indirect taxes?
- A. Export duty
 - B. Import duty
 - C. Value Added Tax
 - D. Excise duty
 - E. Personal Income Tax
17. A tax that takes higher percentage of income as income falls is a/an
- A. Lump sum tax
 - B. Progressive tax
 - C. Regressive tax
 - D. Proportional tax
 - E. Indirect tax
18. Which of the under-listed will be appropriate for curbing inflation?
- A. Deficit budget
 - B. Balance budget
 - C. Surplus budget
 - D. Supplementary budget
 - E. Zero-based budget
19. Which of the following serves as a lender of last resort?
- A. Commercial banks

INSIGHT

- B. Central bank
 - C. Development banks
 - D. Security and Exchange Commission
 - E. Stock Exchange
20. Fiduciary issue means money
- A. Not backed by diamonds
 - B. Backed by silver
 - C. Not backed by gold
 - D. Backed by diamonds
 - E. Backed by gold
21. The total stock of money available for use in an economy is
- A. A function of money
 - B. A characteristic of money
 - C. The demand for money
 - D. The supply of money
 - E. Distinction of money
22. When a country's net factor income from abroad is added to the Gross Domestic Product (GDP), the value obtained is
- A. Gross National Product (GNP)
 - B. Net National Product (NNP)
 - C. Net Domestic Product (NDP)
 - D. Personal Disposal Income (PDI)
 - E. Per Capita-income (PCI)

Use the following information to answer Questions 23 and 24

Items	₦ billion
Income of Nigerians living in Nigeria	250
Income of foreigners in Nigeria	400
Income of Nigerians abroad	350

23. The value of the Net Factor Income from abroad is
- A. - ₦150 billion
 - B. - ₦100 billion
 - C. - ₦50 billion
 - D. ₦50 billion
 - E. ₦150 billion

INSIGHT

24. The value of the Gross National Product is
- A. ₦700 billion
 - B. ₦650 billion
 - C. ₦600 billion
 - D. ₦550 billion
 - E. ₦500 billion
25. The level of economic development is low in West African countries because
- A. Planning has no practical relevance
 - B. Pattern of consumer spending is low
 - C. The countries have large population size
 - D. Implementation of plan is ineffective
 - E. There is a unique planning model
26. Which of the following is **NOT** a measure of economic development?
- A. Per capita-income
 - B. Life expectancy
 - C. Literacy rate
 - D. Infant mortality
 - E. Corruption Index
27. A fall in the prices of exports while the prices of imports remain constant will
- A. Worsen the balance of payments position
 - B. Reduce the gross national product
 - C. Improve the terms of trade
 - D. Improve capital account balance
 - E. Reduce net exports value
28. Ghana's currency (Cedis) is obtainable in Nigeria from which of the following market?
- A. Money market
 - B. Commodity market
 - C. Bond market
 - D. Foreign exchange market
 - E. Fiduciary market

INSIGHT

29. To eliminate balance of payments deficit, the exchange control measure is meant to
 - A. Reduce external debt
 - B. Reduce import value
 - C. Reduce foreign reserves
 - D. Reduce export volume
 - E. Promote currency appreciation

30. Which of the following can be adopted to solve the problem of unemployment?
 - A. Upward review of reserve requirement
 - B. Lowering credit earnings
 - C. Reduction in the bank lending rate
 - D. Purchase of government securities
 - E. Call for special deposit

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS IN THIS SECTION

Write the correct answer that best completes each of the following questions/statements:

1. The sacrifice of alternative uses of scarce resources when a choice is made is referred to as.....

2. The difference between total revenue and explicit cost of production is called.....

3. The ratio of total variable cost to the quantity of output produced gives the

4. Cost of production which varies directly with level of output is called.....

5. The different combinations of two goods that can be bought with a given income and the prices of two goods is illustrated with.....

6. The supply of palm oil and palm kernel is known as.....

INSIGHT

7. If demand for a product is perfectly price inelastic, the burden of tax on such a product will be borne by the
8. The most important factor determining the levels of savings and consumption is.....
9. In National Income equilibrium determination, the components of aggregate demand that increase planned expenditure such as Investment (I), Government expenditure (G) and Export (X), is called.....
10. Economic growth accompanied by significant improvements in the living conditions of the people is called.....
11. Open market operations is one of the instruments ofpolicy?
12. The deliberate manipulation of taxes and spending by the government to influence aggregate demand is known as.....
13. A market structure that is characterised by a single buyer is known as
14. Demand for money against unpredictable or an emergency occurrence is called.....
15. The market structure in which the firm is also the industry is known as.....
16. The international financial institution established with objectives that include promotion of exchange rate stability and assisting member countries with balance of payments problem is.....
17. A group of firms that enter into agreement to regulate output and prices so as to make profit is called
18. The ratio of the price index of a country's exports to price index of imports is called.....
19. Inflation resulting from increase in the prices of production inputs is classified as.....
20. Unemployment associated with fluctuations in economic activities is called.....

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS IN THIS SECTION (50 Marks)

PART 1 MICROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 1

- a. Explain briefly the difference between
- Microeconomics and Macroeconomics
 - Positive economics and Normative economics (8 Marks)
- b. Explain with illustrative examples what economists meant by
- Ceteris paribus
 - Direct Relationship
 - Inverse Relationship (4¹/₂ Marks)
- (Total 12¹/₂ Marks)**

QUESTION 2

- a. Explain the following concepts of price elasticity:
- Perfectly inelastic demand
 - Unitary elastic demand (5¹/₂ Marks)
- b. Explain with the aid of appropriate diagrams the incidence of tax imposed on a commodity for which demand is
- Perfectly price inelastic
 - Unit price elastic (7 Marks)
- (Total 12¹/₂ Marks)**

QUESTION 3

- a. Distinguish clearly between private limited liability company and public limited liability company. (5 Marks)
- b. Write short notes on each of the following concepts:
- Privatisation
 - Commercialisation
 - Nationalisation (7¹/₂ Marks)
- (Total 12¹/₂ Marks)**

INSIGHT

PART II

MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

- a. i. What is Inflation?
ii. Differentiate between creeping inflation and hyper-inflation. (4¹/₂ Marks)
- b. Explain briefly the specific effects of inflation on
- i. Fixed income earners
ii. Business profits
iii. Lenders and borrowers
iv. Foreign trade (8 Marks)

(Total 12¹/₂ Marks)

QUESTION 5

- a. Explain briefly the use of government expenditure and taxation as instruments of fiscal policy. (4¹/₂ Marks)
- b. State **FOUR** reasons why government expenditure has been on the increase in West Africa over the years. (8 Marks)

(Total 12¹/₂ Marks)

QUESTION 6

- a. State **FIVE** objectives of Organisation of Petroleum Exporting Countries (OPEC). (5 Marks)
- b. Explain briefly **THREE** problems militating against OPEC from achieving its objectives. (7¹/₂ Marks)

(Total 12¹/₂ Marks)

INSIGHT

SECTION A

PART 1 MULTIPLE-CHOICE QUESTIONS

1. B
2. C
3. B
4. A
5. E
6. A
7. D
8. A
9. B
10. C
11. C
12. A
13. A
14. E
15. C
16. E
17. C
18. C
19. B
20. C
21. D

ATSWA PART I MARCH 2019 DIET

INSIGHT

- 22. A
- 23. C
- 24. C
- 25. D
- 26. E
- 27. E
- 28. D
- 29. B
- 30. C

EXAMINER'S COMMENTS

The questions in this part were drawn from virtually all the topics of the syllabus. In compliance with the given instructions, all the candidates attempted these questions while about 62% scored not less than 50% of the total marks for this part. A good coverage of the entire syllabus is the only way to posting a good performance in this part.

PART II SHORT-ANSWER QUESTIONS

- 1. Opportunity cost/Real cost
- 2. Accounting profit
- 3. Average variable cost
- 4. Variable cost/Total variable cost
- 5. Budget line
- 6. Joint supply
- 7. Consumer alone
- 8. National income

INSIGHT

9. Injections
10. Economic development
11. Monetary
12. Fiscal policy
13. Monopsony
14. Precautionary motive
15. Monopoly
16. International Monetary Fund (IMF)
17. Cartel
18. Terms of trade
19. Cost-push inflation
20. Cyclical unemployment

EXAMINER'S COMMENTS

This part is also compulsory for the candidates and all of them attempted the questions. As expected, the questions were drawn from the two branches of economics; microeconomics and macroeconomics following the relative weighting of the topics as provided in the syllabus.

About 43% of the candidates scored pass marks. Similarly, to score well in this part requires that candidates have good knowledge of all the topics in the syllabus.

SECTION B

SOLUTION 1

- a (i) The study of economics is generally separated into two major areas; Microeconomics and Macroeconomics.

Microeconomics is concerned with the behaviour of individual consumers and firms and how individual markets and industries

INSIGHT

are organized. It studies economics in a smaller unit. Specifically, it examines how relative prices are determined and how resources are allocated to the production of goods and services, how prices are determined and how efficiently the resources are utilized.

Macroeconomics is the study of the economy as a whole. The emphasis is on aggregate economic variables such as the level of employment, total output and income, etc. Thus, macroeconomics explores the problems of inflation, external disequilibrium, growth and general poverty, among others, in the macro economy.

- (ii) Economic analysis can be divided into positive economics and normative economics.

Positive economics is concerned with describing and analysing the way things are or things will be if certain conditions exist. It is a statement of facts. It is an objective science which provides explanation of the working of the economic system.

Normative economics is concerned with what ought to be or should be with respect to how economic problems should be solved. It is a value judgement, and subjective, thus, it deals with those areas of human economic behaviour in which personal value judgements are made. Example of normative statement can be like this; *money supply should be reduced to lower inflation in the economy.*

- b (i) **Ceteris paribus** is a latin phrase meaning ‘other things being equal’. Since human behaviour cannot be predicted, it is important to state the underlying assumptions clearly. Adding the phrase ‘ceteris paribus’ to the state of economic law is to indicate the law of valid to the extent that other influencing factors remain unchanged. Example is the *law of demand ceteris paribus*, the lower the price, the greater the quantity demanded.
- (ii) **Direct relationship** exists between two variables if they move in the same direction. For example, price and the quantity supplied by the firm. In supply, other things being equal, the higher the price, the greater the quantity supplied.
- (iii) **Inverse relationship** exists between two variables when they are moving in opposite direction. A good example is the *law of demand*. All things being equal, the higher the price, the lower the quantity demanded.

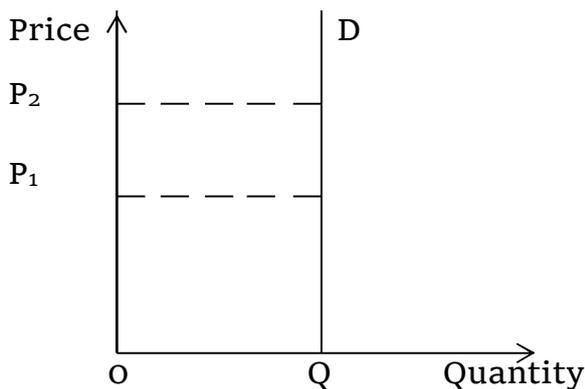
INSIGHT

EXAMINER'S COMMENTS

This question is on the nature and scope of economics and some of the terms that constitute the language of modern economics. About 77% of the candidates attempted the question recording a dismal performance of about 30% success rate. The funniest thing was that most of the candidates wrongly interpreted the popular Latin phrase 'ceteris paribus' as meaning 'all things being equal' as against the correct interpretation of 'all others things being equal'. It is very important that candidates are well grounded in the nature and scope of modern economics and the language of economics.

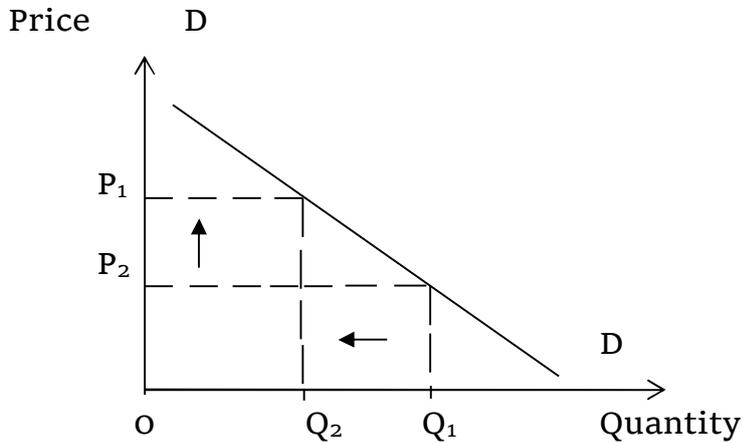
SOLUTION 2

a (i) **Perfectly Inelastic Demand:** This occurs when a change in the price of a commodity leaves the quantity demanded unchanged. This is the case for a good of necessity. The demand curve is vertical and the price elasticity of demand coefficient is zero. See the diagram below:

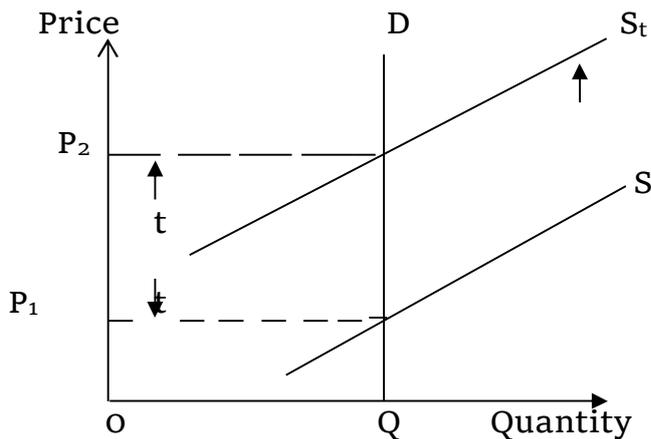


INSIGHT

- (ii) **Unitary elastic demand:** Demand for a commodity is unit price elastic if a given change in price leads to a proportionate change in quantity demanded. Price elasticity of demand coefficient is equal to 1 (unity). This is illustrated in the following diagram;

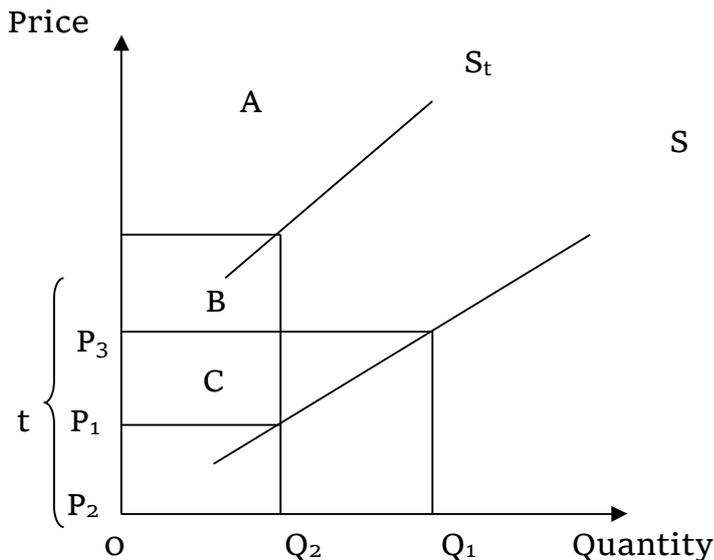


- b (i) **Incidence of tax for *Perfectly Price Inelastic Demand*.** If demand for a good is perfectly price inelastic, there is no amount of tax or price increase that will affect quantity demanded. The good is a necessity; therefore, the consumer bears the entire burden of tax. As illustrated in the following diagram, the new price (P_2) = $P_1 + t$.



INSIGHT

- (ii) **Incidence of tax:** Unit Price Elastic Demand. If demand for a good is unit price elastic, consumers respond proportionately to the increase in price resulting from tax imposed. Therefore, the burden of tax is shared equally between the seller (producer) and the buyer (the consumer). This is illustrated in the following diagram. Tax (t) is shared equally between the buyers and the sellers.



EXAMINER'S COMMENTS

This question explores the concept of price elasticity of demand and its specific application to government microeconomic tax policy of 'incidence of tax'. About 36% of the candidates attempted the question. The inability of about 70% of the candidates to draw the appropriate diagrams to support their discussions of incidence of tax resulted in the loss of vital marks. Thus, the success rate is about 28%.

SOLUTION 3

- a. There are two types of joint-stock companies: Private limited Liability Company and Public Limited Liability Company.

A **private limited liability company** is small in size with membership ranging between two (2) and fifty (50). The minimum number of shareholders a private limited liability company can have is two and a maximum number of fifty. It has smaller capital shareholders when compared with a public limited liability

INSIGHT

company. The company does not sell shares to the public to raise capital but members contribute their funds for the business shares. On the other hand, a **public limited liability company** possesses a larger capital as compared to a private joint-stock company through the sale of shares to the general public. It has a membership of seven (7) and above. And shareholders can freely transfer or sell their shares.

- b.(i) **Privatisation:** This can be defined as the process of transferring ownership and control of publicly owned enterprises from government (public sector) to private individuals and companies (private sector).

Privatisation can take any of the following forms:

- **Share issue privatisation:** This involves selling shares of the enterprise to private individuals and businesses on the stock market.
- **Voucher privatisation:** This entails distributing shares of ownership of the enterprise to citizens usually for free or at any low price.
- **Asset sale privatisation:** This involves selling the entire enterprise or a substantial part of it to strategic investor, usually by auction.

The choice of privatisation method is influenced by capital market, political and enterprise-specific factors.

- ii. **Commercialization:** This is the process of reorganizing a public enterprise to make it self-sustaining and self-accounting instead of depending on the government subventions and subsidies for its survival and operation. Such reorganized enterprises are not subsidized by government and product pricing is achieved by market forces.

The primary goal of commercialization is to promote efficient use of public resources as well as improving quality of service delivery, especially in areas that are critical to the growth of the economy and poverty reduction.

- iii. **Nationalisation:** This refers to a process whereby the government assumes the exclusive ownership and control of a firm or an industry. In most developing countries, the term is used to refer to transfer of ownership and control of an industry from the private sector to the public sector. In the later case, nationalization is direct opposite of privatization. Nationalization enables the government to fast track national economic development.

INSIGHT

EXAMINER'S COMMENTS

This question tested the candidates' understanding of the forms of business organisation as well as some government policies affecting ownership, control and restructuring of businesses. The question was relatively popular among the candidates because it was attempted by about 88% of them.

However, only about 20% of the candidates scored up to half of the marks allocated to the question.

SOLUTION 4

a (i) **Inflation** is defined as a persistent increase in the general price level of goods and services over a period of time. The inflation rate is measured as a percentage change in a price index, such as Consumer Price Index (CPI). During the period of inflation, there is a continuous fall in the purchasing power of money. That is, the higher the price level, the lower the value of money.

ii. **Creeping inflation:** This is an inflationary situation, whereby the inflation rate is low, much less than 10 percent. The inflation rate increases gradually, but over time (over a period of time).

Hyper-inflation: This refers to inflation which has gone out of hand. That is a persistently high increase in the price level. In other word, hyper-inflation occurs when there is a significant increase in the money supply not supported by Gross Domestic Product (GDP) growth which results in an imbalance in the supply and demand for money. If left unchecked, it causes prices to increase as the currency loses its value.

b. **Effects of Inflation**

i. **Fixed income earners:** Those on fixed incomes or assets lose during inflation. For instance, people living on pensions or social security tend to suffer during inflation as their real income shrinks (reduces).

ii. **Business profits:** Profits increases when the inflation is of demand-pull type and decline when the inflation is cost-push type. During the period of demand pull inflation, the prices of final goods and services tend to be more flexible in an upward direction than many other prices.

iii. **Lenders and Borrowers:** Inflation tends to encourage borrowing and discourage lending. For instance, what is borrowed today may

INSIGHT

not be equal in value when it is being paid back in the future. This is true only when nominal interest rate is fixed or rises at a lower pace than inflation.

- iv. **Foreign Trade:** Rising domestic prices can hurt exports. If domestic prices are rising faster than the rest of the world prices, exports will fall and imports will tend to increase and this will invariably affect our net exports and may have devastating balance of payments implications.

EXAMINER'S COMMENTS

This is a straightforward question on the macroeconomic problem of inflation and some of its effects. About 86% of the candidates attempted this question while the success rate is about 12%. This performance outcome was as a result of the fact that about 88% of the candidates had no knowledge of the effects of inflation which was tested in part (b) and which attracts about 68% of the entire marks allocated to the question.

SOLUTION 5

- a. **Government expenditure** refers to government spending in the performance of her responsibilities. **Government tax** is a compulsory levy payable by individuals and business organisations to the government without receiving any definite corresponding service or good directly in return from the government. These two fiscal instruments are used to address economic problems. For instance, government may address the problem of high inflation by reducing spending and increasing tax rate. Likewise, government spending will increase, while tax rate will be reduced when a country is facing the problem of unemployment.
- b. Government spending have been on the increase in West Africa because of the following reason:
- i. **Increasing population:** As the population increases, there are many more people requiring government-supplied amenities such as schools, hospital, recreational facilities, and so on.
- ii. **Inflation:** Government expenditure usually exhibits a rising trend because of rising price level overtime.
- iii. **Public debt servicing:** The servicing of both domestic and external public debts requires large payments of interest and principal as they fall due.

INSIGHT

- iv. **Changing political and bureaucratic structure:** Political instability and bureaucracy in West Africa are the major factors for upsurge in public expenditure on administration and governance.

EXAMINER'S COMMENTS

This is a public finance question on government expenditure, taxation and fiscal policy. About 75% of the candidates attempted the question, while the success rate was about 10%. Since the question was not ambiguous, one could only conclude that the candidates did not prepare well for this paper.

SOLUTION 6

- a. The objectives of Organization of Petroleum Exporting Countries (OPEC) are:
- i. To promote oil price stability in international market through periodic review of members oil-export volume.
 - ii. To coordinate and unify the petroleum policies of member countries and determine the best means of safeguarding their interest individually and collectively.
 - iii. To provide an efficient economic and regular supply of petroleum to consuming nations.
 - iv. To guarantee a fair return on capital to those individuals and corporate bodies investing in the petroleum industry.
 - v. To provide financial assistance to poor in non-oil producing countries so as to close the gap between the rich and the poor nations.
- b. The problem of OPEC includes:
- i. Non-compliance of members to the export quota dictated by OPEC leading to over population and decline in prices and their revenues.
 - ii. The production and market strategies of independent non-OPEC oil exporting countries have always tended to undermine OPEC's resolutions.
 - iii. Economic diversity of member countries. The different characteristics of the member countries require the different development needs that might affect the resolutions of OPEC.

INSIGHT

- iv. Price instability results in oil revenue volatility which affects long term planning and budgeting challenges in member countries. It also complicates the efforts to deal with balance of payments problems.

EXAMINER'S COMMENTS

This question on Organisation of Petroleum Exporting Countries (OPEC) was straightforward. About 34% of the candidates attempted the question and only about 8% of them scored pass marks.

Candidates are advised to attach importance to all the topics in the syllabus.

INSIGHT

AT/191/PI.3

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2019**

BUSINESS LAW

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (30 Marks)

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. The law enacted by the Local Government is
 - A. Edict
 - B. Law
 - C. Decree
 - D. Bye-law
 - E. Act

2. Laws contained in the judgements of the courts are
 - A. Judicial precedents
 - B. Constitution
 - C. Bye-laws
 - D. English law
 - E. Customary law

3. The parties in industrial dispute who are not satisfied with the decision of the National Industrial Court appeal to
 - A. Federal High Court
 - B. Supreme Court
 - C. Court of Appeal
 - D. Tribunal Court of Appeal
 - E. Jurisdiction Court of Appeal

ATSWA PART I MARCH 2019 DIET

INSIGHT

4. Which of the following is **NOT** correct of criminal law?
- A. It protects the society
 - B. It acts as a deterrent
 - C. It punishes criminal conduct
 - D. It reforms the citizens
 - E. It awards damages to the victim
5. A wrongful action in tort will **NOT** be redressed unless it amounts to a legal
- A. Injury
 - B. Suit
 - C. Case
 - D. Action
 - E. Sentence
6. Contract made 'subject to contract' means that the parties have
- A. No subject matter
 - B. Agreed on the subject matter
 - C. Not agreed on the subject matter
 - D. Not agreed to be bound by it
 - E. Agreed to ignore it
7. In an auction sale, request for bids is called
- A. An offer
 - B. A proposal
 - C. An acceptance
 - D. An accepted bid
 - E. An invitation to treat
8. A term of lesser importance in contract is a
- A. Condition
 - B. Warranty
 - C. Standard term
 - D. Condition subject
 - E. Service condition
9. Which of the following is **NOT** a voidable contract?
- A. Contract with a minor
 - B. Contract with an insane person

INSIGHT

- C. Contract with an entrepreneur
 - D. Contract with person of unsound mind
 - E. Contract with a drunkard
10. Parties to a contract may be discharged from their obligations through the following, **EXCEPT**
- A. Death
 - B. Frustration
 - C. Performance
 - D. Consideration
 - E. Agreement
11. Which of the following is **NOT** a remedy in contract?
- A. Injunction
 - B. Punishment
 - C. Rescission
 - D. Rectification
 - E. Action for price
12. Which of the following is **NOT** a duty of an agent to his principal?
- A. To obey the instruction of the principal
 - B. To exercise due care
 - C. To act in good faith
 - D. To indemnify his principal
 - E. To act personally
13. Which of the following is **NOT** a type of an agent's authority?
- A. Actual authority
 - B. Usual authority
 - C. Unusual authority
 - D. Apparent authority
 - E. Implied authority
14. A sale by description occurs, where the
- A. Buyer contracts by relying on a description by seller
 - B. Seller contracts by relying on a description by buyer
 - C. Buyer contracts by relying on physical inspection
 - D. Buyer contracts by relying on advertisement by a third party
 - E. Seller contracts by relying on description of a third party

INSIGHT

15. Which of the following **CANNOT** be sold under the Sale of Goods Act?
- A. Land
 - B. Petrol
 - C. Vehicle
 - D. Furniture
 - E. Cloth
16. Which of the following is **NOT** a characteristic of hire purchase?
- A. The agreement is in writing
 - B. The payment is in instalments
 - C. The owner retains title
 - D. The goods are in possession of hirer
 - E. The hirer renders accounts to the owner
17. Any term in hire purchase agreement that entitles the owner to enter the premises of the hirer to repossess the goods is
- A. Void
 - B. Voidable
 - C. Misrepresentation
 - D. Mistake
 - E. Undue influence
18. The statutory age for a person to enter into contract of employment must **NOT** be below
- A. 16
 - B. 18
 - C. 21
 - D. 25
 - E. 26
19. Which of the following is **NOT** an essential element of a contract of insurance?
- A. An agreement through offer and acceptance
 - B. Payment of premium
 - C. Intention to create legal relations
 - D. Capacity
 - E. Interest in the company

INSIGHT

20. The main purpose of going into partnership is to
- A. Make friends
 - B. Make profit
 - C. Make contact
 - D. Join chamber of commerce
 - E. Make discoveries
21. Management powers in a partnership belong to the
- A. Limited partners
 - B. Sleeping partners
 - C. Dormant partners
 - D. Special partners
 - E. General partners
22. The class of shares that carries the greatest risk in a limited liability company is
- A. Preference shares
 - B. Ordinary shares
 - C. Directors shares
 - D. Founders shares
 - E. Deferred shares
23. The ability of a company to remain in existence forever is
- A. Limitation of liabilities
 - B. Capacity to sue and be sued
 - C. Ownership of properties
 - D. Protection of members rights
 - E. Perpetual succession
24. A written acknowledgement of the indebtedness of a company setting out the terms and conditions of a loan is called
- A. Debentures
 - B. Shares
 - C. Share certificates
 - D. Directors acknowledgement
 - E. Secretary's minutes of meetings

INSIGHT

25. A sole proprietorship is a/an
- A. Incorporated business
 - B. Limited liability business
 - C. Corporate business
 - D. One-man business
 - E. Co-operative business
26. Which of the following is **NOT** a function of a commercial bank
- A. Granting of loan
 - B. Acceptance of credit
 - C. Purchase of bills and cheques
 - D. Purchase and sale of securities
 - E. Issuing of currency
27. The Central Bank of Nigeria is the
- A. Bank that is central
 - B. Banker to commercial banks
 - C. Bank that gives financial grants to individuals
 - D. Bank that honours individual cheques
 - E. Bank that keeps individual account
28. The act of unconditional renunciation of a right on a bill is
- A. Stoppage
 - B. Removal
 - C. Waiver
 - D. Discharge
 - E. Abandonment
29. Finance Lease is also known as
- A. Fungible Lease
 - B. Negotiable Lease
 - C. Liquid Lease
 - D. Operating Lease
 - E. Full payout Lease
30. The death of a trustee in a Trust, terminates
- A. The beneficiaries
 - B. The settlor
 - C. Probate
 - D. His appointment
 - E. The settler

INSIGHT

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. The court that has an exclusive jurisdiction over matters pertaining to the revenue of the government of the federation is.....
2. The system of law that was introduced to reduce the harshness of common law is.....
3. An offer that is cancelled by the offeror before acceptance is.....
4. For a rule of customary law to be accepted as valid and obligatory in any community in Nigeria, it must pass a test known as.....
5. An enactment by the National Assembly in Nigeria is called.....
6. Where an insured, contracts for more than one insurance policy in respect of the same subject matter, he is said to have made.....
7. A principal whose identity is not known to the third party is known as.....
8. A term of contract whose breach will entitle the innocent party to damages only is known as.....
9. The parties to a hire purchase contract are..... and.....
10. The document through which an Insurer obtains all material information from the insured is the.....
11. The main classes of insurance in Nigeria are and.....

INSIGHT

12. The maximum number of partners allowed in a partnership that is not a cooperative society, or for the practice of law, or accountancy is.....
13. The company document that contains the business or object of a company is called.....
14. The mandatory meeting that must be held by a Public Limited Company within six months of its incorporation is called.....
15. The body charged with the responsibility of registering companies and other business associations in Nigeria is.....
16. The principle of law that allows the insurer to stand in the shoes of the insured and enforce a right against the third party is.....
17. The person who is in possession of a bill is the.....
18. The type of agency that arises when a principal adopts the unauthorised acts or contracts entered into in his name by the agent is.....
19. The type of crossing on a cheque transversed by two parallel lines on its face is
20. The duty of a director not to make secret profit is a.....

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

- a. The Constitution contains provisions on fundamental rights.

Required:

Explain briefly the term 'fundamental rights' and state **ONE** example. (2¹/₂ Marks)

- b. Muze is an auctioneer. He requested for bids in an auction sale for a set of furniture. Omuwa bid for the set of furniture, which she later realised were not worth the bid. She withdrew the bid before the auctioneer's hammer fell. Muze insisted that there is a valid contract of sale.

Required:

State the legal issues and advise Omuwa. (5 Marks)

- c. Agency involves the rights and duties of the agent and the principal

Required:

State **FIVE** rights of an agent. (5 Marks)

(Total 12¹/₂ Marks)

QUESTION 2

- a. Hierarchy of courts determine how judgements bind lower courts.

Required:

Explain the following as they relate to judicial precedent.

- i. Distinguishing (1¹/₂ Marks)
ii. Overruling (1 Mark)

- b. Ola approached Bayo for the purchase of a house in Ibadan. Bayo knew that the house in question is a subject of litigation, but told Ola that the house was free from any encumbrance. Ola paid ₦20 Million for the house before he realised that Bayo misled him.

INSIGHT

Required:

State the legal position and advise Ola (5 Marks)

- c. An unpaid seller of goods has some rights under sale of goods contract in the event of a breach of the agreement.

Required:

State **THREE** rights of the unpaid seller of goods under a contract of sale of goods and explain **ONE** briefly. (5 Marks)

(Total 12¹/₂ Marks)

QUESTION 3

- a. The types of punishment that may be given to a person who is found guilty of an offence vary.

Required:

State and explain **ONE** of such punishments. (2¹/₂ Marks)

- b. A contract of hire purchase may be brought to an end in different ways

Required:

State **FIVE** ways in which a contract of hire purchase may be terminated. (5 Marks)

- c. Okome and his three friends have incorporated a new company known as Okome & James Limited. The company is yet to appoint an auditor; and

You are required to state:

- i. When the company can appoint its auditor. (1 Mark)
ii. Explain **TWO** duties of an auditor of the company briefly. (4 Marks)

(Total 12¹/₂ Marks)

QUESTION 4

- a. Individuals entering into contracts are always conscious of the duty of care to avoid making careless statements.

Required:

Explain Negligent Mis-statement. (2¹/₂ Marks)

- b. Ajiboye, a landlord, paid ₦50,000 to James, a member of a notorious gang to evict Williams, his tenant, who was rude to him and is in

INSIGHT

arrears of rent. James failed to do so, and Ajiboye intends to recover his money from James.

Required:

State the legal issues and advise Ajiboye.

(5 Marks)

- c. A contract of employment may be brought to an end in various ways

Required:

State and explain **TWO** ways by which a contract of employment may be brought to an end.

(5 Marks)

(Total 12¹/₂ Marks)

QUESTION 5

- a. Adamu is a partner in Okoye and Co., a firm that imports rice from China. Adamu entered into contract to supply 200 bags of rice to the Maximum Security Prison in Owerri. Adamu privately supplied the 200 bags of rice without the knowledge of other partners who later got to know of the transaction. The other partners are aggrieved and intend to sue Adamu.

Required:

State the legal issues and advise the other partners.

(5 Marks)

- b. An insurer who has paid under a policy has the right to call upon the other insurers that are equally or otherwise liable for the same loss to contribute to the payment.

Required:

State and explain **TWO** conditions that an insurer must satisfy to ask for contribution by the other insurer in a double insurance.

(5 Marks)

- c. Trust can be classified into various categories.

Required:

Explain a Private Trust.

(2¹/₂ Marks)

(Total 12¹/₂ Marks)

INSIGHT

QUESTION 6

- a. It is a requirement under the Companies and Allied Matters Act that some business names must be registered with the Corporate Affairs Commission.

Required:

State and explain **ONE** effect of a successful application for registration of business name. (2¹/₂ Marks)

- b. A banker is under a duty to keep the account of the customer secret.

Required:

State and explain **ONE** exception to this rule (2¹/₂ Marks)

- c. A bank can issue different types of cheques to its customers.

Required:

Explain what is meant by a banker's draft. (2¹/₂ Marks)

- d. Princewell promised his 18 years old son, Mark, who was preparing to write JAMB examinations, a motor car if he passed the examination and secured admission to study accounting in the University. Mark passed and was offered admission to study accounting in the university. Mark intends to enforce this promise.

Required:

State the legal issues and advise Mark (5 Marks)

(Total 12¹/₂ Marks)

INSIGHT

PART I MULTIPLE-CHOICE QUESTIONS

1. D
2. A
3. C
4. E
5. A
6. D
7. E
8. B
9. C
10. D
11. B
12. D
13. C
14. A
15. A
16. E
17. A
18. A
19. E
20. B
21. E

INSIGHT

- 22. B
- 23. E
- 24. A
- 25. D
- 26. E
- 27. B
- 28. D
- 29. E
- 30. D

EXAMINERS' REPORT

The questions had a good spread over the syllabus. All the candidates attempted the questions and about 90% of them passed.

PART II SHORT-ANSWER QUESTIONS

- 1. Federal High Court
- 2. Equity
- 3. Revoked/Terminated
- 4. Repugnancy Test/or legality Test
- 5. Act
- 6. Multiple Insurance
- 7. Undisclosed principal
- 8. Warrant
- 9. Owner and hirer
- 10. Proposal form
- 11. Life insurance and General Insurance
- 12. 20
- 13. Memorandum of Association

INSIGHT

14. Statutory meeting
15. Corporate Affairs commission
16. Subrogation
17. Bearer/Holder
18. Agency by Ratification
19. General crossing
20. Fiduciary duty

EXAMINERS' REPORT

The questions covered the entire syllabus. All the candidates attempted them, and pass rate was about 60%.

SECTION B

SOLUTION 1

- a. Fundamental rights are basis rights of every citizen as entrenched in the constitution of the Federal Republic of Nigeria.

Examples of fundamental rights are:

1. Right to life
2. Right to dignity of human person
3. Right to personal liberty
4. Right to fair hearing
5. Right to private and family life
6. Right to freedom of thought, conscience and religion
7. Right to freedom of expression and the press.
8. Right to peaceful assembly and association
9. Right to freedom of movement
10. Right to freedom from discrimination
11. Right to ownership of property

- b. The question relates to invitation to treat.

INSIGHT

One of the examples of invitation to treat is a request for bids in an auction sale.

The request for bids by Muze, the auctioneer, was not an offer but invitation to treat.

Omuwa's bid for the set of furniture is an offer which she withdrew before the fall of the hammer, which would have been acceptance. Therefore there was no valid contract

- c. The rights of an agent are;
1. Right to be paid commission for work done;
 2. Right to be indemnified by the principal;
 - 3.
 4. Right to have his principal assume responsibility and liability for his authorised debts;
 5. Right to enforce contracts against a third party;
 6. Right of a lien over the goods of his principal for unpaid commission and other monies due to him;

EXAMINERS' REPORT

The question tests candidates' knowledge of fundamental rights under the Nigerian Constitution, offer and acceptance in auction sale and rights of agents under Agency law.

SOLUTION 2

- a. i. Distinguishing relates to judicial precedents, and by it, a judge avoids following a past decision that he would have been bound to follow because the material facts of the case before him are sufficiently different for him to draw a distinction between the present case and the previous decided case.
- ii. Overruling means a situation where a superior court, in a later case, states that the decision in an earlier case was wrong and would not be followed in the subsequent case
- b. The question relates to fraudulent mis-representation in contract.

INSIGHT

This happens when a party to a contract deliberately or knowingly made an untrue statement which induced the other party to enter into an agreement.

In this case, Ade deliberately made a false statement that the house, the subject matter of the contract, was free from litigation when there was a pending case on it.

It was the false statement that induced Ola to enter into the contract

Ola is advised to rescind the contract and sue for damages for the tort of deceit.

- C. The rights of an unpaid seller of goods under sale of goods contract in event of a breach are:
- i. Right of Lien
 - ii. Right of stoppage intransitu
 - iii. Right of Resale; and
 - iv. Right of withholding delivery
 - i. Right of Lien: This is the right to retain possession of the goods until payment of the price.
 - ii. Right of *stoppage in transitu*: This is the right of stopping the goods while they are in transit and resuming possession of them until payment of the price.
 - iii. Right of Resale: This is the right to resell the goods when they are still in the possession of the seller.
 - iv. Right of withholding delivery; This right arises where property in the goods has not passed to the buyer and possession is also with the seller.

EXAMINER'S COMMENT

The question tests candidates' understanding of superior courts judgements binding on lower courts misrepresentation under law or; contract and rights of unpaid seller under sale of goods Act.

About 40% of candidates attempted the question, of which 60% passed.

SOLUTION 3

ATSWA PART I MARCH 2019 DIET

INSIGHT

- a. The types of punishment that may be given to a person who is found guilty of an offence are:
 - i. Imprisonment: The guilty person may be sentenced to a term of imprisonment, the length of which may depend on the seriousness of his crime.
 - ii. Imprisonment or option of a fine: The guilty person may be sentenced to imprisonment and given an option of fine instead of going to prison.
 - iii. Caution and Discharge: The guilty person may be counselled to be of good behaviour in future and allowed to go free.
 - iv. Community Service: The guilty person may be required to render some services like cutting of grass in his community.

- b. The ways by which a contract of hire purchase may be terminated are:
 - i. Mutual agreement by the parties to rescind the agreement;
 - ii. Performance of all obligations under the agreement;
 - iii. Provisions in the agreement, which allows the hirer to terminate the contract.
 - iv. Supervening circumstances such as fire, act of God and other events beyond the control of the parties.
 - v. Repudiation by the aggrieved party who may sue for a breach of terms of the contract.
 - vi. An order or judgement of court for conversion.

- c.
 - i. The company, Okome and James Limited, will appoint its auditor at the first Annual General Meeting.
 - ii. The duties of an auditor of the company are to:
 - Examine and form an opinion on whether or not the company has kept proper accounting records;
 - Examine and form an opinion on whether or not the company's balance sheet and profit and loss account agree with the accounting records and returns;

INSIGHT

- Examine and form an opinion on whether or not the information in the director's report for the accounting year is consistent with those accounts; and
- Exercise reasonable care, diligence and skill in the performance of his duties

EXAMINER'S COMMENT

The question tests candidates' understanding of types of punishment for a convict; termination of hire purchase contract; and appointment and duties of statutory auditors.

SOLUTION 4

- a. Negligent mis-statement is a careless statement, which results in harm to other persons. A careless statement could cause injury to a person as well as financial and economic loss.

In cases of physical injury, there must be a duty of care on the part of the marker. In financial and economic loss situations, there must be a fiduciary relationship between the parties, otherwise there will be not no liability.

- b. The question relates to illegality in contract.

A contract to commit a crime, as in this case, is illegal and void.

Ajiboye who paid N50,000 to James a notorious gang member to evict Williams contracted to commit an illegality. Ajiboye cannot recover the money he paid because it is an illegal contract, and no actions will be for a breach of an illegal contract.

Ajiboye is advised not to sue James as his action will fail.

- c. A contract of employment may be brought to an end in the following ways:
- i. By notice: This is by giving an appropriate notice to end the agreement as contained in the terms of the contract.
 - ii. By payment in lieu of notice: This occurs in a situation where the party can not comply with the requirement of notice to be given.

INSIGHT

- iii. By termination: This maybe a mutual agreement by the parties to end the contract on agreeable terms.
- iv. By dismissal: This is a removal of an employee without formalities by the employer.
- v. By death: The death of one of the parties, particularly the employee, will end the contract.

EXAMINER'S COMMENT

The question tests candidate's knowledge on negligent misstatements in contract; termination of contract of employment: and illegal contracts.

SOLUTION 5

- a. The question relates to a breach of fiduciary duty of a partner not to engage in a competing business to that of the partnership without the consent of the other partners.

In the question, Adamu who is a partner in Okoye & Co., a firm dealing in importation of rice, entered into a contract to supply 200 bags of rice without the knowledge of other partners in his firm.

This act is a breach of the fiduciary duty not to engage in a competing business to that of the partnership without the consent of his colleagues.

The other partners in Okoye & Co. are advised to sue Adamu to account for the profits he made from the transaction.

- b. The conditions which must be satisfied in a case of double insurance are:
 - i. The policies in issue must cover the same peril that caused the loss; the two or more insurers must have stated the same risk in the policy of insurance.
 - ii. The policies in issue must insure the same subject matter and the same interest.
 - iii. The insurance policies concerned must be contracts of indemnity, that is, contracts that will compensate the insured

INSIGHT

financially and put him in the position he would have been if the loss had not occurred.

- iv. There must be more than one insurance policy enforceable at the date of the loss.

- C. Private Trust is a trust created by the testator to take care of personal and private interest and to become effective during his life time. It may also arise under his will.

EXAMINER'S COMMENT

The question tests candidates' understanding of partners' fiduciary duties in partnership; double insurance; and categories of trust.

About 40% of the candidates attempted it, and about 40% passed.

Candidates should study the ICAN Study Text more diligently

SOLUTION 6

- a. The effect of a successful application for registration of a business name are:
 - i. The name of the business, which the Corporate Affairs Commission has found satisfactory, will be entered in register of business names kept in the office of the commission, which will be accessible to future applicants conducting a search for suitable names for their businesses.
 - ii. A certificate in the prescribed format containing the nature of the business registered and the registered office of the business as well as the proprietor(s) will be issued.
- b. The exceptions to the duty of the bank to keep the account of the customer secret are:
 - a. Where the customer gives his consent that his account should be revealed to a third party; the bank will reveal such an amount.
 - b. Where it is in the interest of the bank to reveal the account of the customer; and

INSIGHT

- c. Where it is as a result of court order such an account will be revealed.
- c. A Banker's draft is a written order for the payment of money drawn by one person. Through a bank, directing the bank, to pay a third person through the payee's account a sum of money on a specified date.
- d. The question relates to intention to create legal relations as one of the elements of an enforceable contract.

The situations where the courts will hold that the parties to a contract do not have an intention to create legal relations are in domestic and social agreements.

In this question, the agreement between Princewell and Mark, which is an agreement between a father and son, is a domestic one.

Mark is advised not to sue Princewell as his action would fail in court because it is a domestic agreement.

EXAMINER'S COMMENT

The question tests candidates' understanding of business names registrations; exception to banker's duty of secrecy of customer's account; banker's draft as a cheque; and intention to create legal relations under law or contracts.

Over 50% of the candidates attempted it, of which about 30% passed.

Candidates are advised to read the ICAN Study Text more diligently

INSIGHT

AT/191/PI.4

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – MARCH 2019**

COMMUNICATION SKILLS

Time Allowed: 3 hours

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. What type of communication does a manager use in providing information about the effectiveness of a subordinate?
 - A. Downward and upward
 - B. Horizontal and downward
 - C. Horizontal and upward
 - D. Diagonal and horizontal
 - E. Diagonal and downward

2. The following are sources of grapevine in an organisation, **EXCEPT**
 - A. Unattended Letters
 - B. Accidental Remarks
 - C. Rumour Mongering
 - D. System Changes
 - E. Effective Communication Channels

3. What grapevine pattern occurs when a person makes a scoop and passes it to his friend and so on?
 - A. Rumour Pattern
 - B. Single Strand
 - C. Probability Pattern
 - D. Gossip Pattern
 - E. Cluster Pattern

ATSWA PART I MARCH 2019 DIET

INSIGHT

4. What happens when information inflow exceeds an individual's processing capacity?
 - A. Information Overload
 - B. Noise
 - C. Cultural Differences
 - D. Lack of Feedback
 - E. Information Pattern

5. "Bayo and Adamu are members of our Institute." The word 'and' in the sentence is an example of
 - A. Verb
 - B. Conjunction
 - C. Preposition
 - D. Noun
 - E. Pronoun

6. Which of the following words is an adverb?
 - A. Stand by
 - B. Smart
 - C. Short
 - D. Quickly
 - E. Guided

7. Which of the following does **NOT** promote reading speed?
 - A. The Publisher
 - B. Reader's Interest
 - C. Style of Writing
 - D. Kind of font used
 - E. Kind of paper used

8. The following are common faults in reading, **EXCEPT**
 - A. Head Movement
 - B. Pointing to words
 - C. Vocalisation
 - D. Regression
 - E. Good Eye Fixation

INSIGHT

9. Which of the following does **NOT** enhance speech delivery?
- A. Use of visual aids
 - B. Fluency
 - C. Interpreter
 - D. Appropriate use of words/gestures
 - E. Clarity
10. Which of the following is **NOT** an element of speech making?
- A. Appropriateness
 - B. Clarity
 - C. Adequacy
 - D. Fluency
 - E. Dressing
11. Effective speaking does **NOT** involve the speaker doing which of the following?
- A. Consideration of the desired outcome
 - B. Establishing the key points
 - C. Deciding on the delivery style
 - D. Monitoring feedback from the audience
 - E. Determining the educational achievements of the audience
12. There are categories of meetings but the major determiner of the categorisation is
- A. Membership
 - B. Chairman
 - C. Circumstance
 - D. Location
 - E. Duration
13. At every meeting, the officer in-charge of logistics is the
- A. Secretary
 - B. Secretarial Staff
 - C. Chairman
 - D. Bar Manager
 - E. Protocol Officer

INSIGHT

14. Which of the following can break a deadlock when the votes cast during a meeting are equal on either side?
- A. Board
 - B. Management
 - C. Chairman
 - D. Treasurer
 - E. Ex-Officio
15. The **THIRD** item in the minutes of a standard meeting is
- A. Heading
 - B. Adoption of Agenda
 - C. Opening Prayer
 - D. Chairman's Opening Remark
 - E. Adoption of Minutes of previous meeting
16. The committee that is wound up immediately its task is completed is
- A. Regular
 - B. Sine die
 - C. Ad-hoc
 - D. Mock
 - E. Temporary
17. The abbreviation AWA in minutes of a meeting means
- A. Away with approval
 - B. Away without approval
 - C. Absent with apology
 - D. Absent without apology
 - E. Away with apology
18. Which of the following is **NOT** the aim of essay writing?
- A. To test writer's power of expression
 - B. To test the systematic organisation of the writer's thoughts
 - C. To test the writer's knowledge of mechanical accuracy
 - D. To assess the writer's way of reasoning
 - E. To test the writer's compartment

INSIGHT

19. In grading an essay, which of the following is **NOT** to be considered?
- A. Content
 - B. Organisation
 - C. Expression
 - D. Mechanical Accuracy
 - E. Manner of articulation
20. Organisation of an essay has to do with the following, **EXCEPT**
- A. The way and manner the writer's ideas are expressed
 - B. The state of mind of the writer
 - C. The way the points discussed are connected with one another
 - D. The writer's sense of accuracy
 - E. The writer's educational background

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements

1. In a pattern, information is either lost or bloated as it moves from one person to another.
2. The spread of information through the gossip pattern is
3. Rumours persist for as long as the giving rise to them prevail.
4. Despite its demerits, grapevine and rumours can be used..... by the top management.
5. An orderly presentation of the outcome of an investigation constitutes -----writing.
6. A report is classified as either or
7. The part of a report that states the guidelines as to what was expected to be done is found under

INSIGHT

8. The main goal of report writing is to an activity.
9. Supplementary information to support the contents of a report is contained in the
10. The sponsor of a research work is found on theof the report.
11. A word that limits or describes the application of a noun or a pronoun is called a(n)
12. Another name for 'Parts of speech' is.....
13. The word 'class room' is an example of a noun
14. A word used in place of a noun is called a(n)
15. The way a correspondence is organised according to a pre-set specification is called
16. The word of greeting used to begin a letter is technically known as
17. An announcement distributed to newsmen to supplement or replace an oral presentation is called
18. The body of rules governing the conduct of a meeting is called.....
19. There are.....fundamental tools of a meeting.
20. A(n) meeting could be convened in case of a particular issue or matter needing attention.

INSIGHT

SECTION B:

COMPULSORY

COMPREHENSION

(30 Marks)

Read the following passage carefully and answer the questions that follow:

Since earliest times, men and women have been speculating on the basic mysteries of human existence: our origins, the purpose of our lives and how we can gain a better understanding of ourselves and other people. Over the years, philosophers, theologians and artists have done their best to answer these questions, but it is only in the last few centuries that the process of communication in humans has been studied in a systematic way. Academic **disciplines**, including psychology, education, linguistics, sociology and anthropology, have contributed important insights, as has multi-disciplinary research in fields such as organisation studies, information systems, strategic management, human resource management and marketing. This wide-ranging research literature has also created a major challenge for students, teachers and textbook authors. First, because it is spread very widely, much of the published research on communication is quite difficult to locate. Second, many sub-specialisms have been created, each concerned with particular types of communication, to the exclusion of others. Third, there are several **competing** perspectives on communication, with their own research agendas and methodologies.

This model was developed in the 1940s as part of a now largely-forgotten research project in the United States, which investigated the ways that technical information was communicated through telecommunications systems.

However, it remains relevant today as the source of several important communication concepts, because it has been so widely adopted by communication teachers and practitioners around the world. In its simplest version, the model describes a **linear** process that comprises two individuals - 'sender' and a 'receiver' - connected via a conventional telephone landline.

The **sender** is a person who constructs a message and attempts to convey it to somebody else. The communication process starts when the message is formulated in the sender's brain. Before the contents of the message can be **transmitted**, the sender will need to encode the contents. Encoding the message means that the sender converts it into a suitable format for transmission; in the case of a telephone message, this normally means that the person uses a series of spoken words. The

INSIGHT

choice of words is based on that person's chosen language and is influenced by many factors, including cultural background, level of education and emotional state. The encoded message is then transmitted through the microphone and along the telephone line. **When the encoded message reaches the other end of the line**, it has to go through a further conversion process. Decoding the message means that the transmitted signal is **converted** back into words and the meaning of the words is re-interpreted by the brain of the person at the receiving end. Again, this process is influenced by many factors, including the receiver's language skills, cultural background, level of education and emotional state. Once the conversion process is complete, the message is described as having been received. This sequence is repeated, with the positions of 'sender' and 'receiver' reversed, creating the basic outline of a telephone conversation.

In the **pre-digital** age, telephone conversations were sometimes affected by a random electrical crackle on the line, which the early researchers referred to as 'noise'. Today we have similar problems with mobile phones, where conversations can be cut short due to a weak or lost signal (e.g. when travelling in a train). In modern communication theory, the term **noise** is now interpreted much more widely and is used to refer to various kinds of barriers to effective communication that either **distort** or interrupt an encoded message so that it fails to reach the receiver in its original form.

(Adapted from Blundel, R & K. Ippolito (2008) Effective Organisational Communication: Perspectives, Principles and Practices. Pp 4 - 5.

- a. What are the **THREE** challenges created by the wide-ranging research literature? (3 Marks)
- b. What are the **TWO** reasons why the 1940s model of communication remained relevant till today? (4 Marks)
- c. What are the **FOUR** factors that influence the decoding process? (4 Marks)
- d. What does '**NOISE**' refer to in communication as used in the passage? (1 Mark)
- e. What are the **TWO** effects of '**NOISE**' on message(s) sent? (4 Marks)
- f. 'When the encoded message reaches the other end of the line
- i. What is the grammatical name given to this expression? (1 Mark)

INSIGHT

- ii. What is its function? (2 Marks)
- g. What factor affected telephone conversation in the pre-digital age? (2 Marks)
- h. What does 'encoding' mean? (2 Marks)
- i. For each of the following words, find another word that can replace it as used in the passage.
- i. Disciplines
 - ii. Competing
 - iii. Linear
 - iv. Transmitted
 - v. Converted
 - vi. Pre-digital
 - vii. Distort
- (7 Marks)
- (Total 30 Marks)**

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

Adaeze reports for work in an organisation outside her local government area. On her first day at work, she met another new employee in her supposed office. They both went to the Human Resources Officer who explained that there must have been an error, since their details were identical. Without any apology, Adaeze was allocated another office. An orientation programme slated for the second day never took place until after two weeks; and there was no information on the postponement. She was unable to reach her Unit Head, so, she had to pick information from the grape vine. By the end of the month, she was frustrated.

- a. List **FOUR** communication barriers that Adaeze faced during her first month at the organisation. (6 Marks)
- b. Explain briefly how **THREE** of the communication barriers listed in (a) can be overcome. (9 Marks)
- (Total 15 Marks)**

INSIGHT

QUESTION 2

a. There are particular terms associated with the conduct of meetings. Explain briefly each of the following terms as related to meetings.

- i. Quorum
- ii. Motion
- iii. Point of Order
- iv. Proxy
- v. Casting Vote
- vi. Ad-hoc

(12 Marks)

b. In the last meeting of the Cooperative Society in your organisation held recently, it was decided that the next meeting should hold in two weeks' time. As the secretary of the society, write a notice of meeting to be distributed to members

(3 Marks)

(Total 15 Marks)

QUESTION 3

Explain briefly, with **TWO** examples each, the following figurative expressions

- a. Anaphora (3 Marks)
- b. Idioms (3 Marks)
- c. Proverbs (3 Marks)
- d. Euphemism (3 Marks)
- e. Hyperbole (3 Marks)

(Total 15 Marks)

QUESTION 4

At the inauguration ceremony of the newly elected executive members of the local chapter of the Association of Accounting Technicians in West Africa, you are called upon, as a member, to present a speech welcoming the new executive members.

- a. What type of speech delivery method will you use? (3 Marks)
- b. List **FOUR** of the characteristic features of the method. (6 Marks)
- c. List **TWO** advantages and **TWO** disadvantages of the method.

(6 Marks)

(Total 15 Marks)

INSIGHT

SECTION A

MULTIPLE CHOICE ANSWERS

1. C
2. E
3. B
4. A
5. B
6. D
7. A
8. E
9. C
10. E
11. E
12. C
13. A
14. C
15. B
16. C
17. C
18. E
19. E
20. E

EXAMINER'S COMMENT

Tuition Houses got 19 right and ICAN Examiners got 18 right. While ICAN Examiners got MCQ 1 & 2 wrong, Tuition Houses got MCQ 1 wrong.

PART II SHORT- ANSWER QUESTIONS

1. Single Strand
2. Unrestricted/ grapevine
3. Circumstances/Factors/Causes/Reasons/Situations/Events
4. Positively/Constructively/Profitably/advantageously/Successfully
5. Report
6. Technical/Formal or non-technical/informal
7. Terms Of Reference
8. Record/Document
9. Appendix /Appendices
10. Title Page/Cover Page

ATSWA PART I MARCH 2019 DIET

INSIGHT

11. Adjective
12. Word Classes
13. Compound
14. Pronoun
15. Format
16. Salutation
17. Press Release
18. Standing Orders
19. Three
20. Emergency

SECTION B (COMPREHENSION)

- a. The three challenges created by the wide-ranging research literature are:
 - i. the published research on communication is difficult to locate.
 - ii. many sub-specialism created excluded other areas.
 - iii. there are many competing research works and methodologies in communication.
- b. The two reasons are:
 - i. the model has been widely adopted by communication teachers and practitioners.
 - ii. it describes a linear procedure that comprises the sender and the receiver.
- c. The four factors that influence the decoding process are:
 - i. the receiver's language skills;
 - ii. cultural background of the receiver;
 - iii. level of education of the receiver; and
 - iv. the receiver's emotional state.
- d. In communication, 'noise' refers to any barrier to effective communication.
- e. The two effects of 'noise' on message(s) sent are:
 - i. it distorts or interrupts an encoded message.
 - ii. it does not allow message get to the receiver in its original form.

INSIGHT

- f.
 - i. the grammatical name is Adverbial Clause (of time).
 - ii. it modifies the verb phrase 'has to go'.
- g. In the pre-digital age, the telephone conversation was affected by random electrical crackle on the line.
- h. 'Encoding' means the sender converting the message into a suitable format for transmission.
- i.
 - Disciplines - subjects/fields/specializations/specialisms
 - Competing - contesting/contending/challenging
 - Linear - straight/two-dimensional
 - Transmitted - sent/transferred/forwarded
 - Converted - changed/processed
 - Pre-digital - analogue
 - Distort - twist/alter/change

EXAMINER'S COMMENT

This section tests candidates' knowledge of comprehension. ICAN Examiners and Tuition Houses' solutions largely agreed in this section. The only areas of disagreement are in question (f) and question (i) ii, which the Tuition Houses got wrong. The ICAN Examiners solutions in these areas are correct and therefore, adopted for use.

SECTION C: ESSAY

SOLUTION 1

- a. The communication barriers that Adaeze faced during her first month at the organization include:
 - i. Ambiguity in the decision process.
 - ii. Lack of information.
 - iii. Lack of courtesy.
 - iv. Lack of official channel of communication.
 - v. Reliance on the grapevine.
- b. Ways in which each of the barriers can be overcome:
 - i. **Ambiguity in the decision process**
Ambiguity should be eliminated especially in the use of language in communicating with applicants. The decision process should be clearly stated without creating any form of misunderstanding and misinterpretation of messages conveyed to employees.
 - ii. **Lack of information**
Adaeze encountered this barrier as she waited in vain for her unit head to give her job descriptions or specifications. She was not able to reach her unit head. Also, the orientation

INSIGHT

programme that should have helped her did not hold until two weeks after assuming duties. This barrier can be removed by scheduling regular meetings where information will be released. Lack of information from the management to subordinates denies them of the knowledge of what is going on in the organisation. If this is not checked, it leads to successful thriving of the informal communication network.

iii. **Lack of courtesy**

The Human Resources Officer lacked the courtesy to apologise to Adaeze and the other employee who were both erroneously put in the same office due to similarity in identity, but rather just relocated her. This lack of courtesy created a barrier between Adaeze and the Human Resources Officer. This barrier can be removed if the workers understand and respect the feelings and views of others. Management must identify with new workers and make them feel welcome and accepted.

iv. **Lack of official channel of communication**

The organization lacked a formal channel for dissemination of information among staff and this created a barrier for Adaeze who expected an orientation programme to hold, but had to wait for two weeks without information. Also, she was unable to communicate with the unit head, therefore causing the frustration she went through. This barrier can be removed by ensuring that a proper channel of communication is put in place immediately.

v. **Reliance on the grapevine**

Since there was no formal medium of communication between Adaeze and her unit head, she had to rely on the grapevine; which, in many cases, is a source of erroneous information. This barrier may be removed by providing formal information to employees on regular basis.

EXAMINER'S COMMENT

Question 1 (a)

This question tests the candidates' ability to identify certain communication problems (barriers) in a given situation. Tuition Houses solutions to this question 1 (a) are largely irrelevant and therefore, discarded and ICAN solutions adopted.

Question 1 (b)

INSIGHT

Tuition Houses provided no solution to this question. The ICAN Examiners' solution was re-worked and adopted as amended.

SOLUTION 2

- i. **Quorum:** A quorum is the minimum specified number of persons that must be present before a meeting can hold and be considered valid. Without forming a quorum, the meeting cannot commence and if the meeting holds, decisions arrived at will be invalid.
- ii. **Motion:** This is a formal proposal raised by a member for the meeting to adopt a certain position raised. For this motion to be valid, it must be seconded by another member on the floor of the house. However, if there are contrasting views, a counter-motion can be raised.
- iii. **Point of Order:** A point of order is raised when a procedure is broken. It is a meeting tool used to temporarily stop a proceeding and to adopt the correct procedure before the meeting continues.
- iv. **Proxy:** A proxy is a person that is authorized to represent the original/regular/bonafide member especially during a voting exercise at meetings, such as an Annual General Meeting (AGM).
- v. **Casting vote:** This is a tiebreaker in the event of a dead-lock during voting at a meeting. It is the deciding vote that is usually cast by the Chairman of the meeting.
- vi. **Ad-hoc:** This is a temporary committee constituted to handle a specific assignment after which the committee is dissolved. It is neither a regular or a standing committee.

INSIGHT

(b) **IFESOWAPO STAFF COOPERATIVE SOCIETY
UNITY BANK LIMITED
MONROVIA BRANCH
OFFICE OF THE SECRETARY**

From: Secretary

To: All Members

Ref. No: ISCS/01/0014

Date: May 5, 2017

Notice of the 21st Monthly Meeting

This is to inform all members of the Cooperative Society that the 21st monthly meeting will take place on the 29th of May, 2017 at 12 noon.

Venue is the Cooperative's Multipurpose Hall

All members are enjoined to attend as critical issues affecting our welfare will be discussed.

Thank you as you attend.

Yours faithfully,

Signature

Lambert, Tekene
Secretary

EXAMINER'S COMMENT

Question 2 (a)

This question tests candidates' ability to explain certain terms peculiar to the conduct of meetings. Basically, the definitions of terms supplied by both ICAN Examiners and Tuition Houses agreed, but the ICAN Examiners' solutions are more comprehensive and illustrative. The ICAN solutions are therefore, accepted and adopted for use.

Question 2 (b)

Tuition Houses did not provide a solution to this question. The ICAN Examiners' solution is appropriate and therefore accepted for use.

INSIGHT

SOLUTION 3

- a. **Anaphora:** Another word for this term is ‘epanaphora’ which means the repetition of a word or phrase at the beginning of successive clauses or verses. A famous example of anaphora is Martin Luther King’s ‘I have a dream... I have a dream...’ speech. Another example is ‘when the sun sets... when the sun sets’. This figure of speech is commonly used for oratorical effect when a speaker seeks to sway his audience to his point of view.
- b. **Idioms:** An idiom is a phrase or a group of words whose meaning cannot be predicted by adding up the literal meaning of the individual words making up the expression. The word ‘blackboard’ means a piece of slate or smooth flat wood painted black. This meaning is derived from the addition of the meanings of ‘black’ and ‘board’, so it is not an idiom.

An example of an idiom is ‘it rained cats and dogs’ meaning ‘it rained heavily’. Other idioms include ‘blackmail’ ‘man-of-war’, ‘give up’ ‘by leaps and bounds’ in ‘black and white’, ‘black sheep of the family’.

- c. **Proverbs:** Proverbs are wise saying or condensed, but memorable saying embodying some important fact of experience that is taken as true by many people. Examples include: ‘waste not, want not’, ‘a stitch in time saves nine’, ‘great taste makes great waste’, ‘a hungry man is an angry man’.
- d. **Euphemism:** This is an inoffensive expression that is substituted for one that is considered offensive: Examples are ‘to kick the bucket’ for ‘to die’. ‘He passed way’ for ‘he died’, ‘he forced himself on her’ for ‘he raped her’.
- e. **Hyperbole:** This is an extravagant exaggeration meant for emphasis. Examples include: ‘I’m starving!’ for ‘I’m hungry’. ‘I love you more than life’. ‘Without you, life is meaningless’. Another word for hyperbole is overstatement. It is commonly used in poetry.

INSIGHT

EXAMINER'S COMMENT

This question tests candidates' ability to explain certain figuration expressions. Though two solutions largely agreed, the ICAN Examiners' solutions are more comprehensive. The ICAN solution is therefore, adopted for use.

SOLUTION 4

- a. The speech delivery method is Impromptu.
- b. Characteristic features of the method are:
 - i. It is made on the spur of the moment.
 - ii. It is usually unprepared and unrehearsed.
 - iii. It is an informal conversation.
 - iv. It is said in a few words.
 - v. It is not used in any serious discussion.
- c. **Advantages:**
 - It focuses on a single point and so very easy for the listener to follow.
 - It is spontaneous.
 - It is from the heart.
 - It draws from experience.

Disadvantages:

- The points are usually disjointed, uncoordinated and sometimes disorganized and may be difficult for listeners to follow.
- There is the possibility for the speaker to develop stage fright as a result of unpreparedness.
- The speaker may not have confidence that comes with rehearsed speech.
- The incidence of errors is relatively high.
- It may lead to embarrassment.

EXAMINER'S COMMENTS

This question tests the candidates' knowledge of the impromptu method of speech delivery. The two solutions address the demand of the question. The final solution used is a synthesis of the two solutions.